

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



CHINA EVERGRANDE GROUP

中國恒大集團

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3333)

**ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

FINANCIAL HIGHLIGHTS

1. Revenue increased by 6.2% to RMB507.25 billion for the year ended 31 December 2020 (the Year) as compared with 2019.
2. Gross profit was RMB122.61 billion for the Year. Gross profit margin was 24.2%.
3. Net profit was RMB31.40 billion for the Year.
4. Core business profit¹ was RMB30.13 billion for the Year.
5. Contracted sales during the Year amounted to RMB723.25 billion, representing an increase of 20.3% as compared with 2019. The gross floor area of contracted sales was 80.856 million square meters, representing an increase of 38.3% as compared with 2019.
6. Proposed final dividend is RMB0.152 per share.

¹ Core business profit represents net profit excluding exchange gains or losses, fair value gains on investment properties, fair value gains or losses on financial instruments, donations and certain non-property development businesses losses.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2020	2019
	<i>Note</i>	<i>RMB million</i>	<i>RMB million</i>
Revenue	4	507,248	477,561
Cost of sales	7	<u>(384,643)</u>	<u>(344,624)</u>
Gross profit		122,605	132,937
Fair value gains on investment properties, net	4	1,278	1,516
Impairment losses on financial assets	4	(288)	(194)
Other (losses)/gains, net	5	(5,051)	1,729
Other income	6	10,253	6,997
Selling and marketing costs	7	(31,962)	(23,287)
Administrative expenses	7	(21,064)	(19,811)
Other operating expenses	7	<u>(6,059)</u>	<u>(5,037)</u>
Operating profit		69,712	94,850
Share of (losses)/profits of investments accounted for using equity method	4	(1,379)	2,967
Fair value losses on financial assets at fair value through profit or loss	4	(31)	(1,863)
Fair value gains on derivative financial liabilities	4	2,183	981
Finance costs, net	8	<u>(2,240)</u>	<u>(22,763)</u>
Profit before income tax		68,245	74,172
Income tax expenses	9	<u>(36,845)</u>	<u>(40,630)</u>
Profit for the year		<u>31,400</u>	<u>33,542</u>

		Year ended 31 December	
		2020	2019
	<i>Note</i>	RMB million	<i>RMB million</i>
Other comprehensive loss			
<i>(Item that may be reclassified to profit or loss)</i>			
Share of other comprehensive income of investments accounted for using the equity method		7	35
Currency translation differences		(241)	(287)
 <i>(Item that may not be reclassified to profit or loss)</i>			
Revaluation gains arising from transfer of construction in progress to investment properties, net of tax		—	7
Share of other comprehensive income of investments accounted for using the equity method		—	(7)
Change in fair value of financial assets at fair value through other comprehensive income, net of tax		<u>(131)</u>	<u>13</u>
Other comprehensive loss for the year, net of tax		<u>(365)</u>	<u>(239)</u>
 Total comprehensive income for the year		 <u>31,035</u>	 <u>33,303</u>
 Profit attributable to:			
Shareholders of the Company		8,076	17,280
Non-controlling interests		<u>23,324</u>	<u>16,262</u>
		<u>31,400</u>	<u>33,542</u>
 Total comprehensive income attributable to:			
Shareholders of the Company		7,863	17,109
Non-controlling interests		<u>23,172</u>	<u>16,194</u>
		<u>31,035</u>	<u>33,303</u>
 Earnings per share for profit attributable to shareholders of the Company for the year (expressed in RMB per share)			
— Basic earnings per share	<i>10</i>	<u>0.613</u>	<u>1.315</u>
— Diluted earnings per share	<i>10</i>	<u>0.610</u>	<u>1.304</u>

CONSOLIDATED BALANCE SHEET

		31 December 2020	31 December 2019
	<i>Note</i>	<i>RMB million</i>	<i>RMB million</i>
ASSETS			
Non-current assets			
Property, plant and equipment		75,731	55,798
Right-of-use assets		18,561	13,553
Investment properties		165,850	162,556
Goodwill		7,822	7,788
Intangible assets		10,696	7,960
Trade and other receivables	12	7,249	6,332
Prepayments	13	2,461	2,697
Investments accounted for using equity method		92,270	87,811
Financial assets at fair value through other comprehensive income		1,412	1,587
Financial assets at fair value through profit or loss		8,230	8,005
Deferred income tax assets		<u>5,943</u>	<u>5,676</u>
		<u>396,225</u>	<u>359,763</u>
Current assets			
Inventories		358	574
Properties under development		1,257,908	1,198,388
Completed properties held for sale		148,473	129,073
Trade and other receivables	12	141,706	143,706
Contract acquisition costs		5,190	2,757
Prepayments	13	151,026	130,461
Income tax recoverable		16,334	12,167
Financial assets at fair value through profit or loss		3,195	921
Restricted cash		21,992	78,711
Cash and cash equivalents		<u>158,752</u>	<u>150,056</u>
		<u>1,904,934</u>	<u>1,846,814</u>
Total assets		<u>2,301,159</u>	<u>2,206,577</u>

		31 December 2020	31 December 2019
	<i>Note</i>	<i>RMB million</i>	<i>RMB million</i>
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital and premium		4,635	1,575
Other reserves		92,786	66,133
Retained earnings		<u>49,480</u>	<u>77,992</u>
		146,901	145,700
Non-controlling interests		<u>203,530</u>	<u>212,837</u>
Total equity		<u>350,431</u>	<u>358,537</u>
LIABILITIES			
Non-current liabilities			
Borrowings		381,055	427,726
Derivative financial liabilities		—	4,666
Deferred income tax liabilities		53,142	60,766
Other payables	<i>14</i>	<u>9,278</u>	<u>4,847</u>
		443,475	498,005
Current liabilities			
Borrowings		335,477	372,169
Trade and other payables	<i>14</i>	829,174	717,618
Contract liabilities		185,746	129,705
Current income tax liabilities		<u>156,856</u>	<u>130,543</u>
		1,507,253	1,350,035
Total liabilities		<u>1,950,728</u>	<u>1,848,040</u>
Total equity and liabilities		<u>2,301,159</u>	<u>2,206,577</u>

Notes:

1 GENERAL INFORMATION

China Evergrande Group (the “Company”) was incorporated in the Cayman Islands on 26 June 2006 as an exempted company with limited liability under the Companies Law, Cap. 22 (2009 Revision as consolidated and revised from time to time) of the Cayman Islands and is engaged in investment holding. The Company and its subsidiaries (the “Group”) are engaged in the property development, property investment, property management, new energy vehicle business, hotel operations, finance business, internet business and health industry business principally in the People’s Republic of China (the “PRC”). The address of its registered office is P.O. Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands.

The Company had its listing on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 5 November 2009.

These consolidated financial statements are presented in Renminbi Yuan (“RMB”) millions, unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors (the “Board”) of the Company on 31 March 2021.

2 THE IMPACT OF COVID-19 TO THE CONSOLIDATED FINANCIAL STATEMENTS

The outbreak of Coronavirus Disease 2019 (“COVID-19”) had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the industry of real estate including the construction and delivery of properties, rental revenue and occupancy rate of investment properties and hotels, allowance for expected credit losses on trade and other receivables, fair value of investment properties and so on. Since the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and reacted actively to its impact on the financial position and operating results of the Group. As at the date that the consolidated financial statements is authorised for issue, COVID-19 does not have any material adverse impact on the financial position and operating result of the Group.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, investment properties and derivative financial liabilities, which are carried at fair value.

The preparation of financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(i) *New amendments to standards adopted by the Group as at 1 January 2020*

The following amendments to standards are mandatory for the Group's financial year beginning on 1 January 2020 for the Group:

HKAS 1 and HKAS 8 (Amendments)	Definition of Material
HKFRS 3 (Amendments)	Definition of a Business
HKAS 7, HKFRS 9 and HKFRS 39 (Amendments)	Interest Rate Benchmark Reform
Revised Conceptual Framework for Financial Reporting	Improvements to HKFRS
HKFRS 16 (Amendments)	COVID-19-related Rent Concessions

(ii) *New standards and amendments to standards that have been issued but are not effective*

HKAS 7, HKFRS 9 and HKFRS 39 (Amendments)	Interest Rate Benchmark Reform ¹
HKFRS 3 (Amendments)	Reference to the Conceptual Framework ²
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before intended use ²
HKAS 37 (Amendments)	Onerous Contracts — Cost of Fulfilling a Contract ²
Annual Improvements to HKFRS Standards 2018–2020	Improvements to HKFRS ²
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination ²
HKFRS 17	Insurance Contracts ³
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current ³
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture ⁴

¹ Effective for periods beginning on or after 1 January 2021.

² Effective for periods beginning on or after 1 January 2022.

³ Effective for periods beginning on or after 1 January 2023.

⁴ Effective date is to be determined by the International Accounting Standard Board.

The Group has already commenced an assessment of the impact of these new or revised standards and amendments, certain of which are relevant to the Group's operations. According to the preliminary assessment made by the Group, no significant impact on the financial performance and position of the Group is expected when they become effective.

In 2020, the Group considered the impact of COVID-19 when evaluating the forward looking information used in considering expected credit losses. The adjusted assessment of credit risk had no material impact to the balance of allowance provision.

4 SEGMENT INFORMATION

The chief operating decision-maker (“CODM”) of the Group has been identified as the executive directors of the Company who are responsible for reviewing the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group is organised into four business segments: property development, property investment, property management and other businesses. Other businesses mainly include new energy vehicle business, hotel operations, internet business, health industry business and investment business. As the CODM of the Group considers most of the revenue and results of the Group are attributable to the market in the PRC, and only an immaterial part (less than 10%) of the Group’s assets are located outside the PRC, no geographical segment information is presented.

The directors of the Company assess the performance of the operating segments based on a measure of segment results. Impairment losses on financial assets, fair value gains or losses on financial assets at fair value through profit or loss (“FVPL”), fair value gains or losses on derivative financial liabilities, dividend income of financial assets at fair value through other comprehensive income (“FVOCI”) and finance cost and income are not included in the result for each operating segment.

Revenue for the year ended 31 December 2020 consists of sales of properties, rental income of investment properties, income from property management services and income from other businesses, which are set out below:

	Year ended 31 December	
	2020	2019
	<i>RMB million</i>	<i>RMB million</i>
Sales of properties	494,550	464,568
Rental income	1,275	1,364
Property management services	6,555	4,375
Other businesses	4,868	7,254
	<u>507,248</u>	<u>477,561</u>

The segment results and other segment items included in the consolidated statement of comprehensive income for the year ended 31 December 2020 are as follows:

	Property development	Property investment	Property management services	Other businesses	Group
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
Gross segment revenue	494,550	1,684	10,509	36,417	543,160
Inter-segment revenue	—	(409)	(3,954)	(31,549)	(35,912)
Revenue	<u>494,550</u>	<u>1,275</u>	<u>6,555</u>	<u>4,868</u>	<u>507,248</u>
Revenue from contracts with customers					
— Recognised at a point in time	494,550	—	129	2,894	497,573
— Recognised over time	—	—	6,426	1,974	8,400
Revenue from other sources					
— Rental income	—	1,275	—	—	1,275
Share of post-tax profits of associates	17	—	—	400	417
Share of post-tax losses of joint ventures	(242)	—	—	(1,554)	(1,796)
Segment results	69,329	3,042	3,516	(7,277)	68,610
Impairment losses on financial assets					(288)
Dividend income of FVOCI					11
Losses on FVPL					(31)
Gains on derivative financial liabilities					2,183
Finance costs, net					<u>(2,240)</u>
Profit before income tax					68,245
Income tax expenses					<u>(36,845)</u>
Profit for the year					<u><u>31,400</u></u>
Depreciation and amortisation	3,235	—	18	2,094	5,347
Fair value gains on investment properties, net	<u>—</u>	<u>1,278</u>	<u>—</u>	<u>—</u>	<u>1,278</u>

The segment results and other segment items included in the consolidated statement of comprehensive income for the year ended 31 December 2019 are as follows:

	Property development <i>RMB million</i>	Property investment <i>RMB million</i>	Property management services <i>RMB million</i>	Other businesses <i>RMB million</i>	Group <i>RMB million</i>																														
Gross segment revenue	464,568	1,729	6,734	38,438	511,469																														
Inter-segment revenue	—	(365)	(2,359)	(31,184)	(33,908)																														
Revenue	<u>464,568</u>	<u>1,364</u>	<u>4,375</u>	<u>7,254</u>	<u>477,561</u>																														
<table> <tbody> <tr> <td>Revenue from contracts with customers</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>— Recognised at a point in time</td> <td>464,568</td> <td>—</td> <td>—</td> <td>3,958</td> <td>468,526</td> </tr> <tr> <td>— Recognised over time</td> <td>—</td> <td>—</td> <td>4,375</td> <td>3,296</td> <td>7,671</td> </tr> <tr> <td>Revenue from other sources</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>— Rental income</td> <td>—</td> <td>1,364</td> <td>—</td> <td>—</td> <td>1,364</td> </tr> </tbody> </table>						Revenue from contracts with customers						— Recognised at a point in time	464,568	—	—	3,958	468,526	— Recognised over time	—	—	4,375	3,296	7,671	Revenue from other sources						— Rental income	—	1,364	—	—	1,364
Revenue from contracts with customers																																			
— Recognised at a point in time	464,568	—	—	3,958	468,526																														
— Recognised over time	—	—	4,375	3,296	7,671																														
Revenue from other sources																																			
— Rental income	—	1,364	—	—	1,364																														
Share of post-tax profits of associates	35	—	—	4,521	4,556																														
Share of post-tax losses of joint ventures	(163)	—	—	(1,426)	(1,589)																														
Segment results	97,754	2,807	651	(3,220)	97,992																														
Impairment losses on financial assets					(194)																														
Dividend income of FVOCI					19																														
Losses on FVPL					(1,863)																														
Gains on derivative financial liabilities					981																														
Finance costs, net					<u>(22,763)</u>																														
Profit before income tax					74,172																														
Income tax expenses					<u>(40,630)</u>																														
Profit for the year					<u><u>33,542</u></u>																														
Depreciation and amortisation	1,701	—	15	2,654	4,370																														
Fair value gains on investment properties, net	<u>—</u>	<u>1,516</u>	<u>—</u>	<u>—</u>	<u>1,516</u>																														

Segment assets and liabilities as at 31 December 2020 are as follows:

	Property development <i>RMB million</i>	Property investment <i>RMB million</i>	Property management services <i>RMB million</i>	Other businesses <i>RMB million</i>	Group <i>RMB million</i>
Segment assets	1,845,903	165,850	14,631	240,397	2,266,045
Unallocated assets					<u>35,114</u>
Total assets					<u><u>2,301,159</u></u>
Segment assets include:					
Interest in associates	6,636	—	—	49,821	56,457
Interest in joint ventures	14,860	—	—	20,953	35,813
Segment liabilities	847,256	—	6,570	170,372	1,024,198
Unallocated liabilities					<u>926,530</u>
Total liabilities					<u><u>1,950,728</u></u>
Capital expenditure	<u>5,025</u>	<u>7,674</u>	<u>30</u>	<u>13,536</u>	<u>26,265</u>

Segment assets and liabilities as at 31 December 2019 are as follows:

	Property development <i>RMB million</i>	Property investment <i>RMB million</i>	Property management services <i>RMB million</i>	Other businesses <i>RMB million</i>	Group <i>RMB million</i>
Segment assets	1,843,001	162,556	3,277	169,387	2,178,221
Unallocated assets					<u>28,356</u>
Total assets					<u><u>2,206,577</u></u>
Segment assets include:					
Interest in associates	5,139	—	—	47,263	52,402
Interest in joint ventures	14,624	—	—	20,785	35,409
Segment liabilities	842,781	—	4,638	4,751	852,170
Unallocated liabilities					<u>995,870</u>
Total liabilities					<u><u>1,848,040</u></u>
Capital expenditure	<u>1,490</u>	<u>2,025</u>	<u>13</u>	<u>28,104</u>	<u>31,632</u>

Sales between segments are carried out at agreed terms amongst relevant parties. The revenue from external parties reported to the management is measured in a manner consistent with that in the consolidated statement of comprehensive income.

Segment assets consist primarily of property, plant and equipment, investment properties, right-of-use assets, land use rights, properties under development, completed properties held for sale, receivables, contract acquisition costs, prepayments and cash balances. They exclude deferred tax assets, income tax recoverable, FVOCI and FVPL.

Segment liabilities consist of operating liabilities. Unallocated liabilities comprise taxation, borrowings and derivative financial liabilities.

Capital expenditure comprises additions to property, plant and equipment, investment properties, right-of-use assets, land use rights and intangible assets.

Reportable segment assets are reconciled to total assets as follows:

	31 December	
	2020	2019
	<i>RMB million</i>	<i>RMB million</i>
Segment assets	2,266,045	2,178,221
Unallocated:		
Income tax recoverable	16,334	12,167
Deferred income tax assets	5,943	5,676
FVOCI	1,412	1,587
FVPL	11,425	8,926
Total assets per consolidated balance sheet	<u>2,301,159</u>	<u>2,206,577</u>

Reportable segment liabilities are reconciled to total liabilities as follows:

	31 December	
	2020	2019
	<i>RMB million</i>	<i>RMB million</i>
Segment liabilities	1,024,198	852,170
Unallocated:		
Current income tax liabilities	156,856	130,543
Deferred income tax liabilities	53,142	60,766
Borrowings	716,532	799,895
Derivative financial liabilities	—	4,666
Total liabilities per consolidated balance sheet	<u>1,950,728</u>	<u>1,848,040</u>

No material revenues are derived from any single external customer (2019: none).

5 OTHER (LOSSES)/GAINS, NET

	Year ended 31 December	
	2020	2019
	<i>RMB million</i>	<i>RMB million</i>
(Losses)/gains on disposal of subsidiaries	(152)	1,110
Gains/(losses) on disposal of joint ventures and associates	295	(2)
Net foreign exchange (losses)/gains	(1,684)	621
Losses in relation to the restructures of investors' equity interests in a subsidiary	<u>(3,510)</u>	<u>—</u>
	<u>(5,051)</u>	<u>1,729</u>

6 OTHER INCOME

	Year ended 31 December	
	2020	2019
	<i>RMB million</i>	<i>RMB million</i>
Interest income	5,690	4,573
Forfeited customer deposits	1,366	943
Gains on disposal of investment properties	599	64
Project management and consulting service income	1,819	600
Others	<u>779</u>	<u>817</u>
	<u>10,253</u>	<u>6,997</u>

7 EXPENSES BY NATURE

Major expenses included in cost of sales, selling and marketing costs, administrative expenses and other operating expenses are analysed as follows:

	Year ended 31 December	
	2020	2019
	<i>RMB million</i>	<i>RMB million</i>
Cost of properties sold — including construction costs, land costs and interest costs	373,983	331,575
Tax and other levies	2,448	2,300
Employee benefit expenses	20,797	19,046
Employee benefit expenditure — including directors' emoluments	29,018	27,241
Less: capitalised in properties under development, investment properties under construction, construction in progress and intangible assets	(8,221)	(8,195)
Advertising expenses	11,868	9,876
Sales commissions	11,603	5,915
Depreciation	2,812	2,879
Amortisation	2,535	1,491
Auditors' remunerations	54	44
— Audit services	45	38
— Non-audit services	9	6
Operating lease expenses	421	476
Write-down of properties held for sale	899	829
Impairment losses on goodwill and intangible assets of new energy vehicle business	1,040	—
Impairment losses on financial assets	288	194
Donations	3,276	3,104

8 FINANCE COSTS, NET

	Year ended 31 December	
	2020	2019
	<i>RMB million</i>	<i>RMB million</i>
Interest expenses		
— Bank and other borrowings	58,525	51,395
— Senior notes and convertible bonds	19,876	13,275
— PRC bonds	3,321	3,770
— Less: interest capitalised	(69,462)	(50,924)
	12,260	17,516
Exchange (gains)/losses from borrowings	(10,301)	4,022
Other finance costs	281	1,225
	2,240	22,763

9 INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
	<i>RMB million</i>	<i>RMB million</i>
Current income tax		
— Hong Kong profits tax	40	44
— PRC corporate income tax	27,924	25,606
— PRC land appreciation tax	<u>16,738</u>	<u>21,099</u>
	44,702	46,749
Deferred income tax		
— PRC corporate income tax	(5,134)	(3,760)
— PRC land appreciation tax	<u>(2,723)</u>	<u>(2,359)</u>
	<u>36,845</u>	<u>40,630</u>

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted Company with limited liability under the Companies Law, Cap. 22 (2009 Revision as consolidated and revised from time to time) of the Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The group companies in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, exempted from British Virgin Islands income tax.

Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profit for the current period in respect of operations in Hong Kong.

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate of 25% (2019: 25%) on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

PRC withholding income tax

According to the new Corporate Income Tax Law of the PRC, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong.

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land use rights and property development expenditures.

10 EARNINGS PER SHARE

(a) Basic

Basic earnings per share are calculated by dividing the profits attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2020	2019
Profit attributable to shareholders of the Company (<i>RMB million</i>)	8,076	17,280
Weighted average number of ordinary shares in issue (<i>millions</i>)	13,178	13,138
Basic earnings per share (<i>RMB</i>)	<u>0.613</u>	<u>1.315</u>

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares consist of share options. For the share options of the Company, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The share options of China Evergrande New Energy Vehicle Group Limited were excluded from the computation of diluted earnings per share as they are anti-dilutive for the year ended 31 December 2020.

	Year ended 31 December	
	2020	2019
Profit attributable to equity holders of the Company (<i>RMB million</i>)	8,076	17,280
Weighted average number of ordinary shares in issue (<i>millions</i>)	13,178	13,138
Adjustments for share options (<i>millions</i>)	<u>69</u>	<u>114</u>
Weighted average number of ordinary shares for diluted earnings per share (<i>millions</i>)	<u>13,247</u>	<u>13,252</u>
Diluted earnings per share (<i>RMB</i>)	<u>0.610</u>	<u>1.304</u>

11 DIVIDENDS

A final dividend in respect of the year ended 31 December 2020 of RMB0.152 per share amounting to approximately RMB2,012 million has been proposed by the Board on 31 March 2021, which is subject to approval by the shareholders in the forthcoming Annual General Meeting. These financial statements have not reflected this dividend payable.

A final dividend in respect of the year ended 31 December 2018 of RMB1.419 per share totaling RMB18,627 million was paid on February 2020. A final dividend in respect of the year ended 31 December 2019 of RMB0.653 per share amounting to approximately RMB8,459 million was paid on July 2020.

12 TRADE AND OTHER RECEIVABLES

	31 December	
	2020	2019
	<i>RMB million</i>	<i>RMB million</i>
Trade receivables (a)	46,365	51,303
Other receivables (b)	102,590	98,735
	148,955	150,038
Less: non-current portion of trade receivables and other receivables	(7,249)	(6,332)
Current portion	141,706	143,706

(a) Trade receivables

	31 December	
	2020	2019
	<i>RMB million</i>	<i>RMB million</i>
Trade receivables	46,606	51,467
Less: allowance provision for impairment	(241)	(164)
Trade receivables — net	46,365	51,303
Less: non-current portion	(7,146)	(6,039)
Current portion	39,219	45,264

During the year ended 31 December 2020, impairment provision of RMB77 million (2019: reverse loss provision of RMB10 million) was made against the gross amount of trade receivables.

Trade receivables mainly arose from sales of properties. Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements.

The ageing analysis of trade receivables based on revenue recognition date as at the respective balance sheet dates is as follows:

	31 December	
	2020	2019
	<i>RMB million</i>	<i>RMB million</i>
Within 90 days	40,655	41,656
Over 90 days and within 180 days	1,991	4,928
Over 180 days and within 365 days	3,600	3,818
Over 365 days	360	1,065
	<u>46,606</u>	<u>51,467</u>

The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above. The Group has retained the legal titles of the properties sold to these customers before the trade receivables are settled.

(b) Other receivables

	31 December	
	2020	2019
	<i>RMB million</i>	<i>RMB million</i>
Other receivables		
— associates	1,505	30
— joint ventures	33,296	27,744
— non-controlling interests (<i>note (i)</i>)	16,097	17,427
— third parties (<i>note (ii)</i>)	53,645	55,276
	104,543	100,477
Less: allowance provision for impairment	<u>(1,953)</u>	<u>(1,742)</u>
Other receivables — net	<u>102,590</u>	<u>98,735</u>
Less: non-current portion	<u>(103)</u>	<u>(293)</u>
Other receivables — net	<u>102,487</u>	<u>98,442</u>

(i) Amounts are unsecured, interest free and repayable on demand.

(ii) Amounts mainly represented the deposits for acquisition of land use rights, deposits for construction projects and borrowings, receivables of cooperation parties.

During the year ended 31 December 2020, impairment provision of RMB211 million (2019: RMB204 million) was made against the gross amount of other receivables.

The carrying amounts of the Group's other receivables are mainly denominated in RMB.

The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above.

As at 31 December 2020 and 2019, the fair value of trade and other receivables approximated their carrying amounts.

13 PREPAYMENTS

	31 December	
	2020	2019
	<i>RMB million</i>	<i>RMB million</i>
Prepaid value added taxes and other taxes	23,502	16,208
Prepayments to third parties	129,985	116,950
— for acquisition of land use rights	123,066	103,123
— for acquisition of subsidiaries	2,344	8,989
— others	4,575	4,838
	<u>153,487</u>	<u>133,158</u>
Less: non-current portion		
— prepayments for acquisition of property, plant and equipment and land use rights	<u>(2,461)</u>	<u>(2,697)</u>
	<u>151,026</u>	<u>130,461</u>

14 TRADE AND OTHER PAYABLES

	31 December	
	2020	2019
	<i>RMB million</i>	<i>RMB million</i>
Trade payables — third parties (<i>note (c)</i>)	621,715	544,653
Other payables:	163,892	139,918
— associates	1,014	457
— joint ventures	50,969	38,623
— non-controlling interests (<i>note (a)</i>)	13,371	12,924
— payables for acquisition of land use rights	39,597	34,847
— payables for acquisition of subsidiaries	5,250	7,123
— payables for acquisition of associates	2,531	5,700
— third parties (<i>note (b)</i>)	51,160	40,244
Accrued expenses	10,412	7,643
Payroll payable	2,245	3,374
Deferred income from grants	2,983	1,551
Lease liabilities	3,190	1,542
Other taxes payable	34,015	23,784
	<u>838,452</u>	<u>722,465</u>
Less: non-current portion		
Other payables:	(4,593)	(2,546)
— non-controlling interests (<i>note (a)</i>)	(2,640)	(2,546)
— joint ventures	(1,953)	—
Deferred income from government grants	(2,641)	(1,551)
Lease liabilities	(2,044)	(750)
	<u>(9,278)</u>	<u>(4,847)</u>
Current portion	<u>829,174</u>	<u>717,618</u>

(a) Amounts included certain cash advances from non-controlling interests of approximately 2,640 million (2019: RMB2,546 million) which bear average interest at 15% per annum (2019: 15%) and are repayable according to respective agreements.

(b) Amounts mainly represented value-added-tax received in advance from customers, deposits and temporary receipts.

- (c) The following is an ageing analysis of trade payables presented based on invoice date at the end of reporting period:

	31 December	
	2020	2019
	<i>RMB million</i>	<i>RMB million</i>
Within one year	560,517	485,475
Over one year	61,198	59,178
	<u>621,715</u>	<u>544,653</u>

The trade and other payables are denominated in the following currencies:

	31 December	
	2020	2019
	<i>RMB million</i>	<i>RMB million</i>
— Denominated in RMB	829,500	718,327
— Denominated in other currencies	8,952	4,138
	<u>838,452</u>	<u>722,465</u>

15 SUBSEQUENT EVENTS

- (a) On 20 January 2021, HengTen Networks Group Limited acquired 100% of the issued shares in Virtual Cinema Entertainment Limited and its subsidiaries, a producer of film and TV programme and owner of an leading online streaming platform-“Pumpkin Film”, for consideration of HK\$7,200 million. The settlement method was (i) shares with an issue price of HK\$0.30 per share with a total value of approximately HK\$3,463 million; and (ii) shares with an exercise price of HK\$0.096 per warrant share of approximately HK\$3,737 million.

The financial effects of this transaction have not been recognised at 31 December 2020. The operating results and assets and liabilities of the acquired group will be consolidated from 20 January 2021.

- (b) On 24 January 2021, China Evergrande New Energy Vehicle Group Limited entered into the subscription agreements with 6 third party investors to allot and issue an aggregate of 952,383,000 subscription shares at HK\$27.3 per share, raising a total of approximately HK\$26,000 million. Each investor has agreed to a twelve-month lock-up period in respect of the subscription shares.

BUSINESS REVIEW

2020 was a challenging year. Due to the unprecedented COVID-19 pandemic, the global economy suffered a severe recession. International trade greatly shrunk. The financial market faced immense volatilities. In its latest forecast, the International Monetary Fund predicted that the global economy would shrink by 3.5% in 2020, which would be the worst economic downturn since the Great Depression in 1930s. Facing the severe and complex domestic and international environment, especially under the severe impact of the pandemic, China was the first to break away from the COVID-19 doom and gloom while also taking a heavy toll: in 2020, according to the preliminarily figures, China's GDP increased by 2.3% year on year, and surpassed RMB100 trillion for the first time, which makes China the only major economy in the world that saw positive economic growth.

Faced with the impact of the pandemic and the general decline in industry sales, the Board persisted in the development strategy of “Growing Sales, Controlled Scale & Reduced Leverage” proposed at the beginning of the year, and remarkable achievements have been made:

In respect of growing sales, contracted sales increased by 20% from RMB601.1 billion in 2019 to RMB723.2 billion in 2020. Cash collection rate rose by 12 percentage points from 78% in 2019 to 90% in 2020. Unaudited contracted sales amounted to RMB151 billion during the first quarter of 2021, up by 2% from RMB147.4 billion in the first quarter of 2020. Cash collection amounted to RMB133 billion during the first quarter of 2021, up by 17% from RMB113.3 billion in the first quarter of 2020¹.

In respect of controlled scale, in the second half of 2020, the land reserves of the Group decreased by approximately 10 million square meters from 240 million square meters to 231 million square meters.

In respect of reduced leverage, since the introduction of the “big strategy” in late March 2020, interest-bearing liabilities as at the end of March 2021 significantly decreased by RMB200 billion from RMB874.3 billion to RMB674.0 billion. Since March 2020, without issuing a new overseas debt, the Group repaid the principle and interest of overseas debts of RMB59.1 billion using its self-owned funds. The Group intended to repay all overseas debts due during the year using its self-owned funds.

Since March 2020, the equity financing of the Group amounted to HK\$88.8 billion, mainly include: HK\$23.5 billion from the introduction of strategic investors by Evergrande Property Services and HK\$14.08 billion from its listing proceeds; HK\$30.0 billion from two rounds of placing conducted by Evergrande Auto; HK\$4.3 billion from placing conducted by China Evergrande; HK\$600 million from disposal of shares by HengTen Networks; and HK\$16.35 billion from the introduction of strategic investors by Fangchebao.

¹ Data for March 2021 is up to 16:00, 31 March 2021.

Continuously maintaining huge high-quality land reserves for saleable residential property, thus consolidating the foundation for high-quality development

In 2020, the real estate segment continued to reaffirm its foundational status within the Group's structure. The Group maintained stable land reserves for saleable residential property and further optimized its structure, thereby laying a solid foundation for its further high growth.

The Group seized the opportunities arising during the pandemic and acquired an aggregate of 140 pieces of land as reserves, as well as further acquiring the land surrounding 42 existing projects. The newly acquired land reserves had a total gross floor area ("GFA") of 68.92 million square meters at an average cost of RMB1,992 per square meter. New projects were mainly distributed among first-tier, second-tier and third-tier cities such as Beijing, Guangzhou, Shenzhen, Wuhan, Chengdu, Taiyuan, Hefei, Harbin, Chongqing, Chengzhou, Hohhot, Shijiazhuang, Lanzhou, Urumqi, Zhongshan and Wuxi.

As at 31 December 2020, the Group's total land reserves covered 798 projects located in 234 cities across China, covering almost all first-tier cities, municipalities and provincial capitals, as well as a majority of economically developed prefecture-level cities with high growth potential. The land reserves of the Group had a total planned GFA of 231 million square meters with an original value of RMB490.1 billion. In particular, the original value of land reserves in first-tier and second-tier cities amounted to RMB328.7 billion, representing 67% of the total value with an average land cost of RMB2,638 per square meter. The original value of land reserves in third-tier cities amounted to RMB161.4 billion, representing 33% of the total value with an average cost of RMB1,515 per square meter.

The Group also had 100 urban redevelopment projects, including 78 in the Greater Bay Area (55 in Shenzhen), 8 in Taiyuan, 2 in Shijiazhuang, 2 in Zhengzhou and 10 in other cities.

Strong growth in contracted sales and cash collection and tremendous results from the high growth strategy

In 2020, the Group achieved contracted sales of RMB723.25 billion, a year-on-year increase of 20.3%, which fulfilled 111% of the contracted sales target of the year; and GFA of contracted sales of 80.856 million square meters, a year-on-year increase of 38.3%. Cash collection amounted to RMB653.16 billion. Cash collection ratio for the year reached 90.3%, representing a year-on-year increase of 12 percentage points.

During the year, the Group launched 149 new projects in several dozens of cities including Shenzhen, Guangzhou, Tianjin, Nanjing, Chongqing, Chengdu, Zhengzhou, Hefei, Wuhan, Kunming, Guiyang, Shijiazhuang, Shenyang, Zhuhai and Foshan. There were a total of 1,171 projects for sale which were at different stages ranging from being completed to under construction.

Faced with the impact of the pandemic and the general decline in industry sales, the Group met market demand by creating high-quality and affordable products. In particular, its pioneering online sales since February in the last year facilitated strong growth in sales, demonstrating strong execution and risk resilience. The Group is confident in continuously meeting all operation targets.

Carefully planning new construction start and completion to assure the results under the premise of pandemic prevention and control

In 2020, the Group overcame the effect of the pandemic and began scientific planning of new construction start and completion to assure normal project development and sales with sufficient supply and normal completion of projects for delivery on schedule.

New construction start GFA for the year was 82.37 million square meters, a year-on-year increase of 29.7%. As at 31 December 2020, the Group had 787 projects under construction with GFA of 132 million square meters, a year-on-year increase of 6.9%. Completed GFA was 73.92 million square meters.

During the year, the Group had a total of 948 delivered projects with total revenue of RMB494.55 billion. The Board believes that, with its strong execution ability, the Group will be able to further seize the market with high-quality and affordable products and respond to any possible changes in the market.

Evergrande whole industry chain intelligent ecosystem

Evergrande has completed the transformation from real estate to “diversified industries + digital technology”, gradually initiated the spin-off and listing of the Group’s quality assets, created a diversified industry ecosystem focusing on fixed space and mobile space, and formed closed-loop data that can serve millions of users by linking the eight major industry platforms.

Evergrande Auto: Through the closed loop of technology and data, Evergrande Auto will create an intelligently connected mobile space of “car and home integration”. The development goal of Evergrande Auto is achieving world-class core technology and proprietary intellectual property rights, as well as achieving world-class product quality. It is aimed to establish Evergrande Auto as the world’s largest and most powerful new energy vehicle enterprise.

Evergrande Auto simultaneously develops 14 vehicle models, thus achieving full coverage of different vehicle class, model and grade. Leveraging on its eight major competitive edges in talent, capital, core technology, quality, cost, sale, after-sale service, corporate management and strong execution capability, Evergrande Auto takes a leading position in technology through blazing a new trail. Evergrande Auto developed the H-SMART OS (Hengchi smart vehicle operating system), and its vehicle models are equipped with aerospace-class smart cockpits. Evergrande possessed a strong platform in the industry, and established a smart ecosystem. This not only offers users with top class driving experience but also achieves genuine vehicle-to-everything, thus creating an intelligently connected mobile space of “car and home integration”.

The specific development strategy is planned and operated by Evergrande Auto (00708.HK), a listed company.

Evergrande Property Services: Leveraging on standardized operation and intelligent management, Evergrande Property Services aims to develop itself as the world’s largest intelligent urban service provider. As at 28 February 2021, Evergrande Property Services has a contracted area of approximately 679 million square meters, with area under management of approximately 413 million square meters. It is aimed to achieve contracted area of over 800 million square meters and area under management of over 600 million square meters in 2021. It is aimed to establish a technical team that comprises of thousands personnel, and cooperate with technology leaders including Tencent, Alibaba and SenseTime to create a full ecology smart urban management system. Evergrande Property Services conducted in-depth research on multitudinous resident data, and integrated the diversified resources of China Evergrande, thus offering comprehensive services for property owners.

The specific development strategy is planned and operated by Evergrande Property Services (06666.HK), a listed company.

HengTen Networks: Deploying the online streaming media operation, and through its high-quality original content and big data analysis technology, HengTen Networks offers users an ultimate personalized viewing experience without any advertisement, so as to establish itself into a world class online streaming media platform. In January 2021, HengTen Networks announced to completed the acquisition of all equity interest in Pumpkin Film and Ruyi Films. Pumpkin Film has developed its core competitiveness with data-driven innovation from the three dimensions consisting of digitization of user behavior, film labeling and customization of content production. With the viewing data of millions of users, the diversified industry operation of China Evergrande has further empowered, thus offering more potential value-added services.

Evergrande smart technology ecosystem provided a driving force for Pumpkin Film by creating multi-dimensional application scenarios such as smart home, vehicle screen, theme park and cinema, as well as offering millions of user traffic. Tencent, which treats Pumpkin Film as its only platform in the field of vertical streaming media, offers Pumpkin Film with multi-channel online resources via opening of its traffic access, content and IP sharing and co-procurement of copyright. By integrating shareholder ecosystem resources, HengTen Networks achieved an exponential growth in members. As at the end of February 2021, there were a total of 38.61 million registered users, with accumulated paid subscribers of 8.41 million.

The specific development strategy is planned and operated by HengTen Networks (00136.HK), a listed company.

Fangchebao Group: Through the huge database created by Evergrande ecosystem, it is aimed to establish Fangchebao Group as the largest online and offline transaction and comprehensive service platform of properties and automobiles in the world.

In 2017, Fangchebao Group launched the “Heng Fang Tong (恒房通)” APP for turning everyone into brokers. After five years of development, Heng Fang Tong became one of the largest online and offline transaction platforms for real estates and automobiles. The operation of Heng Fang Tong covered 229 cities, with 21.96 million of broker users, 387,000 professional brokers and 43,000 stores. It is

expected the transaction value will exceed RMB2 trillion in 2021. Looking forward, Fangchebao Group will continue to expand its physical store network, aiming to create a large-scale and balanced network across China, an offline service terminal for frequent online transaction, as well as an integrated service platform for online and offline comprehensive transaction.

Through the unified underlying big data platform, Fangchebao Group explores the in-depth value of data and match demands using intelligent technology, thus enhancing efficiency. In March 2021, Fangchebao Group introduced several strategic investors, making capital contribution of HK\$16.35 billion.

Evergrande Fairyland: Evergrande Fairyland launched the innovative model of “physical amusement + online entertainment”, aiming to establish itself as the most influential and competitive interactive cultural and entertainment platform in the world.

Evergrande Fairyland is the only large-scale fairyland that is completely indoor and offers entertainment facilities under all weather conditions throughout the year. It is designed for children and teenagers aged 2–15. Under the main theme of Chinese culture, Evergrande Fairyland integrates the essence of world civilization using the most advanced, popular and high-tech entertainment equipment and technology, aiming to establish itself as the largest, high class and world-leading myth-themed fairyland amusement park.

The first phase of Ocean Flower Island commenced trial commercial operation since the New Year’s Day in 2021, receiving more than 1.45 million tourists in aggregate, and its 28 major facilities will be fully opened at the end of 2021. Evergrande Fairyland innovates the model of “physical amusement + online entertainment”, establishes the interactive entertainment ecosystem of “reality + virtual”, and introduces a membership scheme that has attracted millions of members, aiming to provide all-rounded cultural and entertainment services.

Healthcare Segment: Focusing on developing its health management segment, Evergrande Health offers all-aged and all-rounded healthcare services for millions of users under Evergrande ecosystem. By integrating the world-class medical, health management, wellness living, elderly care and other resources, Evergrande Health developed Evergrande Elderly Care Valley that meets the unmet demands in China. At present, there were 30 healthcare projects. It is aimed to develop 70 healthcare projects across China in the coming three years.

Evergrande Health invented the “Evergrande Member Healthcare Ecosystem”. Through the Evergrande health big data platform, it offers members with customized medical and healthcare solution. Through integrating with insurance, all-aged health protection and precise positioning can be achieved, thus offering members with all-aged and all-rounded healthcare services.

The specific development strategy is planned and operated by Evergrande Auto (00708.HK), a listed company.

Evergrande Spring: By accurately understanding customers' demands, Evergrande Spring continues to offer healthy food products that are in line with the market trend, aiming to establish a new shopping platform empowered by technology.

At present, the Group held 49% equity interest in Evergrande Spring. Evergrande Spring offers over 50 products under its 14 major series under the four major business segments, namely mineral water, grocery, dairy and fresh food. Its operation covers over 30 provinces and cities across China, as well as over 10 countries and regions along the "Belt and Road Initiative". Evergrande Spring has established partnership with over 1,000 quality distributors in China, with over 500,000 sale outlets across China. It strives to offer quality, healthy food for families around the world, and aims to become the "top natural mineral water brand" and "top healthy grocery brand" in China.

BUSINESS OUTLOOK

Looking forward, the Board believes that the unprecedented pandemic has become a major historical event that will reshape the political, economic and social landscape across the world. Under such big changes, the global economy will enter a long period of recovery. With the pandemic prevention and control in China achieving periodic success, the Chinese government made specific emphasis on promoting the "six guarantees" and implementing the "six stabilities" so as to promote the establishment of a new development pattern centering on internal circulation with the domestic and international markets promoting each other. The International Monetary Fund further predicts that, with the support from effective pandemic control measures, strong public investments and central bank liquidity, China's economy is expected to grow by 8.1% in 2021.

In respect of industry policy, the central government will continue to adhere to its stance of "housing is for living, not for speculation" and adjust policies based on different markets, in order to promote the stable and healthy development of the real estate market. It will promote new energy vehicles and the construction of new infrastructures by adding charging piles, battery swapping stations and other facilities, stimulating new consumer demand and facilitating industry upgrade. It will develop a platform economy and a sharing economy, and establish a national information-based development strategy for a network collaborative innovation system, in order to form innovation and entrepreneurship pattern featuring online and offline integration, industry-university collaboration on research and application, and integration of large and medium-sized enterprises. It will promote the construction of new urban infrastructure based on informatization, digitization and intelligence, connect with the construction of new infrastructure, accelerate the construction of the smart property management service platform, complement the shortcomings of residential community services, and promote the integrated development of online and offline property services. In addition, the central government will implement strategies to expand domestic demand, reduce tax burden and support the recovery and development of cultural, tourism and other industries to the extent of regular pandemic prevention and control, in order to effectively combine the promotion of consumption and investment into a reciprocal relationship.

Looking back at history, human and society development is full of constant disasters and challenges, as well as full of constant rebuilding of confidence and glory. The Board is confident in the continued growth of the economy in PRC. Based on the systematic analysis of the global economy and national industrial policies, we will continue to unswervingly implement the development strategy of “Growing Sales, Controlled Scale & Reduced Leverage”. It is planned to reduce interest-bearing debts by RMB150 billion throughout 2021, and interest-bearing debts to be reduced from RMB716.5 billion to RMB560.0 billion by the end of 2021. During January to March 2021, interest-bearing debts reduced by RMB42.5 billion, which already outperformed the quarterly debt reduction target. Therefore, the Group is confident that the annual goal can be achieved. In the next two years, it is planned to reduce the total land reserve for saleable residential property by an average of 15 million square meters per year. It is aimed to control the total land reserve for saleable residential property at the level of around 200 million square meters, which is at a reasonable level.

The targets on reduction of inter-bearing debts will be: reduce to RMB590 billion or below by 30 June 2021; reduce to RMB450 billion or below by 30 June 2022; and reduce to RMB350 billion or below by 30 June 2023.

Our targets to meet the government requirements of “three red lines” are set out as follows: net debt/equity ratio below 100% by 30 June 2021; cash/short-term debt above 1x by 31 December 2021 and liability/asset ratio below 70% by 31 December 2022. By that time, we could reach “three green lines”.

MANAGEMENT DISCUSSION AND ANALYSIS

Overall Performance

During the Year, the revenue was RMB507.25 billion (2019: RMB477.56 billion), representing a year-on-year growth of 6.2%. Gross profit was RMB122.61 billion (2019: RMB132.94 billion).

Core business profit for the Year was RMB30.13 billion, which is based on the net profit excluding exchange gains or losses, fair value gains on investment properties, fair value gains or losses on financial instruments, donations and certain non-property development business losses.

Revenue

Revenue of the Group was RMB507.25 billion for the Year, representing an increase of 6.2% as compared with 2019. Revenue generated from the property development segment increased by 6.5% to RMB494.55 billion. The increase was mainly due to the 11.6% increase in delivered area for the Year as compared to 2019. Revenue generated from property management amounted to RMB6.56 billion, an increase of 49.8% from 2019, which was mainly due to the increase in area under the Group’s management service for the Year. Revenue generated from investment properties amounted to RMB1.28 billion, down by 6.5%, which was mainly due to the preferential measures for rent reduction and exemption provided by the Group during the first half of 2020 in order to help tenants tide over the pandemic. Rental income significantly decreased during the first half of the Year. However, the rental income for the second half of the Year increased by 51.2% as compared to the second half of 2019.

Gross Profit

Gross profit of the Group was RMB122.61 billion for the Year. Gross profit for the Year decreased mainly due to a decrease in the average selling prices caused by the nationwide sales promotion activities and sales price concessions of the Group as a result of COVID-19. In addition, the average delivery costs per square meter during the Year increased by 0.8% as compared to 2019. Therefore, the revenue for the Year grew but the gross profit margin decreased. Gross profit margin during the Year was 24.2%.

Fair Value Gain on Investment Properties, net

Fair value gain on investment properties of the Group for the Year was RMB1.28 billion, which decreased by 15.8% as compared with RMB1.52 billion in 2019. Investment properties of the Group mainly include commercial podiums in living communities and office buildings with total gross floor area of about 9.22 million square meters, and approximately 356,000 car parking spaces.

Other Income

Other income of the Group for the Year was RMB10.25 billion, which was mainly attributable to the interest income, forfeited customer deposits and management and consulting service income.

Other (Losses)/Gains, Net

Other net losses for the year were RMB5.1 billion mainly due to the losses in relation to the restructures of investors' equity interests in a subsidiary and foreign exchange losses. Other net gains for the last year were RMB1.73 billion which mainly represented net gains from disposal of subsidiaries, joint ventures and associates.

Selling and Marketing Costs

During the Year, selling and marketing costs of the Group increased from RMB23.29 billion in 2019 to RMB31.96 billion, up by 37.2%. The 4.4% ratio of selling and marketing expenses to contracted sales was mainly because the Group, in response to the market environment, increased the sales commissions, investment in marketing campaigns to promote sales growth.

Administrative Expenses

During the Year, administrative expenses of the Group increased by 6.3% to RMB21.06 billion from RMB19.81 billion in 2019, which was mainly attributable to the increase of research and development expenditure on new energy vehicles during the year.

Borrowings

As at 31 December 2020, the borrowings of the Group amounted to RMB716.5 billion, with the following maturities:

	31 December 2020 (RMB billion)	As percentage of total borrowings	31 December 2019 (RMB billion)	As percentage of total borrowings
Less than 1 year	335.5	46.8%	372.1	46.5%
1–2 years	166.6	23.3%	206.5	25.8%
2–5 years	203.5	28.4%	183.5	23.0%
More than 5 years	10.9	1.5%	37.8	4.7%
	<u>716.5</u>	<u>100.0%</u>	<u>799.9</u>	<u>100.0%</u>

A portion of the borrowings were secured by a pledge of properties and equipment, land use rights, investment properties, properties under development, completed properties held for sale, cash at bank and the equity interests of certain subsidiaries of the Group. As at 31 December 2020, the average interest rate of borrowings was 9.49% per annum (31 December 2019: 8.99%).

Foreign Exchange Exposure

The Group's business is principally conducted in Renminbi. A significant portion of residential and investment properties are located in Mainland China. There are 24.1% of borrowings denominated in US dollar and HK dollar.

We estimate the Renminbi exchange rate to continue its two-way volatility as the Renminbi exchange mechanism becomes more market-oriented. The Group recorded exchange gains of RMB8.62 billion during the Year due to the appreciation of RMB to US dollar and HK dollar. However, there is still uncertainty on the actual exchange losses or gains relating to the above borrowings in foreign currencies, when they were repaid on due dates.

The Group will closely monitor its exchange risk exposure and will adjust its debt profile when necessary based on market changes. The Group has not entered into any forward exchange contracts to hedge its exposure to foreign exchange risk.

Liquidity

As at 31 December 2020, the total balance of cash and cash equivalents and restricted cash of the Group was RMB180.74 billion. The abundant working capital ensured normal operation of the Group, while providing adequate support for the Group as it explores best business opportunities.

Contracted Sales

In 2020, the Group's contracted sales increased by 20.3% year on year to RMB723.25 billion, which fulfilled 111.3% of the annual contracted sales target; contracted sales GFA reached 80.856 million square meters, representing a year-on-year increase of 38.3%. During the year, accumulated cash collection increased to RMB653.16 billion, with an annual cash collection rate of 90.3%, representing a year-on-year increase of 12 percentage points. The above contracted sales and accumulated cash collection hit historic high of the Group for the corresponding period.

During the year, the Group launched 149 new projects for sale in several dozens of cities including Shenzhen, Guangzhou, Tianjin, Nanjing, Chongqing, Chengdu, Zhengzhou, Hefei, Wuhan, Kunming, Guiyang, Shijiazhuang, Shenyang, Zhuhai and Foshan. There were a total of 1,171 projects for sale which were at different stages ranging from being completed to under construction distributed in 31 provinces, districts and cities in China.

The following table sets out the geographical distribution of contracted sales amount of the Group in 2020.

No.	Provinces, districts and cities	Sales amount (RMB million)	Percentage of contracted sales amount
1	Guangdong Province	88,468.39	12.23%
2	Jiangsu Province	59,151.74	8.18%
3	Zhejiang Province	44,657.02	6.17%
4	Sichuan Province	40,825.46	5.64%
5	Henan Province	35,132.77	4.86%
6	Hunan Province	34,825.73	4.82%
7	Shandong Province	33,899.18	4.69%
8	Liaoning Province	32,276.44	4.46%
9	Anhui Province	31,140.01	4.31%
10	Chongqing	30,959.76	4.28%
11	Shanxi Province	24,373.80	3.37%
12	Guizhou Province	24,011.43	3.32%
13	Hebei Province	23,963.07	3.31%
14	Hubei Province	20,984.12	2.90%
15	Hainan Province	18,066.39	2.50%
16	Inner Mongolia Autonomous Region	17,652.48	2.44%
17	Guangxi Zhuang Autonomous Region	17,477.21	2.42%
18	Fujian Province	16,361.89	2.26%
19	Jiangxi Province	16,033.26	2.22%
20	Yunnan Province	15,902.23	2.20%
21	Shanghai	15,559.59	2.15%
22	Shaanxi Province	15,169.94	2.10%
23	Heilongjiang Province	14,803.74	2.05%
24	Gansu Province	11,370.73	1.57%
25	Xinjiang Uygur Autonomous Region	11,158.18	1.54%
26	Jilin Province	10,473.94	1.45%
27	Beijing	6,550.96	0.91%
28	Hong Kong Special Administrative Region	4,724.77	0.65%
29	Tianjin	4,682.96	0.65%
30	Ningxia Hui Autonomous Region	2,584.74	0.36%
31	Qinghai Province	3.75	0.00%
Total		<u>723,245.67</u>	<u>100.00%</u>

In 2021, the total saleable area of the Group is estimated to be approximately 137 million square meters, and the annual contract sales target is RMB750 billion. During the first quarter of 2021, unaudited contracted sales of RMB151.0 billion in total was realized, representing an increase of 2% from the first quarter of 2020. Cash collection amounted to RMB133.0 billion, representing an increase of 17% from the first quarter of 2020.¹

¹. Data for March 2021 is up to 16:00, 31 March 2021.

PROPERTY DEVELOPMENT

As at 31 December 2020, the Group had a total of 751 projects under construction, with a total area of 132 million square meters.

During the Reporting Period, the Group had a total of 787 projects completed or partially completed with a total completed GFA of 73.92 million square meters.

The following table sets out the distribution of completed areas in provinces.

Province	Annual newly completed area in 2020 <i>(Unit: '000 m²)</i>	Percentage
Guangdong Province	7020.15	9.50%
Sichuan Province	5529.83	7.48%
Jiangsu Province	5428.93	7.34%
Chongqing	4212.07	5.70%
Anhui Province	4031.39	5.45%
Henan Province	3551.49	4.80%
Hebei Province	3397.24	4.60%
Hunan Province	3352.52	4.54%
Zhejiang Province	3305.22	4.47%
Guizhou Province	3114.15	4.21%
Liaoning Province	3025.02	4.09%
Shanxi Province	3024.72	4.09%
Hubei Province	2935.47	3.97%
Inner Mongolia Autonomous Region	2653.03	3.59%
Shaanxi Province	2486.61	3.36%
Shandong Province	2325.39	3.15%
Yunnan Province	2172.77	2.94%
Jiangxi Province	1771.74	2.40%
Guangxi Province	1710.36	2.31%
Fujian Province	1634.37	2.21%
Gansu Province	1511.90	2.05%
Jilin Province	1440.37	1.95%
Hainan Province	1200.91	1.62%
Heilongjiang Province	1057.78	1.43%
Xinjiang Uygur Autonomous Region	806.82	1.09%
Beijing	533.28	0.72%
Tianjin	417.37	0.56%
Shanghai	128.57	0.17%
Ningxia Hui Autonomous Region	128.07	0.17%
Qinghai Province	9.98	0.01%
Total	73917.54	100.00%

During the Reporting Period, the Group achieved total delivery of 948 projects, with a delivery amount of RMB494.55 billion, up by 6.5% year on year.

CORPORATE SOCIAL RESPONSIBILITY

While maintaining focus on its steady and rapid growth, the Group was proactive in fulfilling corporate social responsibility and continued to commit itself to charity and public welfare work relating to people's livelihood, poverty alleviation, combating COVID-19, sports and others, in order to make contributions to promoting harmony and progression of the society.

With respect to people's livelihood, the Group adhered to its philosophy of properties for the people, and provided high quality and affordable homes to the public. The Group implemented "delivery of fully decorated properties", "online sales", "return with no reason required" and others to protect homebuyers' interests, aiming to help more than 12 million property owners realize their dream of livability.

With respect to combating COVID-19, the Group donated RMB200 million and 5,000 tonnes of fresh vegetables to Wuhan, donating RMB100 million to the Chinese Academy of Medical Sciences to support the development of innovative drug, as well as donating RMB100 million to Red Cross Society of China in support of international anti-epidemic humanitarian aid. The Group also collaborated with the research team led by Zhong Nanshan and Harvard University, providing RMB800 million to support scientific research, contributing to the battle against the pandemic with real action.

With regard to poverty alleviation, the Group collectively made a donation of RMB17.29 billion and built 891 key projects, helping 75 counties in 9 provinces, including Guizhou, Shaanxi, Xinjiang and Gansu, to win the battle against poverty. Among them, the Group has initiated its comprehensive poverty alleviation plan for Bijie City, Guizhou Province since December 2015 under the support and encouragement of the National Committee of CPPCC. It had committed a total donation of RMB11 billion and assigned a poverty alleviation team of 2,108 persons to station in Wumeng mountainous areas for five years. Through a comprehensive package of poverty alleviation measures including industry, relocation, education, and employment, the Group helped all poverty-stricken counties in Bijie to complete poverty alleviation tasks and helped lift the 1.03 million people out of poverty.

As for promoting employment, the Group recruited talents from major universities and the whole society in 2020, and provided a good employment and development platform for different professionals, solving employment involving more than 3.3 million personnel annually and set an example for the work of "stabilizing and guaranteeing employment".

As for sports, the Group continued to make contributions to China's sports development. Guangzhou Evergrande Taobao Football Club continued to implement the youth-oriented strategy. In 2020, half of the top 50 players in Chinese Super League were trained by Evergrande Football School. Eight U19 players were promoted to the first team and played in the AFC Champions League and the Chinese Super League. Evergrande Football School consolidated downward in 2020 and joined forces with 30 prestigious schools in 15 provinces, autonomous regions and municipalities across China to build youth

training centers in various provinces; developed upward to establish the U18 Champions League, filling the gap in high-level competitions for this age group in China. During the Year, Evergrande Football School won 24 championships in various competitions, and 43 students were selected into national teams at various ages.

AWARDS

In 2020, the Group won 99 various honorary awards, including 52 national awards. They mainly include: included on the list of the Fortune Global 500 for the fifth consecutive year, ranking 152th among the Global 500 and 20th among the China Top 500; ranked 80th in the Brand Finance Global 500 and 16th on the Chinese Listed Companies Brand Value List; ranked first among the Top 500 China Real Estate Developers and the Top 100 China Real Estate Developers for the fourth consecutive year. It also won first place among the Top 10 Companies with Comprehensive Strength and Top 10 Responsible Real Estate Companies.

With respect to social responsibility, the Group was awarded the title of an “Honorable Enterprise for China’s fight against the COVID-19 epidemic”, Outstanding Contribution Award of China Foundation for Poverty Alleviation, and Annual Model Chinese Real Estate Company on Poverty Alleviation. Mr. Hui Ka Yan, the chairman of the Board, was commented as China’s First Philanthropist for the fifth time by Forbes.

HUMAN RESOURCES

As at 31 December 2020, the Group had a total of 123,276 employees, of whom approximately 90% were graduates with bachelor’s degree or above in property development or construction, forming a team of young, highly educated and high-quality personnel. During the whole 2020, the Group recruited 36,752 experts recruited who reported duty.

In 2020, the Group organized approximately 104,916 training sessions and professional seminars for staff and trained approximately 2,084,881 staff in aggregate. The total training hours amounted to approximately 169,627 hours with approximately 1.62 hours per session.

The Group firmly believes that talent is the most important corporate resource and always adheres to a people-oriented human resources development strategy, creating a sound working environment featuring harmonious development and positive interaction between the Group and its staff. For the year ended 31 December 2020, total staff costs (including directors’ emoluments) of the Group were approximately RMB29.02 billion (for the year ended 31 December 2019: approximately RMB27.24 billion).

FINAL DIVIDEND

The Board recommended the payment of a final dividend of RMB0.152 per Share for the year ended 31 December 2020. The payment of the final dividend is subject to approval by the shareholders at the forthcoming annual general meeting of the Company. Further details about the final dividend payment, including the record date, expected payment date of the final dividend and exchange rate, will be set out in the circular of the Company to be despatched to the shareholders.

REVIEW OF RESULTS

The figures in this preliminary announcement of the results of the Group have been agreed to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2020 by the auditor of the Company, PricewaterhouseCoopers. The work of PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants.

ANNUAL GENERAL MEETING

A notice convening the annual general meeting of the Company will be published and dispatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

On 22 January 2020, the Company issued (i) US\$1,000 million 11.5% senior notes due 2023, and (ii) US\$1,000 million 12.0% senior notes due 2024.

On 24 January 2020, Scenery Journey Limited, a wholly-owned subsidiary of the Company, issued (i) US\$2,000 million 11.5% senior notes due 2022, and (ii) US\$2,000 million 12.0% senior notes due 2023.

All of the notes issued above are listed and traded on the Singapore Stock Exchange.

On 13 October 2020, the Company conducted a top-up placing of shares under which an aggregate of 260,650,000 were placed by the Company at the placing price of HK\$16.5 per share.

During 2020, the Company repurchased from the market a total of 276,165,000 shares. All the repurchased shares have been cancelled. The Directors believe that the repurchases of shares would lead to an enhancement of the net value of the Group and its assets and/or its earnings per share. Further details in respect of the repurchase will be set out in the annual report of the Company for the year ended 31 December 2020.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

MODEL CODE ON SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set forth in Appendix 10 of the Listing Rules as the code of conduct for securities transactions conducted by the directors. Having made due and careful enquiries with the directors, the Company confirmed that for the year ended 31 December 2020, all directors always abided by the Model Code.

CORPORATE GOVERNANCE

The Company has been in compliance with all code provisions of the Corporate Governance Code contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2020 save for the following deviation:

In respect of code provision E.1.2, the chairman of the Board, Mr. Hui Ka Yan, did not attend the annual general meeting of the Company held on 6 July 2020 due to his other business commitment. Mr. Huang Xiangui, an executive Director, was appointed chairman of the meeting.

REVIEW OF CONSOLIDATED FINANCIAL INFORMATION

The Audit Committee of the Company consists of all of the independent non-executive directors of the Company, namely Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi. The Audit Committee assists the Board in providing an independent review of the completeness, accuracy and fairness of the financial statements of the Group, as well as the efficiency and effectiveness of the Group’s operations and internal controls. The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2020, and discussed with the Company’s management regarding the review, internal controls and other relevant matters.

ANNOUNCEMENT OF FULL YEAR RESULTS ON THE STOCK EXCHANGE’S WEBSITE AND THE COMPANY’S WEBSITE

The announcement of full year results have been published on the Company’s website (<http://www.evergrande.com>) and the website appointed by the Stock Exchange (<http://www.hkexnews.hk>).

ACKNOWLEDGEMENT

The steady development of the Group has been blessed with the trust and support of its shareholders, investors and business partners as well as the loyalty of our staff members. On behalf of the Board, I hereby express my heartfelt gratitude towards them.

By Order of the Board
China Evergrande Group
Hui Ka Yan
Chairman

Hong Kong, 31 March 2021

As at the date of this announcement, the Company's executive Directors are Mr. Hui Ka Yan, Mr. Xia Haijun, Mr. Shi Junping, Mr. Pan Darong, Mr. Huang Xiangui and Mr. Lai Lixin, and the independent non-executive Directors are Mr. Chau Shing Yim, David, Mr. He Qi and Ms. Xie Hongxi.