

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.



众安集团
ZHONG AN GROUP

眾安集團有限公司
Zhong An Group Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 672)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2021**

SUMMARY

- The Group's contracted amount in the Period under review was approximately RMB14,125.14 million, representing an increase of approximately 93.2% as compared to the corresponding period in 2020
- The Group's recognised revenue in the Period under review was approximately RMB1,982.2 million, representing an increase of approximately 81.4% as compared to the corresponding period in 2020
- The Group's gross profit in the Period under review was approximately RMB628.4 million, representing an increase of approximately 60.7% as compared to the corresponding period in 2020
- As at 30 June 2021, the Group's total gearing ratio and net gearing ratio were approximately 75.0% and 78.7% respectively, which had maintained at a reasonable level
- 8 plots of land were acquired for the Period under review with a total GFA of approximately 876,676 sq.m. at an average floor price of approximately RMB9,220 per sq.m., which were located in China's relatively active and developed cities

The board of directors (the “**Board**” or the “**Directors**”) of Zhong An Group Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2021 (the “**Period**” or the “**Period under review**”), together with the comparative figures for the corresponding period ended 30 June 2020 as below:

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2021

	Notes	2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
Revenue	4	1,982,203	1,092,827
Cost of sales		<u>(1,353,782)</u>	<u>(701,841)</u>
Gross profit		628,421	390,986
Other income and gains	4	188,775	46,285
Selling and distribution costs		(137,809)	(124,451)
Administrative expenses		(317,272)	(211,096)
Other expenses		(82,089)	(38,827)
Finance costs		(118,509)	(113,014)
Impairment losses on financial assets		(8,041)	–
Fair value gain upon transfer to investment properties		–	356,806
Changes in fair value of investment properties		(13,786)	(74,659)
Share of profits and losses of:			
Joint ventures		108,988	141,745
Associates		(17,681)	(1,877)
Profit before tax	5	230,997	371,898
Income tax expense	6	(197,047)	(52,374)
Profit for the Period		33,950	319,524
Attributable to:			
Owners of the parent		12,430	307,997
Non-controlling interests		21,520	11,527
		33,950	319,524
Earnings per share attributable to equity holders of the parent			
Basic and diluted	7	RMB0.22cents	RMB5.43 cents

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	2021 <i>RMB'000</i> (Unaudited)	2020 <i>RMB'000</i> (Unaudited)
Profit for the Period	33,950	319,524
Other comprehensive (loss)/income		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	(5,941)	10,412
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	(5,941)	10,412
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	(26,064)	—
Income tax effect	6,516	—
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	(19,548)	—
Other comprehensive (loss)/income for the Period, net of tax	(25,489)	10,412
Total comprehensive income for the Period	8,461	329,936
Attributable to:		
Owners of the parent	(16,335)	314,725
Non-controlling interests	24,796	15,211
	8,461	329,936

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2021

		30 June 2021	31 December 2020
	Note	RMB'000 (Unaudited)	RMB'000 (Audited)
NON-CURRENT ASSETS			
Property and equipment		2,545,769	2,607,286
Investment properties		5,328,291	5,359,845
Properties under development		1,442,286	1,411,214
Right-of-use assets		148,448	348,223
Goodwill		98,995	98,995
Other intangible assets		31,655	32,522
Restricted cash		16,802	71,389
Equity investments designated at fair value through other comprehensive income		513,784	539,922
Long term prepayments		776,937	1,301,580
Investments in joint ventures		433,982	312,236
Investments in associates		109,961	102,603
Deferred tax assets		214,699	181,073
Total non-current assets		11,661,609	12,366,888
CURRENT ASSETS			
Completed properties held for sale		2,160,183	2,926,871
Properties under development		24,725,345	17,286,659
Inventories		36,290	31,261
Trade receivables	8	121,582	84,717
Prepayments, other receivables and other assets		2,678,374	2,573,997
Financial assets at fair value through profit or loss		190,951	109,618
Loans to joint ventures		1,329,544	544,886
Loans to associates		563,914	—
Restricted cash		1,381,702	1,047,767
Cash and cash equivalents		4,730,865	4,792,545
Investment properties classified as held for sale		33,057	54,755
Total current assets		37,951,807	29,453,076

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2021

		30 June 2021 <i>RMB'000</i> (Unaudited)	31 December 2020 <i>RMB'000</i> (Audited)
	<i>Note</i>		
CURRENT LIABILITIES			
Trade payables	9	1,671,383	1,487,283
Other payables and accruals		1,526,897	1,011,204
Contract liabilities		14,160,660	8,592,628
Lease liabilities		34,321	45,434
Advances from joint ventures		385,003	408,703
Advances from associates		372,327	19,600
Interest-bearing bank and other borrowings		4,034,953	3,653,485
Tax payable		2,074,372	2,062,459
Total current liabilities		24,259,916	17,280,796
NET CURRENT ASSETS		13,691,891	12,172,280
TOTAL ASSETS LESS CURRENT LIABILITIES		25,353,500	24,539,168
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		11,867,710	11,839,944
Deferred tax liabilities		926,285	947,932
Lease liabilities		134,607	337,355
Total non-current liabilities		12,928,602	13,125,231
Net assets		12,424,898	11,413,937
EQUITY			
Equity attributable to owners of the parent			
Share capital		498,653	498,653
Reserves		8,599,418	8,629,393
		9,098,071	9,128,046
Non-controlling interests		3,326,827	2,285,891
Total equity		12,424,898	11,413,937

NOTES TO FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2021 have been prepared in accordance with International Accounting Standard (“IAS”) 34 “*Interim Financial Reporting*” issued by the International Accounting Standards Board. These financial information are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2020.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual financial information for the year ended 31 December 2020, except for the adoption of the following revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial information.

Amendments to IFRS 9, IAS 39,	<i>Interest Rate Benchmark Reform – Phase 2</i>
-------------------------------	---

IFRS 7, IFRS 4 and IFRS 16

Amendments to IFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>
-----------------------	--

The revised standards have had no significant financial effect on these financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on income derived from business and has two reportable operating segments as follows:

- (a) the residential segment develops and sells residential properties, and provides property management services, project management services and other services to residential properties in Mainland China and Canada;
- (b) the commercial segment develops and sells commercial properties, leases investment properties, owns and operates hotel and provides property management services, project management services and other services to commercial properties in Mainland China, Japan and the United Kingdom;

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The following tables presented revenue and profit/(loss) information regarding the Group's operating segments for the six months ended 30 June 2021 and 2020, respectively.

Six months ended 30 June 2021 (unaudited)	Residential RMB'000	Commercial RMB'000	Total RMB'000
Segment revenue:			
Sales to external customers	1,435,095	547,108	1,982,203
Intersegment sales	85,322	–	85,322
	<u>1,520,417</u>	<u>547,108</u>	<u>2,067,525</u>
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(85,322)</u>
Revenue from operations			<u>1,982,203</u>
Segment results:	<u>392,369</u>	<u>(161,372)</u>	<u>230,997</u>
Six months ended 30 June 2020 (unaudited)	Residential RMB'000	Commercial RMB'000	Total RMB'000
Segment revenue:			
Sales to external customers	787,294	305,533	1,092,827
Intersegment sales	5,882	–	5,882
	<u>793,176</u>	<u>305,533</u>	<u>1,098,709</u>
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(5,882)</u>
Revenue from operations			<u>1,092,827</u>
Segment results:	<u>260,721</u>	<u>111,177</u>	<u>371,898</u>

The following tables present segment assets and liability information of the Group's operating segments as at 30 June 2021 and 31 December 2020, respectively:

As at 30 June 2021 (unaudited)	Residential RMB'000	Commercial RMB'000	Total RMB'000
Segment assets	34,750,363	15,611,203	50,361,566
<i>Reconciliation:</i>			
Elimination of intersegment receivables			<u>(748,150)</u>
Total assets	34,002,213	15,611,203	<u>49,613,416</u>
Segment liabilities	29,157,576	9,625,900	38,783,476
<i>Reconciliation:</i>			
Elimination of intersegment payables			<u>(1,594,958)</u>
Total liabilities	27,562,618	9,625,900	<u>37,188,518</u>
Other segment information:			
Share of (profits)/loss of:			
Joint ventures	(108,988)	–	(108,988)
Associates	17,681	–	17,681
Impairment losses recognised in the			
statement of profit or loss	(8,041)	(61,393)	(69,434)
Depreciation and amortisation	11,690	70,909	82,599
Capital expenditure	8,548	40,015	48,563
Investments in associates	109,961	–	109,961
Investments in joint ventures	<u>433,982</u>	<u>–</u>	<u>433,982</u>

As at 31 December 2020 (audited)	Residential <i>RMB'000</i>	Commercial <i>RMB'000</i>	Total <i>RMB'000</i>
Segment assets	27,250,018	15,175,856	42,425,874
<i>Reconciliation:</i>			
Elimination of intersegment receivables			<u>(605,910)</u>
Total assets	26,644,108	15,175,856	<u><u>41,819,964</u></u>
Segment liabilities	22,317,558	9,098,438	31,415,996
<i>Reconciliation:</i>			
Elimination of intersegment payables			<u>(1,009,969)</u>
Total liabilities	21,307,589	9,098,438	<u><u>30,406,027</u></u>
Other segment information:			
Share of (profits)/losses of:			
Associates	12,695	—	12,695
Joint ventures	(108,824)	—	(108,824)
Realisation of completed properties held for sale to net realisable value	(571)	—	(571)
Depreciation and amortisation	20,943	142,137	163,080
Capital expenditure	9,219	62,306	71,525
Investments in associates	102,603	—	102,603
Investments in joint ventures	<u>312,236</u>	<u>—</u>	<u>312,236</u>

Geographical Information

(a) Revenue from external customers

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Mainland China	1,965,735	1,077,950
Others	<u>16,468</u>	<u>14,877</u>
	<u>1,982,203</u>	<u>1,092,827</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	30 June	31 December
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Mainland China	10,936,051	11,380,134
Japan	90,554	91,780
Others	170,709	173,979
	11,197,314	11,645,893

The non-current assets information above are based on the locations of the assets and excludes equity investments designated at fair value through other comprehensive income and deferred tax assets.

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the six months ended 30 June 2021 and 2020.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers	1,922,732	1,010,461
Revenue from other sources		
Gross rental income from investment property operating leases	59,471	82,366
	1,982,203	1,092,827

Disaggregated revenue information for revenue from contracts with customers

For the six months ended 30 June 2021

Segments	Property	Property management	Hotel	Total
	development	and other services	operation	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Types of goods or services				
Sale of properties	1,647,594	–	–	1,647,594
Hotel operating income	–	–	97,606	97,606
Property management and other services	–	177,532	–	177,532
Total revenue from contracts with customers	<u>1,647,594</u>	<u>177,532</u>	<u>97,606</u>	<u>1,922,732</u>
Timing of revenue recognition				
At a point in time	1,647,594	–	97,606	1,745,200
Over time	–	177,532	–	177,532
Total revenue from contracts with customers	<u>1,647,594</u>	<u>177,532</u>	<u>97,606</u>	<u>1,922,732</u>

For the six months ended 30 June 2020

Segments	Property management and other			Total
	Property development	services	Hotel operation	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Types of goods or services				
Sale of properties	827,032	–	–	827,032
Hotel operating income	–	–	63,869	63,869
Property management and other services	–	119,560	–	119,560
Total revenue from contracts with customers	<u>827,032</u>	<u>119,560</u>	<u>63,869</u>	<u>1,010,461</u>
Timing of revenue recognition				
At a point in time	827,032	–	63,869	890,901
Over time	–	119,560	–	119,560
Total revenue from contracts with customers	<u>827,032</u>	<u>119,560</u>	<u>63,869</u>	<u>1,010,461</u>

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Other income		
Subsidy income*	15,420	4,910
Interest income	26,855	35,583
Others	83,776	5,756
	126,051	46,249
Gains		
Foreign exchange gain	31	–
Change in fair value of financial assets at fair value through profit or loss	62,693	36
	62,724	36
	188,775	46,285

* There are no unfulfilled conditions or contingencies relating to these grants.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cost of properties sold	1,101,482	517,275
Depreciation of property and equipment	45,267	61,548
Depreciation of right-of-use assets	36,464	27,726
Amortisation of other intangible assets	868	868
Lease payments not included in the measurement of lease liabilities	27,221	14,409
Staff costs including directors' and chief executive's remuneration:		
– Salaries and other staff costs	200,606	156,067
– Pension scheme contributions	25,772	9,292
Direct operating expenses (including repairs and maintenance arising on rental-earning investment properties)	2,282	1,003
Foreign exchange differences, net	(31)	1,414
Loss on disposal of investment properties	1,523	25,682
Fair value (gains)/losses, net:		
Changes upon transfer to investment properties	–	(356,806)
Changes in fair value of investment properties	13,786	74,659
Change in fair value of financial assets at fair value through profit or loss	(62,693)	(36)
Realisation and recognition of completed properties held for sale to net realisable value	–	(571)
Impairment of financial assets	8,041	–
Impairment of property and equipment*	61,393	–
Gain on disposal of right of use assets**	(25,823)	–

* Included in “Other expense” in the condensed consolidated statement of profit or loss.

** Included in “Other income and gains” in the condensed consolidated statement of profit or loss.

6. INCOME TAX EXPENSE

The Group's subsidiaries incorporated in Hong Kong, Canada and the United Kingdom are not liable for income tax as they did not have any assessable profits currently arising in Hong Kong, Canada and United Kingdom during the Period (six months ended 30 June 2020: Nil).

The provision for the PRC income tax has been provided at the applicable income tax rate of 25% (six months ended 30 June 2020: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

The PRC land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. Prior to the actual cash settlement of the LAT liabilities, the LAT liabilities are subject to the final review/approval by the tax authorities.

	For the six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
PRC income tax for the period	145,399	102,160
PRC land appreciation tax for the period	100,405	39,244
Deferred tax	(48,757)	(89,030)
Total tax charge for the period	<u>197,047</u>	<u>52,374</u>

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent of RMB12,430,000 (for six months ended 30 June 2020: RMB307,997,000) and the weighted average number of ordinary shares of 5,635,809,800 (six months ended 30 June 2020: 5,674,066,245) in issue of shares during the period, as adjusted to reflect the shares issued during the period.

The calculations of basic earnings per share are based on:

	For the six months ended 30 June	
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent	<u>12,430</u>	<u>307,997</u>
Number of shares		
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the period	<u>5,635,809,800</u>	<u>5,674,066,245</u>

No adjustment has been made to the basic profit per share amount presented for the period ended 30 June 2021 and 2020 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the period ended 30 June 2021 (2020: Nil).

8. TRADE RECEIVABLES

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June	31 December
	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Within six months	98,589	56,037
Over six months but within one year	11,897	12,563
Over one year but within two years	7,953	9,685
Over two year but within three years	<u>3,143</u>	<u>6,432</u>
	<u>121,582</u>	<u>84,717</u>

9. TRADE PAYABLES

An ageing analysis of the Group's trade payables as at the end of the reporting period, based on the payment due dates, is as follows:

	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
Within six months	1,549,421	1,332,994
Over six months but within one year	60,087	99,063
Over one year	61,875	55,226
	<u>1,671,383</u>	<u>1,487,283</u>

The above balances are unsecured and interest-free and are normally settled based on the progress of construction.

10. INTERIM DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 June 2021 (2020: Nil).

CHAIRMAN’S STATEMENT

Dear shareholders,

On behalf of Zhong An Group Limited (“**Zhong An**” or the “**Company**”) and its subsidiaries (collectively, the “**Group**”), I am pleased to present the unaudited consolidated interim results of the Group for the six months ended 30 June 2021 (the “**Period under review**”).

REVIEW OF RESULTS

The unaudited consolidated revenue of the Group for the Period under review was approximately RMB1,982.2 million, representing an increase of approximately 81.4% as compared with that of the corresponding period of 2020. The gross profit was approximately RMB628.4 million, representing an increase of approximately 60.7% as compared with that of the corresponding period of 2020. The profit for the Period under review was approximately RMB34.0 million, a decrease of approximately 89.4% as compared with that of the corresponding period in 2020. The unaudited profit per share for the Period under review was approximately RMB0.22 cents (earnings per share of corresponding period in 2020: RMB5.43 cents).

The Board does not recommend the payment of any interim dividend for the Period under review (2020: nil).

MARKET AND BUSINESS REVIEW

In the first half of 2021, the global economy gradually recovered as the pace of COVID-19 vaccination accelerated and countries gradually lifted their lockdown measures. Thanks to precise and effective preventive and control measures against the epidemic, China’s economy delivered a stable performance with a consolidated foundation and a good momentum of growth, and the real estate market was generally stable. The central government continued to adhere to the main policy tone of “houses are for accommodation, not for speculation”, strengthen the regulation of real estate financing, and strive to promote the establishment of a long-term system for the real estate market to ensure the steady and healthy development of the real estate market.

Opportunities and challenges coexist in an ever evolving market. After going through the challenges brought about by the market and policies, the Group actively adjusted its strategic deployment, seized the opportunities, acquired land rightly and expanded its scale, which helped it excel in the face of adversity, delivering sound results again in terms of contracted sales during the first half of the year. Currently, the Group has a total of 34 newly launched projects for sale and existing projects being sold in phases, most of which are located in the Yangtze River Delta Region and the overall sales performance is good.

During the Period under review, the Group recorded total contracted sales of approximately RMB14,125 million, representing an increase of approximately 93.2% as compared to the corresponding period of 2020. Certain popular projects were sold out immediately after launching for sale, which laid a solid foundation for the Group's contracted sales to achieve substantial growth. While growing rapidly, the Group remains financially stable, maintains adequate cash flow and pursues a sustainable development path to become a sustainable enterprise which grows healthily. During the Period under review, the Group recorded sound financial indicators and met all three red line standards (三條紅線標準), truly practising “seeking stability amid aggressiveness and making breakthrough while maintaining prudence.”

While increasing the scale of sales, the Group strives to better perform its project quality inspection, strictly control the quality of products and adhere to the Hangzhou craftsmanship spirit of “high standard and high efficiency” to ensure quality and efficient completion of project construction while maintaining the innovation of products. The Group has also established an internal mechanism for improvement to continuously enhance its industry benchmarking capability and provide quality and comprehensive services to customers with the concept of healthy living, which has gained recognition from the market and customers. In terms of corporate governance, the Group reviewed the current situation, and, combined with changes in the corporate environment, fine-tuned the management model to make it more in line with the needs of corporate business development and thus provide an effective organizational guarantee for the further acceleration and efficiency improvement of project development.

As for hotel operation, the Group's hotels mainly include Holiday Inn Xiaoshan and Qiandao Lake Bright Resort Hotel located in Hangzhou, Zhejiang, as well as Ningbo Bright Hotel located in Ningbo, Zhejiang, and Huaibei Bright Hotel located in Anhui. Faced with the normalization of epidemic prevention and control measures, the management of the hotel group has been actively changing its mindset, constantly improving its product and service system and improving guest experience. For example, Xiaoshan Zhong'an Holiday Inn has been renovated in phases and gradually put into use. In the future, the Group will continue to strive to build the hotel into a boutique international business travel hotel in Xiaoshan. During the Period under review, hotels under the brand of Bright won a number of awards and will continue to contribute steady income to the hotel segment in the future as the brand value further increases.

The Group's property rental income was mainly derived from Zhong An Commercial Group, of which the shopping malls mainly include Hangzhou Xiaoshan Zhong An Square and Ningbo Yuyao Zhong An Square. During the Period under review, the management of Zhong An Commercial Group proactively implemented epidemic prevention and control measures and took the initiative to provide necessary resources and assistance to the shopping malls for epidemic prevention and control, so as to create good conditions for the normal operation of the merchants, and therefore the occupancy rate of the shopping malls remained stable during the first half of the year. In the second half of the year, with the further control of the epidemic and the steady recovery of the economy, property rental income is expected to further rebound.

During the Period under review, the Group continued to rank as one of the Top 100 Property Service Companies in China by virtue of its property management services. Its property management and other services revenue increased by approximately 48.4% as compared with that of the same period in 2020, which continued to provide stable cash flow for the Group. The Group will continue to actively develop new projects and further improve the quality of property management services and other services. The Group's property management companies constantly enhance the quality of their services to bring about more added value for property owners by providing them a satisfactory and amazing service experience.

PRUDENT REPLENISHMENT OF LAND BANK

To maintain a steady and healthy financial condition, the Group persistently implements a prudent land replenishment strategy of acquiring high quality land which meets market demand at low cost, optimizing the structure of its land bank. While striving to increase the quantity and quality of investment by way of bidding, auction and listing, the Group will actively expand its investment channels and further increase its land bank through multiple measures including intensified project acquisition and cooperative project development.

During the Period under review, the Group continued its comprehensive layout in Zhejiang Province, acquired a total of 8 land parcels nationwide by way of bidding, auction and listing. All these additional land parcels added up to a GFA of approximately 876,676 sq.m. and a stock value of approximately RMB17.2 billion. The acquired land parcels located in various cities of Zhejiang Province, including locations with potential in Hangzhou, Ningbo, Shaoxing, Wenzhou, and Quzhou. Following the Taizhou Future Community, the Group introduced another two Future Community projects in Wenzhou and Shaoxing, and went to Quzhou for the first time, to develop a pattern of deep regional cultivation and create synergies with multiple projects development. Acquisition of a number of new projects will have a synergistic effect with the projects under planning of the Group in the Yangtze River Delta, and will further enhance the brand image marketing of the Group's projects in the Yangtze River Delta Region. In the future, the Group will continue to adhere to the strategy of "deepening our development in the Yangtze River Delta and expanding our layout countrywide". With Zhejiang Province as its foundation, the Group will intensify its cultivation in cities of Zhejiang Province and penetrate deeply into the Yangtze River Delta region, and extend to powerful first- and second-tier cities outside the Yangtze River Delta region, such as Shandong Qingdao. The Group started to extend its presence nationwide while deepening its development comprehensively in first- and second-tier cities.

As of 30 June 2021, the total GFA of the land bank of the Group was approximately 10 million sq.m., which mainly distributed in Zhejiang, Anhui, Jiangsu, Shandong and Yunnan provinces, and are expected to support the Group's development in the coming five years. The average land cost is only approximately RMB3,128 per sq.m..

OUTLOOK AND DEVELOPMENT STRATEGY

Looking forward to the second half of 2021, although the global economy still suffers from the uncertainty brought about by the resurgence of pandemic, the overall development trend of steady recovery remains positive. China's economy has been improving steadily, with domestic demand gradually enhancing its role in supporting economic growth. Under the long-term mechanism of "no speculation in housing", the real estate market will maintain the keynote of stability. City-specific policies focused on stabilizing land prices, housing prices and market expectations will be adopted to ensure the steady and healthy development of the real estate market.

The Group adheres to the medium-term goal of reasonable scale development unwaveringly. On the basis of the investment expansion in the first half of the year, the Group will, on the one hand, focus on the market launch, sale and realization of new land banks acquired in the first half of the year. On the other hand, the Group will continue to focus on investment and development opportunities in the core cities of Zhejiang Province with a steady development attitude. In addition, the Group will increase investment development efforts such as mergers and acquisitions to reserve abundant resources for the future development of the Group. The Group will leverage its strong brand name in the Yangtze River Delta region, launch and sell property projects in an active manner to improve the turnover of funds, continuously optimize marketing approaches and deepen sales channels for quality sales growth. Amid the fierce market competition, the Group will still maintain a short-term prudential and long-term optimistic view, actively seize market opportunities, and flexibly adjust investment strategies, marketing strategies, development strategies and product structures, so as to achieve rapid while stable growth, healthy development, sustainable corporate development and bring ideal returns to shareholders of the Company (the "**Shareholders**").

With its long-term focus on the urbanization of the Yangtze River Delta region, the Group has accumulated extensive experience in the development of complex real estate projects in this region. In the future, the Group will continue to deepen its cultivation in the Yangtze River Delta region and cities of Zhejiang Province, focusing on project development in the future core areas of cities within its layout. In addition, through its subsidiary, China New City Commercial Development Limited ("**CNC**"), which specializes in commercial property development and the provision of other light-asset commercial services, the Group will build up premium brands in various cities within the Yangtze River Delta region. The Group attaches great importance to product quality, service quality and development quality, constantly adapts to changes brought about with new market models, new technologies and new life, and gathers its advantages in brand, operation, management and finance, with a view to riding on its own core strengths and values and maintaining its competitiveness in the market.

Looking ahead to the second half of the year, the Group will continue to adopt a healthy development pattern, seize opportunities and forge ahead with determination to tackle difficulties. Also, the Group will, on the one hand, continue to strengthen the implementation of its strategic objectives, optimize its talent structure, rationalize its allocation of human resources and enhance its value-oriented production efficiency; and on the other hand, adhere to the philosophy of value creation and management efficiency, be of one mind in upholding corporate culture and consolidate its internal strength. While pursuing steady development, the Group will continue to innovate, actively expand its diversified industrial development direction and seek more development opportunities via fully leveraging CNC's advantages in diversified industrial development. While consolidating the Group's existing strengths, the Group will continue to move forward towards our stated goals and dreams, further strengthening and expanding our business and striving to scale new heights. After more than 20 years of development, the Group has established itself an unique label in the industry for its sustainable style. Along with further expansion of its business scale, the Group will gain more recognition and praise from the industry in the future for its healthier development and high quality and rapid growth.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express sincere gratitude to the support and trust of our shareholders and business partners of the Company as well as the dedicated efforts of all our staff.

Chairman

Shi Zhongan

The People's Republic of China, 25 August 2021

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The unaudited consolidated revenue of the Group for the Period under review was about RMB1,982.2 million, representing an increase of about 81.4% from about RMB1,092.8 million for the corresponding period in 2020. The gross profit for the Period under review was about RMB628.4 million, representing an increase of about 60.7% from about RMB391.0 million for the corresponding period in 2020. Gross profit margin was about 31.7%, decreasing by about 4.1 percentage points from about 35.8% for the corresponding period in 2020. The profit for the Period under review was about RMB34.0 million, a decrease of about 89.4% from about RMB319.5 million for the corresponding period in 2020. The unaudited profit per share for the Period under review was RMB0.22 cents (earnings per share of corresponding period in 2020: RMB5.43 cents).

The Board does not recommend the payment of interim dividend for the Period under review (2020: nil)

Industry Review

According to the National Bureau of Statistics of the PRC, in the first half of 2021, the gross domestic product (“GDP”) of China amounted to RMB53,216.7 billion, representing an increase of 12.7% as compared with that of 2020, based on comparable prices. The economy of China had sustained a steady recovery, and the economic development has shown a steady strengthening and positive trend.

In the first half of 2021, the nationwide investment in property development amounted to RMB7,217.9 billion, representing a growth of 15.0% as compared with the corresponding period of last year. Among which, residential investment amounted to RMB5,424.4 billion, representing a growth of 17.0%. In the first half of 2021, the gross floor area (“GFA”) of commodity properties sold was 886.35 million sq.m., representing a growth of 27.7% as compared with the corresponding period of last year. Among which, the growth of GFA of residential properties sold was 29.4%, while the growth of GFA of office buildings sold and commercial business properties sold were 10.0% and 5.7% respectively. The sales of commodity properties amounted to RMB9,293.1 billion, representing a growth of 38.9%. Among which, the growth of sales of residential properties was 41.9%, while the growth of sales of office buildings and commercial business properties were 10.7 % and 8.8% respectively.

In the first half of 2021, the land area purchased by property development enterprises was 70.21 million sq.m., representing a decline of 11.8% as compared with the corresponding period of last year; the premium of the land transaction amounted to RMB380.8 billion, representing a decline of 5.7% as compared with the corresponding period of last year. The area under construction by property development enterprises was 8,732.51 million sq.m., representing a growth of 10.2% as compared with the corresponding period of last year. Among which, the area under construction for residential properties was 6,174.8 million sq.m., representing a growth of 10.5%. The area of newly commenced properties was 1,012.88 million sq.m., representing a growth of 3.8% as compared with that of last year. Among which, the area of newly commenced residential properties was 755.15 million sq.m., representing a growth of 5.5% as compared with the corresponding period of last year. The completed construction area of properties was 364.81 million sq.m., representing a growth of 25.7% as compared with the corresponding period of last year. Among which, the completed construction area of residential properties was 26,254 million sq.m., representing a growth of 27.0% as compared with the corresponding period of last year. At the end of June in 2021, the area of commodity properties pending for sale was 510.79 million sq.m., representing an increase of 0.53 million sq.m. as compared with the end of May 2021. Among which, the area of residential properties pending for sale decreased by 1.8 million sq.m., the area of office buildings pending for sale increased by 0.66 million sq.m. and the area of commercial business properties pending for sale increased by 0.47 million sq.m..

FINANCIAL ANALYSIS

Revenue

During the Period under review, the revenue generated from the sales of properties amounted to about RMB1,647.6 million, which represented an increase of about 99.2% from about RMB827.0 million for the corresponding period in 2020. The increase was mainly due to the increase of properties delivered this period as compared to the corresponding period of last year.

The revenue from property leasing amounted to about RMB59.5 million (corresponding period in 2020: approximately RMB82.4 million), representing a decrease of about 27.8%. The hotel operation of the Group recorded a revenue of about RMB97.6 million (corresponding period in 2020: approximately RMB63.9 million), representing an increase of about 52.7%. The Group's property management and other services recorded a revenue of about RMB177.5 million (corresponding period in 2020: approximately RMB119.6 million), representing an increase of about 48.4%.

Cost of sales

During the Period under review, the Group's cost of sales was approximately RMB1,353.8 million, which represented an increase of about 92.9% from about RMB701.8 million for the corresponding period in 2020. The increase was due to the increase of properties delivered this period as compared to the corresponding period of last year.

Gross profit

During the Period under review, the gross profit of the Group amounted to about RMB628.4 million (corresponding period in 2020: approximately RMB391.0 million), representing an increase of about 60.7%. Gross profit margin was about 31.7% (corresponding period in 2020: approximately 35.8%), decreased by about 4.1 percentage points. The increase in gross profit was mainly due to the increase of properties delivered this period as compared to the corresponding period of last year.

Other income and gains

During the Period under review, other income and gains amounted to RMB188.8 million (corresponding period in 2020: RMB46.3 million), which mainly comprised changes in fair value of financial assets at fair value through profit or loss.

Selling and distribution expenses

During the Period under review, the selling and distribution costs of the Group increased from about RMB124.5 million for the corresponding period in 2020 to about RMB137.8 million, representing an increase of about 10.7%.

Administrative expenses

During the Period under review, the administrative expenses of the Group increased from about RMB211.1 million for the corresponding period in 2020 to about RMB317.3 million, representing an increase of about 50.3%. The increase is mainly to meet the needs of the development of the Group.

Other expenses

During the Period under review, the other expenses of the Group increased from about RMB38.8 million for the corresponding period in 2020 to about RMB82.1 million, representing an increase of about 111.6%.

Finance costs

During the Period under review, the finance costs of the Group increased from about RMB113.0 million for the corresponding period in 2020 to about RMB118.5 million, representing an increase of about 4.9%.

Income tax expenses

During the Period under review, the income tax expenses of the Group increased from about RMB52.4 million for the corresponding period in 2020 to about RMB197.0 million, representing an increase of about 276.0%.

Earnings

The profit for the Period under review was about RMB34.0 million (corresponding period in 2020: approximately RMB319.5 million), representing a decrease of about 89.4%. The decrease was mainly due to the fact that the Group recorded an unaudited fair value gain upon transfer to investment properties in the amount of approximately RMB356.8 million for the corresponding period of last year which was not available in the Period under review. During the Period under review, the profit attributable to owners of the Company was about RMB12.4 million (corresponding period in 2020: approximately RMB308.0 million).

Contracted sales

As of 30 June 2021, the contracted gross floor area (“GFA”) sold by the Group was about 572,385 sq.m. with the amount of about RMB14,125 million. Set out below are the details of the contracted GFA sold from the Group’s projects:

Projects	City	Contracted GFA sold <i>sq.m.</i>	Contracted amount <i>RMB million</i>	% of interest attributable to the Group
	Zhejiang Province			
Nan Hu Ming Yu	Hangzhou	6,317	327.32	59.9%
Xixi Future Square	Hangzhou	1,044	71.02	90.0%
Xiaoshan Lotus Mansion	Hangzhou	51,005	1,786.68	90.0%
Shunyuan Mansion	Hangzhou	60,806	1,290.39	90.0%
Fashion Color City	Hangzhou	2,318	58.09	57.5%
International Office Centre (IOC)A2	Hangzhou	3,377	116.32	63.9%
International Office Centre (IOC)A3	Hangzhou	17,166	820.37	63.9%
Xixi Manhattan	Hangzhou	144	1.44	29.3%
Majestic Mansion	Hangzhou	900	12.43	18.0%
Lin Qi Yun Fu	Hangzhou	8,149	178.21	22.5%
Chenhan Mansion	Hangzhou	32,203	798.33	22.5%
Yunqiqiling	Hangzhou	3,549	91.07	36.0%
Xinnongdu	Hangzhou	15,876	155.13	24.4%
Others	Hangzhou	–	0.13	63.9%
Binhai Commercial Plaza	Cixi	656	7.60	57.5%
Cixi Landscape Garden	Cixi	–	0.16	90.0%
Beilun Shunyuan Mansion	Ningbo	31,593	819.40	44.1%
Ruyi Mansion	Zhoushan	10,222	140.06	90.0%
Typha Lotus Garden	Yiwu	1,820	48.87	58.5%
Baolong House	Yiwu	1,117	31.11	31.5%
Chaoming	Yiwu	63,865	1,905.03	31.5%
Heyuan Mansion	Taizhou	41,680	684.80	90.0%
Taizhou Future Sity	Taizhou	78,359	1,405.93	90.0%

Projects	City	Contracted GFA sold <i>sq.m.</i>	Contracted amount <i>RMB million</i>	% of interest attributable to the Group
Comphor Tree Bay	Lishui	2,000	34.80	90.0%
Ideal Era Home	Lishui	11,176	145.60	13.5%
Jiang Lin Mansion	Lishui	33,783	778.78	31.5%
Wenzhou				
Shunyuan Mansion	Wenzhou	32,681	944.21	90.0%
Casa Banyan	Wenzhou	2,333	53.29	21.6%
Glory One	Wenzhou	32,727	705.83	22.5%
Guyue Mansion	Shaoxing	10,820	564.16	90.0%
	Shandong Province			
Qingdao New City	Qingdao	1,751	19.31	100.0%
Qingdao Future City (Residential)	Qingdao	4,337	44.57	90.0%
	Anhui Province			
Green Harbour	Hefei	–	0.20	84.2%
Vancouver City	Huaibei	8,608	84.51	100.0%
		<u>572,385</u>	<u>14,125.14</u>	

Recognised sales

As of 30 June 2021, the recognised GFA sold by the Group was about 115,049 sq.m. with the amount of about RMB1,647.59 million. Set out below are the details of the recognised GFA sold from the Group's projects:

Projects	City	Recognised GFA sold <i>sq.m.</i>	Recognised amount <i>RMB million</i>	% of interest attributable to the Group
Zhejiang Province				
Hidden Dragon Bay	Hangzhou	129	1.43	51.9%
International Office Centre (IOC)A3	Hangzhou	3,442	114.79	63.9%
White Horse Mansion	Hangzhou	126	3.53	90.0%
Ideal Bay	Hangzhou	771	7.91	45.9%
Xixi Future Square	Hangzhou	634	12.27	90.0%
Xixi Manhattan	Hangzhou	43	0.96	29.3%
Xixi New City	Hangzhou	109	29.02	63.9%
Jade Mansion	Yuyao	1,874	36.51	93.0%
Zhong An Times Square Phase II	Yuyao	3,379	37.29	59.4%
Zhong An Times Square Phase I	Yuyao	308	2.60	57.5%
Cixi Landscape Garden	Cixi	6,922	47.40	90.0%
Binhai Commercial Plaza	Cixi	9,997	111.18	57.5%
Typha Lotus Garden	Yiwu	51,703	867.36	58.5%
Comphor Tree Bay	Lishui	12,569	192.29	90.0%
Anhui Province				
Green Harbour	Hefei	—	0.18	84.2%
Vancouver City	HuaiBei	23,043	182.87	100.0%
		<u>115,049</u>	<u>1,647.59</u>	

The average property sales price per sq.m. achieved by the Group for the Period under review was about RMB14,321 (corresponding period in 2020: approximately RMB15,577), representing a decrease of about 8.1%. The average sales cost per sq.m. was about RMB9,574 (corresponding period in 2020: approximately RMB9,742), representing a decrease of about 1.7%.

Land reserve

During the Period under review, the Group obtained 8 new parcels of land with a total GFA of approximately 876,676 sq.m., at a total consideration of approximately RMB8,083.3 million. The average land cost of the new land parcels was approximately RMB9,220 per sq.m..

No.	Projects	City	Acquired by	Land cost (RMB million)	Site Area (sq.m.)	Total GFA (sq.m.)	% of interest attributable to the Group
1	Sky Tree (Commercial)	Wenzhou	Auction	1,430.0	87,108	217,770	22.5%
2	Sky Tree (Residential)	Wenzhou	Auction	675.5	41,640	104,100	22.5%
3	Tang song He Ming	Shaoxing	Auction	2,165.0	100,462	105,485	44.1%
4	Cloud Chen Square	Quzhou	Auction	945.7	72,774	106,250	45.9%
5	Ruiyuan Mansion	Hangzhou	Auction	945.0	39,480	94,752	90.0%
6	Chun'an Lotus Mansion	Hangzhou	Auction	268.4	22,417	48,870	100.0%
7	Songhuajiang Road project	Ningbo	Auction	600.7	17,393	31,307	90.0%
8	Wenzhou Future City	Wenzhou	Auction	1,053.0	69,369	168,141	45.0%
				<u>8,083.3</u>	<u>450,643</u>	<u>876,676</u>	

As of June 2021, the total GFA of the Group's land bank was about 10 million sq.m., the average acquisition cost of the Group's overall land bank was about RMB3,128 per sq.m..

This sizable land bank is sufficient for development by the Group for more than five years.

Capital structure

As at 30 June 2021, 5,635,809,800 shares in the Company were in issue (as at 31 December 2020: 5,635,809,800 shares).

As at 30 June 2021, the Group had total assets of approximately RMB49,613.4 million (as at 31 December 2020: approximately RMB41,820.0 million) which were financed by current liabilities of approximately RMB24,259.9 million (as at 31 December 2020: approximately RMB17,280.8 million), non-current liabilities of approximately RMB12,928.6 million (as at 31 December 2020: approximately RMB13,125.2 million) and shareholders' equity of approximately RMB12,424.9 million (as at 31 December 2020: approximately RMB11,413.9 million).

As at 30 June 2021, the Group had an aggregate amount of cash and cash equivalents and restricted cash of about RMB6,129.4 million (as at 31 December 2020: RMB5,911.7 million).

As at 30 June 2021, the Group's interest-bearing bank and other borrowings amounted to approximately RMB15,902.7 million (as at 31 December 2020: approximately RMB15,493.4 million).

The maturity profile of the borrowings was as follows:

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Within 1 year or on demand	4,034,953	3,653,485
Over 1 year but within 2 year	7,642,190	4,146,616
Over 2 years but within 5 years	2,750,380	6,482,697
Over 5 years	1,475,140	1,210,631
	<u>15,902,663</u>	<u>15,493,429</u>

Interest-bearing bank and other borrowings bear interest at fixed and floating rates. As at 30 June 2021, the Group's interest-bearing bank and other borrowings bore average effective interest rate of 6.21% per annum (2020: 6.27% per annum).

The denominated amounts of the borrowings were as follows:

	As at 30 June 2021 <i>RMB'000</i> (Unaudited)	As at 31 December 2020 <i>RMB'000</i> (Audited)
Renminbi	15,902,663	15,489,651
GBP	—	3,778
	<u>15,902,663</u>	<u>15,493,429</u>

The Group maintained a healthy liquidity position. The current ratio, being a ratio of total current assets to total current liabilities, was approximately 1.56 (as at 31 December 2020: approximately 1.70). The ratio of interest-bearing bank and other borrowings to total assets was 0.32 (as at 31 December 2020: 0.37). The net gearing ratio of the Group (defined as net debt divided by total equity) was 0.79 (as at 31 December 2020: 0.84) (net debt is defined as total interest-bearing bank and other borrowings less cash and cash equivalent and total restricted cash). The Group always adopts a prudent financial policy in its operation and business development.

Capital commitments

As at 30 June 2021, the Group had capital commitments of about RMB3,695.1 million (as at 31 December 2020: approximately RMB2,517.3 million), mainly in respect of property development expenditure. It is expected that the Group will finance such commitments from its own funds, cash proceeds from sales and external financings (such as bank loans).

Contingent liabilities

As at 30 June 2021, the contingent liabilities of the Group was about RMB5,253.6 million (as at 31 December 2020: approximately RMB4,933.4 million), which were guarantees provided by the Group in favour of certain banks for the grant of mortgage loans to buyers of the Group's properties.

Pledge of assets

As at 31 December 2020, investment properties of the Group with carrying value of about RMB2,297.8 million (as at 31 December 2020: approximately RMB3,185.1 million), properties under development of about RMB5,891.0 million (as at 31 December 2020: approximately RMB8,989.5 million), completed properties held for sale of about RMB1,346.6 million (as at 31 December 2020: approximately RMB1,325.9 million), property and equipment of about RMB1,157.0 million (as at 31 December 2020: approximately RMB1,237.0 million), restricted cash of about RMB31.3 million (as at 31 December 2020: approximately RMB40.6 million), 100% equity interest in a subsidiary of the Group of about RMB40.0 million (as at 31 December 2020: RMB40.0 million) were pledged to secure the banking facilities and other borrowings of the Group.

Foreign exchange risk

As the sales, purchase and external financing of the Group in the corresponding period of 2021 and 2020 were made mainly in Renminbi, the foreign exchange risk exposed to the Group was relatively minor. The Group did not use foreign exchange hedging instruments to hedge foreign exchange risks in both periods.

Interest rate risk

The interest rates for certain portion of the Group's loans were floating. Upward fluctuations in interest rates will increase the interest cost of new loans and existing loans. Given that certain portion of loans are RMB loans and the stable domestic economic situation of the PRC, the Group currently does not use derivative instruments to hedge its interest rate risks.

Human resources

As at 30 June 2021, the Group employed a total of 4,816 staff (30 June 2020: 4,153 staff). In 2021, the staff cost of the Group was about RMB226.4 million (2020: about RMB165.4 million), representing an increase of about 36.9%. The increase was mainly due to the increase in quality staff recruited during the Period under review following the continuous development of the business.

The employees' remuneration policy was determined by reference to factors such as remuneration information in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and performance of the employees. The Group conducts performance appraisal on an annual basis for its employees, the results of which are taken into account of the annual salary review and promotion assessment. The Group's employees are considered for the entitlement of annual discretionary bonus according to certain performance conditions and appraisal results. To attract high calibre people and solidify the management of the Group, eligible participants (including employee of the Group) may be granted options to subscribe for shares in the Company pursuant to the share option scheme adopted by the Company. The Group also provides continuous learning and training programs to its employees to enhance their skills and knowledge, so as to maintain the attraction of the Company for talents and their competitiveness in the market.

Dividend policy

The Company may distribute dividends by way of cash or by other means that the Board considers appropriate. Any proposed distribution of dividends is subject to the discretion of the Board and, where applicable, the approval of the Shareholders. The Board will consider various factors before declaring or recommending any payment of dividends. These factors include the results of operation of the business of the Group, the retained earnings and distributable reserves of the Company and each of the members of the Group, the Group's actual and expected financial performance, the general business conditions and strategies, the Group's expected working capital requirements and future expansion plans, the general economic conditions and business cycle of the Group's business, the future prospects of the business of the Group, the Shareholders' interests, statutory and regulatory restrictions on the payment of dividend and other internal or external factors that the Board deems appropriate.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 20 June 2021(2020: Nil).

EVENTS AFTER THE REPORTING PERIOD

There are no events to cause material impact on the Group after 30 June 2021 and up to the date of this announcement.

PROSPECTS

Looking forward to the second half of the year, although the global economy still suffers from the uncertainty brought about by COVID-19, the trend of a general economic recovery will not change and China's economy will continue to maintain a stable growth. The development of the real estate market will continue to focus on stability, and the macro-control objectives of stabilizing land prices, housing prices and expectations will be gradually put into practice. The gradual establishment of long-term mechanisms such as "no speculation in housing" will help promote a stable and healthy development of the real estate market.

The Group will maintain a short-term prudential and long-term optimistic view, and will adhere to the medium-term goal of reasonable scale development unwaveringly. Leveraging on its strong brand name in the Yangtze River Delta region, the Group will continue to develop in a steady manner, actively seize market opportunities and increase investment development efforts such as mergers and acquisitions to reserve abundant resources for the future development of the Group. In addition to deepening regional cultivation and forging ahead, the Group will also strive to enhance efficiency and effectiveness, consolidate its internal strength, drive the comprehensive development of its diversified segments and accelerate the capitalization process of certain segments. The Group will strive to scale new heights while enhancing its overall strength.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the “**Model Code**”). Following specific enquiries by the Company, all Directors confirmed to the Company that they had complied with the required standard set out in the Model Code and the Company’s code of conduct regarding Directors’ securities transactions during the Period.

CORPORATE GOVERNANCE

Throughout the Period, the Company had applied the principles and complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

The Board will review the management structure of the Group from time to time and adopt appropriate measures as may be desirable for future development of the operating activities or business of the Group.

AUDIT COMMITTEE

The Audit Committee of the Company (comprising all the independent non-executive Directors) had reviewed the unaudited consolidated interim results of the Group during the Period under review, and reviewed with the management of the Group regarding the accounting standards and practices adopted by the Group, and discussed with them the internal controls and financial reporting matters.

Ernst & Young, the external auditor of the Company, had reviewed the unaudited consolidated interim results of the Group during the Period under review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The interim report of the Group containing all the relevant information required by the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Zhong An Group Limited
Shi Zhongan
Chairman

The PRC, 25 August 2021

As at the date of this announcement, the Board comprised five executive Directors, namely Mr Shi Zhongan (alias Shi Kancheng) (Chairman), Mr Zhang Jiangang (Chief Executive Officer), Ms Shen Tiaojuan, Ms Jin Ni and Ms Shi Jinfan, and two independent non-executive Directors, namely Professor Pei Ker Wei, and Mr Zhang Huaqiao.