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## **Zhongliang Holdings Group Company Limited**

### **中梁控股集团有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 2772)**

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

### **RESULTS HIGHLIGHTS**

- Contracted sales for 2020 amounted to RMB168.8 billion, increased by approximately 10.7% as compared with 2019.
- Total revenue for 2020 amounted to RMB65.94 billion, increased by approximately 16.4% as compared with 2019.
- Core net profit of the Company (adjusted) for 2020 amounted to RMB6.59 billion, increased by approximately 4.6% as compared with 2019. Core net profit attributable to owners of the Company (adjusted) for 2020 amounted to RMB3.75 billion, decreased by approximately 3.8% as compared with 2019.
- Proposed a final dividend for 2020 of HK32.5 cents (equivalent to RMB27.3 cents) per Share payable in cash. In aggregate with the interim dividend paid of HK16.3 cents (equivalent to RMB14.6 cents) per Share, total dividends for 2020 amounted to HK48.8 cents (equivalent to RMB41.9 cents) per Share, representing approximately 40% of the core net profit attributable to owners of the Company.
- Cash and bank balances amounted to RMB34.23 billion and deposits received from customers (contract liabilities) amounted to RMB120.91 billion as at 31 December 2020.
- Total indebtedness amounted to RMB54.09 billion and net gearing ratio was 65.8% as at 31 December 2020.

## ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Zhongliang Holdings Group Company Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020 with the comparative figures for the preceding financial year as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the year ended	
		31 December	
		2020	2019
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>REVENUE</b>	3	<b>65,940,566</b>	56,639,596
Cost of sales		<u>(52,087,655)</u>	<u>(43,457,345)</u>
<b>GROSS PROFIT</b>		<b>13,852,911</b>	13,182,251
Other income and gains	3	<b>918,050</b>	233,873
Selling and distribution expenses		<b>(2,254,253)</b>	(2,030,081)
Administrative expenses		<b>(2,848,025)</b>	(2,549,711)
Impairment losses on financial assets, net		<b>(5,562)</b>	(9,870)
Other expenses		<b>(186,371)</b>	(255,162)
Fair value gains on investment properties		<b>88,365</b>	49,855
Fair value losses on financial assets at fair value through profit or loss		<b>(30,929)</b>	(6,880)
Finance income		<b>408,100</b>	515,645
Finance costs	4	<b>(542,494)</b>	(466,533)
Share of profits and losses of:			
Joint ventures		<b>467,861</b>	979,353
Associates		<u><b>497,169</b></u>	<u>255,371</u>
<b>PROFIT BEFORE TAX</b>	5	<b>10,364,822</b>	9,898,111
Income tax expense	6	<u><b>(3,798,407)</b></u>	<u>(3,642,203)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>6,566,415</b></u>	<u>6,255,908</u>

		<b>For the year ended</b>	
		<b>31 December</b>	
		<b>2020</b>	2019
	<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Attributable to:			
Owners of the parent		<b>3,743,429</b>	3,833,699
Non-controlling interests		<u><b>2,822,986</b></u>	<u>2,422,209</u>
		<u><b>6,566,415</b></u>	<u>6,255,908</u>

**EARNINGS PER SHARE ATTRIBUTABLE TO  
ORDINARY EQUITY HOLDERS OF THE PARENT**

Basic and diluted	8	<u><b>RMB1.05</b></u>	<u>RMB1.17</u>
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## CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	For the year ended	
	31 December	
	2020	2019
	RMB'000	RMB'000
<b>PROFIT FOR THE YEAR</b>	<b><u>6,566,415</u></b>	<b><u>6,255,908</u></b>
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>16,279</u>	<u>(12,565)</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>16,279</u>	<u>(12,565)</u>
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>	<b><u>16,279</u></b>	<b><u>(12,565)</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u>6,582,694</u></b>	<b><u>6,243,343</u></b>
Attributable to:		
Owners of the parent	3,759,707	3,821,134
Non-controlling interests	<u>2,822,987</u>	<u>2,422,209</u>
	<b><u>6,582,694</u></b>	<b><u>6,243,343</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2020	2019
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>134,706</b>	117,679
Investment properties		<b>1,839,550</b>	1,196,550
Other intangible assets		<b>8,481</b>	8,128
Right-of-use assets		<b>111,100</b>	144,809
Investments in joint ventures		<b>4,544,896</b>	3,240,364
Investments in associates		<b>13,928,585</b>	6,749,631
Deferred tax assets		<b>3,222,423</b>	2,932,066
Prepayments and other receivables		<b>292,658</b>	—
Total non-current assets		<b><u>24,082,399</u></b>	<u>14,389,227</u>
<b>CURRENT ASSETS</b>			
Financial assets at fair value through profit or loss		<b>552,413</b>	290,723
Properties under development		<b>145,914,463</b>	128,779,890
Completed properties held for sale		<b>10,886,087</b>	4,140,691
Trade receivables	9	<b>5,209</b>	3,035
Due from related companies		<b>10,931,355</b>	9,446,200
Prepayments and other receivables		<b>40,890,035</b>	38,283,718
Tax recoverable		<b>3,338,884</b>	2,691,238
Cash and bank balances		<b>34,232,445</b>	26,495,261
Total current assets		<b><u>246,750,891</u></b>	<u>210,130,756</u>

		<b>As at 31 December</b>	
		<b>2020</b>	<b>2019</b>
	<i>Notes</i>	<b>RMB'000</b>	<b>RMB'000</b>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>10</i>	<b>17,082,883</b>	12,060,536
Other payables and accruals		<b>24,488,785</b>	19,019,087
Lease liabilities		<b>47,247</b>	46,234
Contract liabilities		<b>120,909,048</b>	115,873,077
Due to related companies		<b>18,130,579</b>	11,985,635
Interest-bearing bank and other borrowings		<b>16,477,897</b>	20,125,313
Tax payable		<b>5,052,468</b>	3,406,783
Provision for financial guarantee contracts		<b>72,914</b>	31,364
Senior notes		<b>7,306,141</b>	1,378,045
Other financial liabilities		<b>68,315</b>	92,378
		<u><b>209,636,277</b></u>	<u>184,018,452</u>
Total current liabilities			
		<u><b>37,114,614</b></u>	<u>26,112,304</u>
<b>NET CURRENT ASSETS</b>			
		<u><b>61,197,013</b></u>	<u>40,501,531</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		<b>28,419,856</b>	15,860,556
Lease liabilities		<b>72,695</b>	100,210
Deferred tax liabilities		<b>633,980</b>	851,884
Proceeds from assets-backed securities		<b>317,709</b>	—
Senior notes		<b>1,570,623</b>	2,817,326
		<u><b>31,014,863</b></u>	<u>19,629,976</u>
Total non-current liabilities			
		<u><b>30,182,150</b></u>	<u>20,871,555</u>
<b>NET ASSETS</b>			
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital		<b>31,450</b>	31,450
Reserves		<b>10,875,287</b>	8,696,650
		<u><b>10,906,737</b></u>	<u>8,728,100</u>
Non-controlling interests		<u><b>19,275,413</b></u>	<u>12,143,455</u>
		<u><b>30,182,150</b></u>	<u>20,871,555</u>
<b>TOTAL EQUITY</b>			

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company incorporated in the Cayman Islands. The registered office address of the Company is Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9008, Cayman Islands.

During the year, the Group was principally involved in property development, property leasing and management consulting services.

In the opinion of the directors, the immediate holding company of the Company is Liangzhong International Co., Ltd..

### 2.1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all standards and interpretations, International Accounting Standards (“IASs”) and Standing Interpretations Committee interpretations) approved by the International Accounting Standards Board (the “IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss (“FVTPL”) and other financial liabilities which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

#### Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions (early adopted)</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRS are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the “**Conceptual Framework**”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
- (b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

- (c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedge relationships.
- (d) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective retrospectively for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group’s office buildings have been reduced or waived by the lessors as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the covid-19 pandemic during the year ended 31 December 2020. The reduction in the lease payments arising from the rent concessions accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the period ended 31 December 2020 was insignificant.

- (e) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

### 3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	<b>2020</b>	2019
	<b><i>RMB’000</i></b>	<i>RMB’000</i>
<i>Revenue from contracts with customers</i>	<b>65,929,080</b>	56,627,720
<i>Revenue from other sources</i>		
Gross rental income	<u><b>11,486</b></u>	<u>11,876</u>
	<u><b>65,940,566</b></u>	<u>56,639,596</u>

## Revenue from contracts with customers

### (i) *Disaggregated revenue information*

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Types of goods or services</b>		
Sale of properties	65,500,822	56,383,676
Other services	<u>428,258</u>	<u>244,044</u>
Total revenue from contracts with customers	<u><u>65,929,080</u></u>	<u><u>56,627,720</u></u>
<b>Timing of revenue recognition</b>		
Sale of properties transferred at a point in time	61,905,352	50,257,010
Sale of properties transferred over time	3,595,470	6,126,666
Services transferred over time	<u>428,258</u>	<u>244,044</u>
Total revenue from contracts with customers	<u><u>65,929,080</u></u>	<u><u>56,627,720</u></u>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	<u><u>56,796,636</u></u>	<u><u>46,536,075</u></u>

### (ii) *Performance obligations*

Information of the Group's performance obligations is summarised below:

#### *Sale of properties*

For property sales contracts, the Group receives payments from customers based on billing schedules as established in the contracts. Payments are usually received in advance of the performance under the contracts.

#### *Provision of services*

For other service contracts, the Group recognises revenue equal to the right to invoice amount when it corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The majority of the service contracts do not have a fixed term. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Amounts expected to be recognised as revenue		
Within one year	76,910,908	77,074,694
After one year	<u>91,145,387</u>	<u>74,877,113</u>
	<u><b>168,056,295</b></u>	<u><b>151,951,807</b></u>

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to the sale of properties that are to be satisfied within three years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Other income and gains</b>		
Gain on disposal of subsidiaries	83,784	24,829
Gain on disposal of joint ventures and associates	116,231	—
Gain on acquisition of a subsidiary	60,388	—
Remeasurement gain on investment in an associate	4,578	—
Changes in provision for financial guarantee contracts	52,144	83,385
Forfeiture of deposits	14,964	13,434
Government grants	24,111	22,170
Foreign exchange differences, net	528,788	74,642
Others	<u>33,062</u>	<u>15,413</u>
	<u><b>918,050</b></u>	<u><b>233,873</b></u>

#### 4. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest on bank loans and other borrowings, senior notes and proceeds from assets-backed securities	4,797,261	3,784,677
Interest expense arising from revenue contracts	861,925	730,437
Interest on lease liabilities	<u>8,673</u>	<u>6,509</u>
Total interest expense on financial liabilities not at fair value through profit or loss	5,667,859	4,521,623
Less: Interest capitalised	<u>(5,125,365)</u>	<u>(4,055,090)</u>
	<u><b>542,494</b></u>	<u><b>466,533</b></u>

## 5. PROFIT BEFORE TAX

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

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of properties sold	<b>51,708,913</b>	43,179,125
Impairment losses recognised for properties under development	<b>366,047</b>	223,637
Impairment losses written off for completed properties held for sale	<b>(190,821)</b>	(57,872)
Depreciation of property, plant and equipment	<b>36,027</b>	35,665
Depreciation of right-of-use assets	<b>71,378</b>	37,187
Lease payments not included in the measurement of lease liabilities	<b>9,480</b>	15,724
Amortisation of other intangible assets	<b>3,238</b>	789
Auditor's remuneration	<b>13,640</b>	13,429
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	<b>2,009,504</b>	1,387,929
Pension scheme contributions and social welfare	<b>234,107</b>	239,399
Equity-settled share option expenses	<b>9,932</b>	—

## 6. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands, the Company and the Group's subsidiaries incorporated in the Cayman Islands are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong is not liable for income tax as it did not have any assessable profits arising in Hong Kong during the reporting period.

Subsidiaries of the Group operating in Mainland China are subject to the PRC corporate income tax with a tax rate of 25% for the reporting period.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the 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 Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:		
PRC corporate income tax	<b>2,985,834</b>	2,995,985
PRC LAT	<b>1,406,782</b>	1,226,541
Deferred tax	<b>(594,209)</b>	(580,323)
Total tax charge for the year	<b><u>3,798,407</u></b>	<b><u>3,642,203</u></b>

## 7. DIVIDENDS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interim — HK16.3 cents (2019: HK15.3 cents) per ordinary share	495,644	494,287
Proposed final — HK32.5 cents (2019: HK32.8 cents) per ordinary share	<u>977,829</u>	<u>1,067,374</u>
	<u><u>1,473,473</u></u>	<u><u>1,561,661</u></u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,581,791,500 (2019: 3,266,539,544) in issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares into ordinary shares. The Company's dilutive potential ordinary shares are derived from the shares granted under the Share Options.

The calculation of the basic earnings per share amounts is based on:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u>3,743,429</u>	<u>3,833,699</u>
	<b>Number of shares</b>	
	2020	2019
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u>3,581,791,500</u>	<u>3,266,539,544</u>
Effect of dilution — weighted average number of ordinary shares Share options	<u>(2,016,229)*</u>	<u>—</u>
	<u><u>3,579,775,271*</u></u>	<u><u>3,266,539,544</u></u>

\* Because the diluted earnings per share amount is increased when taking share options into account, the share options had an anti-dilutive effect and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amount is based on the profit attributable to ordinary equity holders of the parent of RMB3,743,429,000 for the year, and the weighted average number of ordinary shares of 3,581,791,500 in issue during the year.

## 9. TRADE RECEIVABLES

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade receivables	<b>5,209</b>	3,035
Impairment	<u>—</u>	<u>—</u>
	<b><u>5,209</u></b>	<b><u>3,035</u></b>

Trade receivables mainly represent rentals receivable from tenants. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values. An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Less than 1 year	<b>5,209</b>	3,035
Over 1 year	<u>—</u>	<u>—</u>
	<b><u>5,209</u></b>	<b><u>3,035</u></b>

Receivables that were not past due relate to a large number of diversified customers for whom there was no recent history of default.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rate for trade receivables is assessed to be 0.1%. Based on the evaluation on the expected loss rate and the gross carrying amount, the directors of the Company are of the opinion that the expected credit losses in respect of these balances are immaterial, and therefore, there has not been a loss allowance provision.

## 10. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2020</b>	2019
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Less than 1 year	<b>16,647,655</b>	11,706,261
Over 1 year	<u><b>435,228</b></u>	<u>354,275</u>
	<u><b>17,082,883</b></u>	<u>12,060,536</u>

Trade and bills payables are unsecured, interest-free and are normally settled based on the progress of construction.

The fair values of trade and bills payables as at the end of the reporting period approximated to their corresponding carrying amounts due to their relatively short maturity terms.

## CHAIRMAN'S STATEMENT

Dear Shareholders,

I am hereby pleased to present to you the business review of the Group for the year ended 31 December 2020 and its outlook for 2021.

### FINAL DIVIDEND

The Board recommends the payment of a final dividend for 2020 of HK32.5 cents per Share (equivalent to RMB27.3 cents per Share) (the “**2020 Proposed Final Dividend**”) in the form of cash. The 2020 Proposed Final Dividend shall be declared and payable in Hong Kong dollars. The Company declared and paid an interim dividend of HK16.3 cents per Share (equivalent to RMB14.6 cents per Share) in respect of the first six months of 2020. Total dividend per Share for the year amounted to HK48.8 cents per Share (equivalent to RMB41.9 cents per Share), representing a payout ratio of approximately 40% of the core net profit attributable to the owners of the Company.

### FINAL RESULTS

The contracted sales of the Group for 2020 amounted to RMB168.8 billion, representing an increase of approximately 11% from RMB152.5 billion in 2019, exceeding the 2020 contracted sales target.

In 2020, the Group's revenue amounted to RMB65,940.6 million, representing an increase of approximately 16.4% from RMB56,639.6 million in 2019. The Group's core net profit attributable to owners in 2020 decreased by approximately 3.8% to RMB3,754.1 million from RMB3,901.4 million in 2019.

### REVIEW OF 2020

#### Market review

2020 was an extraordinary year. The coronavirus disease (“**COVID**”) pandemic since the beginning of the year caused a devastating blow to the global economy. The COVID pandemic, together with trade disputes and geopolitics, had once put China's economic development into an adverse situation. In summer, heavy rains caused disastrous flooding in various regions in China. The real estate industry faced enormous pressure and challenges.

With the government's strong-handed efforts and effective pandemic counteractive measures, China took the lead in recovery and became the only major economy in the world with positive economic growth in 2020. According to the National Bureau of Statistics, China's economy recorded a growth of 2.3% in 2020. As the economy quickly recovered, the real estate industry was back on track steadily.

In spite of the pressure in 2020, the real estate sector as one of the pillars of the Chinese economy still remained resilient with stable performance. Facing impacts from the pandemic, the Group firmly adhered to its established strategies, implemented pragmatic and effective measures aligned with government policies and industry trends, and sustained steady development. The Group achieved

contracted sales of approximately RMB168.8 billion in 2020, with a year-on-year increase of approximately 11%. The Group exceeded its full-year target set in the beginning of the year, and sustained its position as one of the Top 20 China Real Estate Developers. The Contracted ASP of 2020 increased by 21% to approximately RMB12,500 per sq.m. The continuous increase in ASP reflected the positive impact of the Group's strategy of shifting to second-tier and strong third-tier cities.

### **Land bank with higher city-tier and further penetration in second- and third-tier cities**

As China's economy and real estate market recovered in 2020, the government intensified its control measures on the real estate industry in the second half of the year. The Group had been cautious in the land market. During the year, the Group (together with its joint ventures and associates) acquired 117 land parcels with total consideration of RMB71.2 billion, covering a total GFA of approximately 15 million sq.m.

In line with the industry trend, the Group upgraded its land bank and continued to add exposure in second- and third-tier cities during the year. Out of the Group's newly acquired land parcels in 2020, more than 90% by value were located in the second and third-tier cities, with second-tier and third-tier cities accounted for 47% and 45% respectively, while fourth-tier cities accounted for only 8%.

As at 31 December 2020, the Group (together with its joint ventures and associates) had land bank with a total GFA of approximately 65.1 million sq.m., covering 153 cities in 23 provinces in China. The Group adhered to its investment strategy of vertical penetration and horizontal expansion to enhance exposure in higher-tier cities. It also improved its nationwide land bank coverage through diversified land acquisition strategies, such as purchasing residential sites with commercial exposure, as well as private mergers and acquisitions. The Group's land acquisition strategy is to provide an adequate supply of saleable resources to meet future sales growth.

### **Expanding financing channels with stable credit ratings**

Since its listing, the Group has strived to improve its debt structure by expanding offshore and onshore financing channels and enhancing its overall financing capabilities.

The Group gained support from the capital market and investors during various issues of offshore US dollar bonds in the period, with issuance cost continuing to decrease. It also successfully tapped into the offshore bank loan channel. In November 2020, the Group successfully issued its first asset-backed securities (ABS) financing based on housing residual payment with amount of RMB318 million and an average interest rate of approximately 6.0%.

With sound financial management, the Group maintained strong liquidity. Its interest-bearing debts and net gearing ratio are among the low level of Top 50 real estate developers in China. As of 31 December 2020, the Group had total interest-bearing indebtedness of approximately RMB54.1 billion and net gearing ratio was approximately 65.8%, with weighted average financing costs falling to 8.5%. The new financing channels and land reserve with strong emphasis in higher-tier cities helped the Group to further improve its financial structure and reduce funding cost.

International and domestic credit rating agencies continued to endorse the Group’s sales execution, stronger nationwide land reserve and higher-tier cities and debt structure improvement. For offshore ratings, Zhongliang maintained offshore credit ratings of “B+” by Fitch Ratings, “B1” by Moody’s, “B+” by S&P Global Ratings and “BB” by Lianhe Global, all with “stable” outlook. Domestically, the Group maintained its “AA+” onshore credit rating with “stable” outlook with United Credit.

### **Optimising organisational structure with improving efficiency**

During the year, the Group continued to optimise its organisational structure and talent management, including granting of share options to certain management executives in July 2020, enriching incentive measures, nurturing young management executives and enhancing its talent reserve, with a view to achieving long-term development and growth of the enterprise.

### **Enhancing branding capabilities and upgraded products**

Along with its business expansion, exposure in higher-tier cities and mission of creating value for a better life, the Group has upgraded its product standings in 2020, from previous series of the “Shanti”, “Glory” and “Royal” to the new “Star and Sea”, “Mansion” and “Metropolis” series. Meanwhile, eight product lines with distinctive features have been created to meet the growing housing needs in the new era based on needs in different cities, and to continuously improve the product competitiveness.

In October 2020, the Group officially released the latest generation of its residence product — “Zhongliang Product 4.0”. In the new era of its Product 4.0, the Group upgraded 113 product features to improve customer experience. For the time being, Product 4.0 has been launched in property projects in various cities including Hangzhou, Tianjin, Chengdu, Qingdao and Changzhou and will be introduced nationwide in the future.

To further strengthen product competitiveness and ensure delivery of quality products, the Group has adopted a quality system based on “three chains + three drivers”. By effectively linking the production chain, supply chain and customer chain, the customers’ needs are addressed during the production stage. The Group also continuously upgrades its product offerings, improves product and service qualities through three drivers: close supervision, mechanism control and personnel assessment.

### **Fulfilling corporate environmental and social responsibilities**

The Group takes more corporate social responsibilities as its business grows.

The Group emphasises its product philosophy of encompassing “culture, comfort, health, green and technology”. It has formulated comprehensive environmental policies with intensified sustainable and environmental measures. By the end of 2020, over 300 development projects of the Group are green buildings (including green building certifications or ratings), with a total GFA exceeding 45 million sq.m.

The Group also actively integrates social responsibilities into its corporate development. “Zhongliang Book Reading” is a charity project launched by the Group in response to the national policy to promote youth education and children reading. In 2020, the Group expanded “Zhongliang Book Reading” project to cover a wider area. As of now, the project has helped primary and middle schools in 14 provinces across China including Qinghai, Tibet, Yunnan, Xinjiang and other regions. Zhongliang contributed to the healthy growth of rural teenagers by establishing and improving libraries for remote or needy schools, providing reading materials for children in underprivileged areas, as well as setting up bursaries and teacher training programmes.

During the year, to help fighting against the coronavirus pandemic in China, the Group made monetary and surgical masks donation to Wuhan Charity Foundation to support the medical frontline in Wuhan. In the summer of 2020, a hazardous flooding took place along the Yangtze River and the flood control work was difficult. The Group made donations to support disaster relief activities, provided supplies to the frontline rescue workers and helped affected farmers resolve their difficulties.

## **OUTLOOK FOR 2021**

While the market generally anticipates that countries will recover from the COVID pandemic at different pace, it is a consensus that China will lead the growth in all major economies worldwide in 2021.

The Chinese government currently imposes tight restrictive measures on the real estate industry, including strictly controlling real estate-related leverages. On the other hand, China’s economy rebounded with strong resilience and vitality, thereby promoting consumer confidence and housing demand. As the bottom line of the government policies becomes more transparent, China’s real estate market will have the attributes of both “macro-control measures” and “market differentiation” for a prolonged period in the future. Under the current policy environment, the systematic risk in real estate market would be more controllable and the main tone of “stability” would be more specific. As market resources consolidate towards sizable operations, we believe that large-scale developers with nationwide coverage and massive sales volume should be more capable of coping with the sector changes and challenges.

The Group is dedicated to a strategic nationwide coverage and has completed its land reserve upgrade last year. Currently, the Group’s land bank mainly consists of sites located in second- and third-tier cities within economically vibrant metropolitan circles, which are more resilient to economic cycles and policy risks. Saleable resources of the Group together with its joint ventures and associates in 2021 are expected to be over RMB260 billion, with sufficient, stable and dispersed supply. Based on the current market environment, the Group has set a contracted sales target for 2021 at RMB180 billion. In addition to maintaining steady growth in sales volume, the Group also aims to improve its product competitiveness. Meanwhile, the Group will manage its cash flow prudently and maintain high sell-through and cash collection rate as well as abundant liquidity to effectively control its leverage and improve debt structure continuously, enabling it to cope with market risks and fluctuations.

Under China’s national policy of “Promoting Stable and Sound Development of the Real Estate Market”, the era of real estate developers unilaterally pursuing sales scale has ended. Developers are now more driven by market demand and competitive landscape, and increasingly emphasise operating and product capabilities. We believe that this year is an important juncture for real estate developers to improve its capabilities and to strengthen its market position. 2021 is the opening year of the China’s “14th Five-Year” Plan and Zhongliang is confident in capturing opportunities from the economic and housing trend, retaining its Top 20 real estate market position in real estate development, and maintaining considerable return for shareholders.

## **APPRECIATION**

On behalf of the Board, I would like to express our sincere appreciation to all employees for their dedication and hard work, and to our Shareholders, business and financial partners for their tremendous supports in the past challenging year.

**YANG Jian**

*Chairman*

## MANAGEMENT DISCUSSION AND ANALYSIS

### PERFORMANCE HIGHLIGHTS

	Year ended 31 December		Change in percentage
	2020	2019	
<b>Contracted sales</b>			
Contracted sales (RMB billion)	<b>168.8</b>	152.5	+10.7%
Contracted GFA sold (million sq.m.)	<b>13.5</b>	14.9	-9.4%
Contracted ASP (RMB/sq.m.)	<b>12,500</b>	10,300	+21.4%
<b>Selected financial information</b>			
Revenue (RMB million)	<b>65,940.6</b>	56,639.6	+16.4%
Gross profit (RMB million)	<b>13,852.9</b>	13,182.3	+5.1%
Profit attributable to owners of the Company (RMB million)	<b>3,743.4</b>	3,833.7	-2.4%
Core net profit attributable to owners of the Company (RMB million)	<b>3,754.1</b>	3,901.4	-3.8%
Gross profit margin (%)	<b>21.0</b>	23.3	
Core net profit margin attributable to owners of the Company (%)	<b>5.7</b>	6.9	
Earnings per share (basic) (RMB cents)	<b>105</b>	117	
Core earnings per share (basic) (RMB cents)	<b>105</b>	119	
	<b>As at 31 December</b>		Change in percentage
	<b>2020</b>	2019	
Total assets (RMB million)	<b>270,833.3</b>	224,520.0	+20.6%
Cash and bank balances (RMB million)	<b>34,232.4</b>	26,495.3	+29.2%
Total indebtedness (RMB million)	<b>54,092.2</b>	40,181.2	+34.6%
Total equity (RMB million)	<b>30,182.2</b>	20,871.6	+44.6%
Equity attributable to owners of the Company (RMB million)	<b>10,906.7</b>	8,728.1	+25.0%
Net gearing ratio (%)	<b>65.8</b>	65.6	
Weighted average cost of indebtedness (%)	<b>8.5</b>	9.4	

## PROPERTY DEVELOPMENT

### Contracted sales

During the year ended 31 December 2020, the Group achieved contracted sales of approximately RMB168.8 billion, among which approximately RMB114.8 billion was contributed by its subsidiaries and approximately RMB54.0 billion was contributed by its joint ventures and associates. The Group's contracted sales increased by approximately 10.7% from approximately RMB152.5 billion for the year ended 31 December 2019. Despite the impact of pandemic on contracted sales in the first quarter, the Group's contracted sales recovered steadily after April due to prompt control of the pandemic, resumption of economic order by the Chinese government and more supply of saleable resources of the Group available for pre-sale since the second quarter.

For the year ended 31 December 2020, the Group achieved contracted sales of approximately 13.5 million sq.m. in GFA, representing a decrease of 9.4% from approximately 14.9 million sq.m. for the year ended 31 December 2019. The Group's contracted ASP in 2020 was RMB12,500 per sq.m., representing an increase from RMB10,300 per sq.m. in 2019. The increase in contracted ASP was mainly due to the result of the Group's strategy of shifting to the second-tier and strong third-tier cities in recent years.

*Table 1: Breakdown of contracted sales in 2020 (the Group's subsidiaries, joint ventures and associates)*

*By city*

	<b>Contracted sales</b> <i>(RMB'000)</i>	<b>% of total contracted sales</b> <i>(%)</i>	<b>Contracted GFA</b> <i>(sq.m.)</i>	<b>Contracted ASP</b> <i>(RMB/sq.m.)</i>
Wenzhou	26,744,571	15.8	1,246,557	21,455
Hangzhou	10,630,558	6.3	409,328	25,971
Ningbo	6,812,116	4.0	263,971	25,806
Jinhua	6,429,615	3.8	361,694	17,776
Hefei	5,918,709	3.5	412,539	14,347
Wuxi	5,330,268	3.2	282,600	18,862
Changzhou	4,784,944	2.8	284,451	16,822
Xuzhou	4,205,265	2.5	321,951	13,062
Lishui	4,099,284	2.4	187,858	21,821
Suzhou	3,057,075	1.8	179,123	17,067
Suqian	2,829,467	1.7	300,950	9,402
Taizhou	2,777,461	1.6	236,522	11,743
Huzhou	2,577,619	1.5	179,525	14,358
Nanjing	1,814,804	1.1	95,592	18,985

	<b>Contracted sales</b> <i>(RMB'000)</i>	<b>% of total contracted sales</b> <i>(%)</i>	<b>Contracted GFA</b> <i>(sq.m.)</i>	<b>Contracted ASP</b> <i>(RMB/sq.m.)</i>
Yancheng	1,658,364	1.0	173,093	9,581
Huaian	1,562,755	0.9	173,300	9,018
Fuyang	1,411,473	0.8	160,948	8,770
Yiwu	1,357,073	0.8	39,854	34,051
Shaoxing	1,349,875	0.8	94,028	14,356
Anqing	1,133,403	0.7	130,213	8,704
Chizhou	1,105,723	0.7	139,451	7,929
Xuancheng	972,954	0.6	123,461	7,881
Bengbu	956,323	0.6	126,327	7,570
Others	<u>9,739,040</u>	<u>5.8</u>	<u>1,010,552</u>	<u>9,637</u>
<b>Yangtze River Delta</b>	<b><u>109,258,739</u></b>	<b><u>64.7</u></b>	<b><u>6,933,888</u></b>	<b>15,757</b>
Luoyang	3,218,704	1.9	303,397	10,609
Chongqing	2,761,140	1.6	246,531	11,200
Nanyang	2,136,307	1.3	233,707	9,141
Ningde	1,747,308	1.0	161,372	10,828
Changsha	1,665,145	1.0	168,750	9,868
Yinchuan	1,617,314	1.0	139,093	11,628
Chengdu	1,534,399	0.9	74,596	20,569
Xi'an	1,401,140	0.8	120,470	11,631
Wuhan	1,242,688	0.7	110,944	11,201
Others	<u>18,941,648</u>	<u>11.3</u>	<u>2,574,847</u>	<u>7,356</u>
<b>Midwest China</b>	<b><u>36,265,793</u></b>	<b><u>21.5</u></b>	<b><u>4,133,707</u></b>	<b>8,773</b>
Weifang	1,490,758	0.9	189,207	7,879
Jinan	1,236,087	0.7	100,485	12,301
Dalian	1,149,080	0.7	97,152	11,828
Qingdao	1,032,424	0.6	78,766	13,107
Tianjin	1,011,207	0.6	70,971	14,248
Others	<u>5,937,720</u>	<u>3.5</u>	<u>642,133</u>	<u>9,247</u>
<b>Pan-Bohai Rim</b>	<b><u>11,857,276</u></b>	<b><u>7.0</u></b>	<b><u>1,178,714</u></b>	<b>10,060</b>

	<b>Contracted sales</b> <i>(RMB'000)</i>	<b>% of total contracted sales</b> <i>(%)</i>	<b>Contracted GFA</b> <i>(sq.m.)</i>	<b>Contracted ASP</b> <i>(RMB/sq.m.)</i>
Quanzhou	2,822,024	1.7	294,117	9,595
Pingxiang	1,170,893	0.7	164,521	7,117
Fuzhou	1,013,199	0.6	75,624	13,398
Others	<u>4,252,030</u>	<u>2.5</u>	<u>481,107</u>	8,838
Western Taiwan Straits	<u>9,258,146</u>	<u>5.5</u>	<u>1,015,369</u>	9,118
Pearl River Delta	<u>2,131,110</u>	<u>1.3</u>	<u>244,173</u>	8,728
Total	<u>168,771,064</u>	<u>100.0</u>	<u>13,505,851</u>	12,496

*By region*

	<b>Contracted sales</b> <i>(RMB'000)</i>	<b>% of total contracted sales</b> <i>(%)</i>	<b>Contracted GFA</b> <i>(sq.m.)</i>	<b>Contracted ASP</b> <i>(RMB/sq.m.)</i>
Yangtze River Delta	109,258,739	64.7	6,933,888	15,757
Midwest China	36,265,793	21.5	4,133,707	8,773
Pan-Bohai Rim	11,857,276	7.0	1,178,714	10,060
Western Taiwan Straits	9,258,146	5.5	1,015,369	9,118
Pearl River Delta	<u>2,131,110</u>	<u>1.3</u>	<u>244,173</u>	8,728
Total	<u>168,771,064</u>	<u>100.0</u>	<u>13,505,851</u>	12,496

By city tier

	<b>Contracted sales</b> (RMB'000)	<b>% of total contracted sales</b> (%)	<b>Contracted GFA</b> (sq.m.)	<b>Contracted ASP</b> (RMB/sq.m.)
Second-tier cities <sup>(1)</sup>	77,533,349	45.9	4,274,989	18,137
Third-tier cities <sup>(2)</sup>	74,055,575	43.9	6,806,760	10,880
Fourth-tier cities <sup>(3)</sup>	<u>17,182,140</u>	<u>10.2</u>	<u>2,424,102</u>	7,088
<b>Total</b>	<b><u>168,771,064</u></b>	<b><u>100.0</u></b>	<b><u>13,505,851</u></b>	12,496

Notes:

- (1) Second-tier cities include Hangzhou, Ningbo, Hefei, Wuxi, Suzhou, Wenzhou, Chongqing, Nanjing, Changsha, Chengdu, Xi'an, Wuhan, Jinan, Dalian, Qingdao, Fuzhou, Tianjin, Kunming, Nanchang, Xiamen, Shenyang, Nanning, Guiyang, Taiyuan and Zhengzhou.
- (2) Third-tier cities include Jinhua, Changzhou, Xuzhou, Lishui, Luoyang, Suqian, Quanzhou, Taizhou, Huzhou, Nanyang, Ningde, Yancheng, Yinchuan, Huaian, Weifang, Yiwu, Shaoxing, Anqing, Xuancheng, Bengbu, Yiyang, Yantai, Luan, Cangzhou, Rugao, Jining, Jiangmen, Nantong, Xiangyang, Yichang, Zhoushan, Zhenjiang, Chifeng, Binzhou, Zhangzhou, Baotou, Taian, Tangshan, Maoming, Chenzhou, Xuchang, Zaozhuang, Loudi, Quzhou, Zunyi, Jingjiang, Yuyao, Fuqing, Shangqiu, Bozhou, Handan, Changde, Weihai, Zhuzhou, Yangzhou, Ganzhou, Xinyang, Qinzhou, Zibo, Dongyang, Zhaoqing, Jiaxing, Putian, Yueyang, Meishan, Dazhou, Nanping, Huanggang, Cixi, Sanming, Suining, Yuxi, Tongling, Liuyang, Longyan, Yulin, Liaocheng, Foshan, Yuzhou, Dezhou, Liuzhou, Nan'an, Shaoguan, Linyi, Hohhot, Mianyang, Ningxiang, Hengyang, Taizhou, Nanchong, Yixing and Fuzhou.
- (3) Fourth-tier cities include Fuyang, Pingxiang, Chizhou, Ezhou, Baoshan, Fanchang, Zhaotong, Shangrao, Huangshi, Guigang, Zigong, Jiyuan, Ankang, Dali, Jiangyou, Tongchuan, Maanshan, Changshu, Huangshan, Gian, Chuxiong, Ruijin, Weihui, Tianshui, Chaozhou, Jingzhou, Xiushui County, Changge, Suizhou, Chaohu, Heyuan, Pu'er, Xinxiang, Qingyuan, Jiaozuo, Linfen, Enshi, Beihai, Huichang, Pingliang, Jiujiang, Bijie, Shaoyang, Tianmen, Jingdezhen, Yongzhou, Huaibei, Anning, Puyang and Suzhou.

### Completed properties held for sale

Completed properties held for sale represents completed GFA remaining unrecognised at the end of each reporting period and are stated at the lower of cost and net realisable value. Cost of the completed properties held for sale refers to the related costs incurred attributable to the unsold properties. All completed properties held for sale are located in the PRC.

As at 31 December 2020, the Group had 90 completed property projects and completed properties held for sale amounted to RMB10,886.1 million, representing an increase of 162.9% from RMB4,140.7 million as at 31 December 2019.

## Projects under development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost, which comprises land costs, construction costs, capitalised interests and other costs directly attributable to such properties incurred during the development period, and net realisable value. Upon completion, the properties are transferred to completed properties held for sale.

As at 31 December 2020, the Group had 252 property projects under development with properties under development amounted to RMB145,914.5 million, representing an increase of approximately 13.3% from RMB128,779.9 million as at 31 December 2019.

## Land bank

During the year ended 31 December 2020, the Group (including its subsidiaries, joint ventures and associates) acquired 117 land parcels with a total planned GFA of 14.9 million sq.m.. The average cost of land parcels acquired (excluding carparks) was approximately RMB4,767 per sq.m.

**Table 2: Breakdown of land parcels acquired by the Group in 2020 (the Group's subsidiaries, joint ventures and associates)**

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB'000)	Average land cost (excluding car parks) (RMB/sq.m.)
1	Quzhou	No. 2017-3, Huayuan Street, Kecheng District, Quzhou	43,329	73,659	396,500	5,383
2	Xiangyang	Lot 2 of Huahua Avenue, Fancheng District, Xiangyang	5,517	12,138	28,966	2,386
3	Jingzhou	No. 034 (2019), Gong'an County, Jingzhou	44,367	110,917	190,800	1,720
4	Huaian	Plot on the east side of Heyi Road, Higher Education Park, Huaian	68,362	150,397	353,800	2,352
5	Jining	Block C of Lukang North Plant	30,716	61,433	198,430	3,230
6	Hangzhou	Plot 212, Future Science and Technology City, Yuhang District, Hangzhou	97,535	214,577	4,901,540	22,843
7	Xiangyang	Lot [2019] 86, High-tech Zone, Xiangyang	29,496	79,639	267,692	3,361
8	Shangrao	Plot DEA2019159 in Shangrao City Center	53,928	129,427	712,500	5,505

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB'000)	Average land cost (excluding car parks) (RMB/sq.m.)
9	Maanshan	Plot No. [2019] 16, Western Section in National Land, Hanshan	43,698	74,287	128,472	1,729
10	Ningbo	Plots on the north side of Shunyu Road and the west side of Jinsheng North Road in Yuyao City, Ningbo	41,533	124,599	293,754	2,358
11	Wenzhou	Plot YB-04-H-03, Longshui Unit, Yongqiang North Area, Wenzhou	57,018	150,528	1,104,300	7,336
12	Wenzhou	Plots T8-2-4-1 and T8-1-11 in Tangxia, Ruian, Wenzhou	56,885	154,838	946,109	6,110
13	Jiangmen	JCR2020-13 (Xinhui 05), Jiangmen	29,911	74,778	515,520	6,894
14	Yongzhou	Intersection plot of South Shundi Road and Hibiscus Road, New Town, Ningyuan County, Yongzhou	48,643	150,793	120,000	796
15	Chengdu	147-acre Bai He Plot, Longquanyi District, Chengdu	98,084	176,552	1,200,552	6,800
16	Hefei	Lot south of Jiganghuai Road and east of Yucai Road, Changfenggang District, Hefei	62,635	112,743	627,590	5,567
17	Wuxi	Plot B, Qingfeng, Liangxi District, Wuxi	27,099	46,068	613,800	13,324
18	Qingdao	Plot on Shilin 3rd Road, Jimo District, Qingdao	106,628	213,256	869,231	4,076
19	Xi'an	Plots XXFD-JM02-135 & 139 (commercial) in Fengdong New Town, Xixian New District, Xi'an	65,529	163,383	691,000	4,229
20	Hefei	Plot JK202001 by Nanyan Lake, Hefei Economic and Technological Development Zone, Hefei	133,078	266,155	2,724,764	10,238
21	Nanyang	Plot G2019-96 in Nanyang Hi-tech Industrial Development Zone, Nanyang	48,974	122,435	424,990	3,471
22	Tianjin	Plot J.B.K.(G.)2019-5 in Binhai New Area, Tianjin	46,030	129,122	1,352,800	10,477
23	Yancheng	Plot DH2019-24 in Crystal Town, Donghai County	60,678	133,492	443,980	3,326

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB'000)	Average land cost (excluding car parks) (RMB/sq.m.)
24	Zaozhuang	Plot 1 to the west of Fuyuan 2nd Road, Zaozhuang National High-tech Industrial Development Zone, Zaozhuang	69,866	153,705	429,700	2,796
25	Tianjin	Plot J.B.B.(G.)2019-19 in Tianjin Airport Economic Zone, Tianjin	103,962	166,340	1,920,000	11,543
26	Chizhou	Plots 2020-1 and 2020-2 in Nanxin District, Qingyang County, Chizhou	75,279	150,558	342,200	2,273
27	Changsha	Plot 2020-005 in Wangcheng District, Changsha	92,118	276,353	552,770	2,000
28	Chongqing	Plot K1-9-1/07 in Zone K, Nanping Group, Nan'an District, Chongqing	103,501	207,002	1,331,020	6,430
29	Wuxi	Plot 3, Huishan Chengtie Business District, Wuxi	15,020	39,051	256,000	6,556
30	Suzhou	North Lot of Shazhou West Road, Zhangjiagang, Suzhou	54,494	108,989	962,190	8,828
31	Guigang	Plot 2019G-131, Jianshe Road, Gangbei District, Guigang	32,760	131,038	200,200	1,528
32	Suzhou	Plots north of Fengyang Road and west of Shengtang Road, Yangchenghu Town, Suzhou	49,035	88,263	781,480	8,854
33	Taian	Lot 2019-42, Tianping Lake Area, Western area of Taian	65,000	130,000	402,740	3,098
34	Putian	Lot 2020-01 in Xialinzhongtan, PS bid-, South Putian	41,857	92,685	794,000	8,567
35	Hohhot	Lot 2020003, West of Central Yulong Road, Yuquan District, Hohhot	35,656	71,311	182,377	2,557
36	Taizhou	Lot Xiayangyan, Dayang Subdistrict, Linhai, Taizhou	37,264	81,981	651,000	7,941
37	Chongqing	Lot J04 by Longquan Corporation, Renhe Zutuan, Liangjiang New Area, Chongqing	12,400	37,200	206,000	5,538
38	Maanshan	Lot at the southeastern corner, intersection of Yuanqiao Road and No. 1 Guihua Road, Huashan District, Ma'anshan	90,056	198,123	576,000	2,907

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB'000)	Average land cost (excluding car parks) (RMB/sq.m.)
39	Huangshan	Lot in the southwestern side of Hengjiang Bridge, Central Huangshan	34,755	62,559	286,691	4,583
40	Handan	Lot No. HD-2020-03-1, Fuxing District, Handan	73,012	197,133	378,000	1,917
41	Nanping	Lot 2020-J-WY-03, Wuyi New Area, Nanping	41,737	75,125	285,000	3,794
42	Nantong	Plot on the east side of Wanshou South Road, Chengnan Plate, Rugao	76,482	183,557	923,900	5,033
43	Ningbo	Plot CC09-01-16a, CC09-01-16b in Jiangbei District, Ningbo	48,784	75,311	518,142	6,880
44	Xinyang	Plot WG2020-304 of Xinyang High-tech Zone	95,855	239,636	411,980	1,719
45	Yongzhou	Lot C-29, Lengshuitan District, Yongzhou	35,152	123,032	192,456	1,564
46	Bengbu	Bengbu (2019) No. 65, Bengshan District, Bengbu	123,251	246,502	627,420	2,545
47	Liyang	Block AB, North of Anshun Gas, Yanshan New District, Liyang	89,426	160,967	967,800	6,012
48	Zhangzhou	Changfu Lot No. 2020P07 in Chengdong District of Zhangzhou	82,551	214,632	1,396,000	6,504
49	Suzhou	Commercial land plot on the east side of Shuangze Road, south of Zhenze South Road, Zhenze Town, Wujiang District, Suzhou	84,020	140,692	535,206	3,804
50	Hefei	Lot CF202009, Shuangdun Town, Changfeng County	44,405	79,929	480,258	6,009
51	Yuxi	YXTC(2006)06-1 Lot, Hongta District, Yuxi	49,450	98,900	533,000	5,389
52	Jieshou	Lot No. 2020-17.18 in Jieshou Old Town	78,172	156,345	312,261	1,997
53	Changde	Changde, Wuling District, Changtu Network Announcement (2020) No. 3 Furong New City Lot	106,998	288,007	681,000	2,365

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB'000)	Average land cost (excluding car parks) (RMB/sq.m.)
54	Wenzhou	Plot of Urban Village Reconstruction Project in Rentian Village, Qiaotou Town, Yongjia County, Wenzhou	30,100	90,300	394,670	4,371
55	Wenzhou	Block B-14, Nanhu Lake, Chabai Area, Wenzhou	43,726	122,869	1,656,370	13,481
56	Rui'an	Public transfer part of land block 05-01, Xincheng West Unit, Ruian	6,882	36,634	121,006	3,303
57	Yiyang	2020 Taorang (hanging) Lot 48, Taojiang County, Yiyang	57,822	173,467	224,290	1,293
58	Suining	72 acres of land in the second phase of Hedong New District, Suining	48,282	72,423	254,918	3,520
59	Yinchuan	Yindi (G)[2020]-10 Lot, Jinfeng District, Yinchuan	93,715	168,681	505,710	2,998
60	Weifang	Plot of Xingfu Road, Hanting District, Weifang	95,576	206,635	329,737	1,596
61	Changzhou	The plot on the south side of Dingxiang Road and the east side of Tongzihe East Road, Zhonglou District, Changzhou	49,911	99,822	1,019,000	10,208
62	Jingzhou	P (2020) No. 018, Wude District, Jingzhou	34,178	119,623	405,000	3,386
63	Kunming	Lot KCJ2020-24, Economic Development Zone, Kunming	50,409	141,147	348,120	2,466
64	Wuhu	Plot on the east side of Huajin South Road, Yijiang District, Wuhu	63,049	126,101	729,992	5,789
65	Yushan	Yushan Chengdong DED2020046 plot	39,823	55,753	183,500	3,291
66	Ningguo	Ningguo, Chengdong Plate, Xinning Middle Northwest Block	54,932	109,865	303,226	2,760
67	Dezhou	Plot 2019-028, Decheng District, Dezhou	20,857	50,058	239,450	4,783
68	Luoyang	Commercial and residential plot No. LYTD-2020-28, Guangwu Avenue, Yibin District, Luoyang	92,876	278,627	857,230	3,077
69	Jiangyin	2020-C-6, Chengdi, Xinqiao Town, Jiangyin, Jiangsu Province	63,132	138,890	509,840	3,671

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB'000)	Average land cost (excluding car parks) (RMB/sq.m.)
70	Jiangyin	2020-C-7 Chengdi, Xinqiao Town, Jiangyin, Jiangsu Province	29,085	87,255	336,800	3,860
71	Quanzhou	Lot 2020-3, Tian'an South Road, Quanzhou	9,807	38,383	346,000	9,014
72	Wenzhou	Plot of Puhu Community, Shifan Street, No. 2020002, Yueqing	26,686	83,851	380,000	4,532
73	Putian	Putian Huangshi PS Auction 2020-14 Lot	28,127	77,311	173,000	2,238
74	Foshan	TD2020(NH)WG0020 plot on the west side of Qiaojin Road and the south side of Qiaoyu Road, Xiqiao Town, Nanhai District, Foshan	21,861	86,894	412,800	4,751
75	Zhaotong	157 acres of land, No. 15-01-A15-01- B, Zhaochu, Zhaotong	104,459	313,377	496,180	1,583
76	Xuzhou	West of Yinshan Road and North of Zhujiang Road, Tongshan District, Xuzhou	142,721	313,987	2,486,400	7,919
77	Suining	46 acres of land in the old town of Suining	30,808	92,424	268,018	2,900
78	Bengbu	Bengbu High-speed Rail Plate Benghang (2020) No. 24	67,781	135,563	395,000	2,914
79	Yantai	Plot of Yifeng Corduroy Factory in Fushan District, Yantai	42,678	85,356	335,300	3,928
80	Mengzi	Plot HGT-16-05, Municipal Administrative Center Section of Mengzi	45,468	136,402	177,778	1,303
81	Dongguan	2020WR028 Plot, Wangniudun Town, Dongguan	6,848	21,341	143,390	6,719
82	Wenzhou	Plot D-4-14, Qianku Town (Plot C-1- 08A)	42,688	139,901	159,520	1,140
83	Fuzhou	Sanjiangkou Lot 2020-35, Cangshan District, Fuzhou	37,140	112,336	1,210,000	10,771
84	Zibo	Zibo High-tech Zone 2017 (incremental)-Kai 019 plot	42,520	123,308	252,983	2,052

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB'000)	Average land cost (excluding car parks) (RMB/sq.m.)
85	Wenzhou	Plot 15-3 (government bidding and listing), New District, Cangnan County, Wenzhou	42,634	93,796	1,082,400	11,540
86	Nanchang	DAJ2020023 Block, Nanchang County, Nanchang	49,780	109,510	607,079	5,544
87	Fuyang	Block 2020-50, Chengnan New District, Linquan County, Fuyang	53,359	117,339	209,705	1,787
88	Xuzhou	Plots of East Jinghu East Road and West Shili West Road, Quanshan District, Xuzhou	39,574	110,410	912,000	8,260
89	Dezhou	Plot 2019-025, Decheng District, Dezhou	52,866	142,739	660,450	4,627
90	Cangzhou	Cangzhou Huanghua No. 3 Lot A in 2020	58,892	117,607	303,400	2,580
91	Tangshan	Lot B-08-02, North of Area A, Old Railway Station Area, Old Jiaotong University, Lunan District, Tangshan	56,111	67,333	680,060	10,100
92	Tangshan	Lot B-07-02, North of Area A, Old Railway Station Area, Old Jiaotong University, Lunan District, Tangshan	16,892	30,405	229,558	7,550
93	Changsha	Lot 045, Changsha County, Changsha	80,802	242,405	1,192,500	4,919
94	Chifeng	Plot E06-02 of High-speed Rail, New Town, Chifeng	53,678	118,092	547,740	4,638
95	Chifeng	High-speed rail GTD-02-05 plot in Songshan District, Chifeng	26,547	61,057	198,810	3,256
96	Yulin	72 acres of land in Jingan Road, Jingbian County, Yulin	48,302	135,246	65,000	481
97	Yan'an	Lot F3-14, Xingzhi South Road, Yan'an New District	39,507	47,408	129,430	2,730
98	Chengdu	92 acres of plot of bamboo garden in Xindu District, Chengdu	61,221	122,441	815,457	6,660
99	Wenzhou	Block D-6-1-2, Shangwangpian, Central Group, Ruian	9,655	35,983	261,422	7,265
100	Zhongshan	Plot G28-2020-0083, Xierwei, Nanlang Town (Starting Area of Cuiheng New District), Zhongshan	103,770	406,428	3,362,151	8,272

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB'000)	Average land cost (excluding car parks) (RMB/sq.m.)
101	Wenzhou	Part of G-a13 plot in downtown area of Yueqing	6,933	18,979	124,680	6,569
102	Xinyang	2020-25 plot of Luoshan County, Xinyang	43,095	94,765	174,534	1,842
103	Jiangyin	East Block of Fukang Road, Fuqian West Street, Gushan Town, Jiangyin	16,905	33,716	102,890	3,052
104	Hefei	The plot in the northwest corner of the intersection of Mengcheng North Road and Jinfeng Road in Changfeng Shuangfeng Development Zone	28,854	46,167	289,985	6,281
105	Nanping	Plot on the north side of Shangzhou Road, Wuyishan	52,332	102,131	363,000	3,554
106	Nantong	The plot on the north side of the experimental primary school in the north plate of Rugao	61,164	134,561	682,590	5,073
107	Linyi	2020-202 Plot, Beicheng New District, Linyi	95,316	276,116	1,301,000	4,712
108	Yuxi	YXTC (2006) 6-2 Lot, Phase II, Outlet, Hongta District, Yuxi	95,943	191,886	781,200	4,071
109	Nanning	Block GC2020-103, West of Maling Road, Yongning District, Nanning	29,499	148,395	309,740	2,087
110	Putian	PS Auction-2020-26 Lot in Xiuyu District, Putian	53,647	151,518	196,000	1,294
111	Binzhou	Li Nanpu Plot 1 of Binzhou Old Town	83,569	225,636	436,650	1,935
112	Qingdao	West Side Project 1 of Chongqing Road, Licang District, Qingdao	28,400	76,681	530,084	6,913
113	Sanming	Plot B, Mayikou, Yongan	46,094	106,559	189,400	1,777
114	Qingdao	Zhanhua Road West Project, Shibei District, Qingdao	22,486	65,299	849,702	13,012
115	Xinxiang	Block 2020-14, Hongqi District, Xinxiang	24,041	69,718	298,945	4,288
116	Jiujiang	Block DGA2020028, Lianxi District, Jiujiang	60,383	96,612	265,382	2,747
117	Zhaotong	58.32 acres of land at No. 20-06 Zhaochu, Zhaotong	38,882	101,093	167,192	1,654
			<u>6,347,071</u>	<u>14,936,757</u>	<u>71,199,245</u>	4,767

As at 31 December 2020, the total land bank attributable to the Group, taking into account the total land bank of projects developed by its subsidiaries, joint ventures and associates, was 51.8 million sq.m., among which 7.4 million sq.m. were completed properties available for sale/leasable and 44.4 million sq.m. were under development or for future development.

**Table 3: Breakdown of the Group's total land bank (including its subsidiaries, joint ventures and associates) as at 31 December 2020**

*By Group's subsidiaries*

	Number of projects	Completed GFA available for sale/leasable <sup>(1)</sup> (sq.m.)	Planned GFA under development (sq.m.)	Estimated GFA for future development (sq.m.)	Total land bank attributable to the Group <sup>(2)</sup> (sq.m.)	% of total land bank attributable to the Group (%)	Total land bank <sup>(3)</sup> (sq.m.)
Jiangsu Province	44	775,958	5,573,965	21,719	6,371,642	12.3	6,371,642
Zhejiang Province	57	1,631,737	3,876,021	105,166	5,612,924	10.8	5,612,924
Anhui Province	27	121,882	3,426,246	152,613	3,700,741	7.1	3,700,741
<b>Yangtze River Delta</b>	<b>128</b>	<b>2,529,577</b>	<b>12,876,232</b>	<b>279,498</b>	<b>15,685,307</b>	<b>30.2</b>	<b>15,685,307</b>
Hunan Province	18	192,374	2,529,082	706,013	3,427,469	6.6	3,427,469
Henan Province	24	573,425	2,567,950	273,838	3,415,213	6.6	3,415,213
Yunnan Province	12	197,288	1,675,245	345,492	2,218,025	4.3	2,218,025
Hubei Province	13	509,485	1,552,443	80,169	2,142,097	4.1	2,142,097
Shaanxi Province	10	251,002	965,570	349,263	1,565,835	3.0	1,565,835
Sichuan Province	12	176,822	989,960	—	1,166,782	2.3	1,166,782
Chongqing	6	91,511	865,407	198,686	1,155,604	2.2	1,155,604
Guangxi Zhuang Autonomous Region	9	48,087	819,779	147,695	1,015,561	2.0	1,015,561
Inner Mongolia Autonomous Region	6	287,605	508,279	80,008	875,892	1.7	875,892
Ningxia Hui Autonomous Region	3	27,905	384,950	—	412,855	0.8	412,855
Guizhou Province	3	46,361	215,124	—	261,485	0.5	261,485
Shanxi Province	2	—	213,473	—	213,473	0.4	213,473
Gansu Province	2	105,167	62,129	—	167,296	0.3	167,296
<b>Midwest China</b>	<b>120</b>	<b>2,507,032</b>	<b>13,349,391</b>	<b>2,181,164</b>	<b>18,037,587</b>	<b>34.8</b>	<b>18,037,587</b>
Shandong Province	25	33,629	2,448,351	447,482	2,929,462	5.7	2,929,462
Hebei Province	5	—	787,931	56,904	844,835	1.6	844,835
Liaoning Province	4	418	329,718	—	330,136	0.6	330,136
Tianjin	2	—	240,822	—	240,822	0.5	240,822
<b>Pan-Bohai Rim</b>	<b>36</b>	<b>34,047</b>	<b>3,806,822</b>	<b>504,386</b>	<b>4,345,255</b>	<b>8.4</b>	<b>4,345,255</b>
Jiangxi Province	30	1,006,766	2,198,839	23,646	3,229,251	6.2	3,229,251
Fujian Province	15	285,530	1,329,327	—	1,614,857	3.1	1,614,857
<b>Western Taiwan Straits</b>	<b>45</b>	<b>1,292,296</b>	<b>3,528,166</b>	<b>23,646</b>	<b>4,844,108</b>	<b>9.3</b>	<b>4,844,108</b>
Guangdong Province	13	291,074	960,746	76,332	1,328,152	2.6	1,328,152
<b>Pearl River Delta</b>	<b>13</b>	<b>291,074</b>	<b>960,746</b>	<b>76,332</b>	<b>1,328,152</b>	<b>2.6</b>	<b>1,328,152</b>
<b>Subtotal</b>	<b>342</b>	<b>6,654,026</b>	<b>34,521,357</b>	<b>3,065,026</b>	<b>44,240,409</b>	<b>85.3</b>	<b>44,240,409</b>

By Group's joint ventures and associates

	Number of projects	Completed GFA available for sale/leasable <sup>(1)</sup> (sq.m.)	Planned GFA under development (sq.m.)	Estimated GFA for future development (sq.m.)	Total land bank attributable to the Group <sup>(2)</sup> (sq.m.)	% of total land bank attributable to the Group (%)	Total land bank <sup>(3)</sup> (sq.m.)
Zhejiang Province	39	281,759	1,604,330	—	1,886,089	3.6	5,915,035
Anhui Province	14	29,214	1,140,359	—	1,169,573	2.3	3,134,788
Jiangsu Province	24	113,036	605,684	275,632	994,352	1.9	2,763,307
<b>Yangtze River Delta</b>	<b>77</b>	<b>424,009</b>	<b>3,350,373</b>	<b>275,632</b>	<b>4,050,014</b>	<b>7.8</b>	<b>11,813,130</b>
Henan Province	6	—	299,288	188,307	487,595	0.9	1,345,002
Yunnan Province	4	—	272,381	134,351	406,732	0.8	822,464
Chongqing	7	140,132	238,699	—	378,831	0.7	1,076,309
Hunan Province	4	25,711	226,302	—	252,013	0.5	521,081
Hubei Province	3	—	147,397	40,272	187,669	0.4	427,526
Sichuan Province	2	—	98,084	—	98,084	0.2	275,033
Guangxi Zhuang Autonomous Region	2	25,107	67,332	—	92,439	0.2	342,051
Inner Mongolia Autonomous Region	1	—	—	46,599	46,599	0.1	155,329
<b>Midwest China</b>	<b>29</b>	<b>190,950</b>	<b>1,349,483</b>	<b>409,529</b>	<b>1,949,962</b>	<b>3.8</b>	<b>4,964,795</b>
Shandong Province	8	5,556	182,169	134,484	322,209	0.6	1,114,696
Tianjin	2	—	172,593	29,658	202,251	0.4	409,156
Hebei Province	1	—	33,767	—	33,767	0.1	102,325
Liaoning Province	1	—	13,150	—	13,150	*	25,785
<b>Pan-Bohai Rim</b>	<b>12</b>	<b>5,556</b>	<b>401,679</b>	<b>164,142</b>	<b>571,377</b>	<b>1.1</b>	<b>1,651,962</b>
Fujian Province	13	109,019	402,970	38,370	550,359	1.1	1,496,144
Jiangxi Province	5	55,921	114,044	48,833	218,798	0.4	559,535
<b>Western Taiwan Straits</b>	<b>18</b>	<b>164,940</b>	<b>517,014</b>	<b>87,203</b>	<b>769,157</b>	<b>1.5</b>	<b>2,055,679</b>
Guangdong Province	2	—	—	259,652	259,652	0.5	417,401
<b>Pearl River Delta</b>	<b>2</b>	<b>—</b>	<b>—</b>	<b>259,652</b>	<b>259,652</b>	<b>0.5</b>	<b>417,401</b>
<b>Subtotal</b>	<b>138</b>	<b>785,455</b>	<b>5,618,549</b>	<b>1,196,158</b>	<b>7,600,162</b>	<b>14.7</b>	<b>20,902,967</b>
<b>Total</b>	<b>480</b>	<b>7,439,481</b>	<b>40,139,906</b>	<b>4,261,184</b>	<b>51,840,571</b>	<b>100.0</b>	<b>65,143,376</b>

\* less than 0.1%

## By City tiers

	Number of projects	Completed GFA available for sale/leasable <sup>(1)</sup> (sq.m.)	Planned GFA under development (sq.m.)	Estimated GFA for future development (sq.m.)	Total land bank attributable to the Group <sup>(2)</sup> (sq.m.)	% of total land bank attributable to the Group (%)	Total land bank <sup>(3)</sup> (sq.m.)	% of total land bank (%)
Second-tier cities	155	1,678,507	11,297,482	1,266,190	14,242,179	27.5	20,512,781	31.5
Third-tier cities	245	4,285,522	20,266,967	2,597,325	27,149,814	52.4	32,886,446	50.5
Forth-tier cities	80	1,475,452	8,575,457	397,669	10,448,578	20.1	11,744,149	18.0
<b>Total</b>	<b>480</b>	<b>7,439,481</b>	<b>40,139,906</b>	<b>4,261,184</b>	<b>51,840,571</b>	<b>100.0</b>	<b>65,143,376</b>	<b>100.0</b>

## By Region

	Number of projects	Completed GFA available for sale/leasable <sup>(1)</sup> (sq.m.)	Planned GFA under development (sq.m.)	Estimated GFA for future development (sq.m.)	Total land bank attributable to the Group <sup>(2)</sup> (sq.m.)	% of total land bank attributable to the Group (%)	Total land bank <sup>(3)</sup> (sq.m.)	% of total land bank (%)
Yangtze River Delta	205	2,953,586	16,226,605	555,130	19,735,321	38.0	27,498,437	42.2
Midwest China	149	2,697,982	14,698,874	2,590,693	19,987,549	38.6	23,002,382	35.3
Pan-Bohai Rim	48	39,603	4,208,501	668,528	4,916,632	9.5	5,997,217	9.2
Western Taiwan Straits	63	1,457,236	4,045,180	110,849	5,613,265	10.8	6,899,787	10.6
Pearl River Delta	15	291,074	960,746	335,984	1,587,804	3.1	1,745,553	2.7
<b>Total</b>	<b>480</b>	<b>7,439,481</b>	<b>40,139,906</b>	<b>4,261,184</b>	<b>51,840,571</b>	<b>100.0</b>	<b>65,143,376</b>	<b>100.0</b>

### Notes:

- (1) Completed GFA available for sale/leasable GFA include saleable GFA remaining unsold, leasable GFA and completed GFA that have been pre-sold but yet delivered.
- (2) Total land bank attributable to the Group equals to the sum of (i) total completed GFA available for sale/leasable GFA; (ii) total planned GFA for properties under development; and (iii) total estimated GFA for properties held for future development, adjusted by the equity interest held by the Group in respect of the projects held by the Group's joint ventures and associates.
- (3) Total land bank equals to the sum of (i) total completed GFA available for sale/leasable GFA; (ii) total planned GFA for properties under development; and (iii) total estimated GFA for properties held for future development without adjusting the equity interest held by the Group in respect of the projects held by the Group's joint ventures or associates.

## FINANCIAL REVIEW

### Revenue

During the year ended 31 December 2020, the Group derived its revenue from three business lines, namely (i) sales of properties; (ii) other services; and (iii) rental income from property lease. The revenue of the Group was primarily derived from the sales of properties in the PRC. The following table sets forth the details of the Group's revenue recognised by business line for the years indicated:

	For the year ended		Change in percentage %
	31 December		
	2020	2019	
	RMB'000	RMB'000	
<b>Revenue</b>			
Sales of properties	65,500,822	56,383,676	+16.2
Other services	428,258	244,044	+75.5
Rental income	11,486	11,876	-3.3
<b>Total</b>	<b>65,940,566</b>	<b>56,639,596</b>	<b>+16.4</b>

### Revenue recognised from sales of properties

Despite the fact that the Group's property construction and delivery was severely impacted by the pandemic in the first half of 2020, the Group still managed to grow its revenue generated from the sales of properties amounted to RMB65,500.8 million for the year ended 31 December 2020, an increase of 16.2% from RMB56,383.7 million in the previous year, and recognised an increase in the total recognised GFA by approximately 36.4% to 7,670,277 sq.m. for the year ended 31 December 2020 from 5,621,427 sq.m. in the previous year. Recognised ASP decreased by approximately 14.9% to RMB8,540 per sq.m. in the year ended 31 December 2020 from RMB10,030 per sq.m. in the previous year. During the year, the decrease in recognised ASP was due to decrease in proportion of recognised revenue contributed by projects in Yangtze River Delta which generally had higher ASP.

*Table 4: Breakdown of recognised revenue from sales of properties in 2020*

	For the year ended 31 December 2020			
	Revenue <i>RMB'000</i>	% to total revenue %	Recognised GFA <i>sq.m.</i>	Recognised ASP <i>RMB/sq.m.</i>
<b>Yangtze River Delta</b>				
Wenzhou	6,732,510	10.3	486,952	13,826
Taizhou	5,765,061	8.8	442,349	13,033
Jinhua	4,013,333	6.1	312,734	12,833
Others	<u>17,306,651</u>	<u>26.4</u>	<u>1,843,286</u>	9,389
<b>Subtotal</b>	<u>33,817,555</u>	<u>51.6</u>	<u>3,085,321</u>	10,961
<b>Midwest China</b>				
Ningde	1,764,845	2.7	236,661	7,457
Dazhou	1,206,841	1.9	203,316	5,936
Others	<u>15,946,132</u>	<u>24.3</u>	<u>2,355,700</u>	6,769
<b>Subtotal</b>	<u>18,917,818</u>	<u>28.9</u>	<u>2,795,677</u>	6,767
<b>Pan-Bohai Rim</b>				
Linyi	974,636	1.5	92,194	10,572
Yantai	849,660	1.3	153,772	5,525
Laiwu	843,785	1.3	130,747	6,454
Others	<u>2,480,035</u>	<u>3.8</u>	<u>286,046</u>	8,670
<b>Subtotal</b>	<u>5,148,116</u>	<u>7.9</u>	<u>662,759</u>	7,768
<b>Western Taiwan Straits</b>				
Ganzhou	3,237,253	4.9	435,249	7,438
Shangrao	1,300,311	2.0	248,146	5,240
Others	<u>1,700,779</u>	<u>2.6</u>	<u>204,769</u>	8,306
<b>Subtotal</b>	<u>6,238,343</u>	<u>9.5</u>	<u>888,164</u>	7,024

**For the year ended 31 December 2020**

	<b>Revenue</b> <i>RMB'000</i>	<b>% to total</b> revenue %	<b>Recognised</b> GFA <i>sq.m.</i>	<b>Recognised</b> ASP <i>RMB/sq.m.</i>
<b>Pearl River Delta</b>				
Others	<u>1,378,990</u>	<u>2.1</u>	<u>238,356</u>	5,785
<b>Subtotal</b>	<u>1,378,990</u>	<u>2.1</u>	<u>238,356</u>	5,785
<b>Total</b>	<u><u>65,500,822</u></u>	<u><u>100.0</u></u>	<u><u>7,670,277</u></u>	8,540

**For the year ended 31 December 2019**

	<b>Revenue</b> <i>RMB'000</i>	<b>% to total</b> revenue %	<b>Recognised</b> GFA <i>sq.m.</i>	<b>Recognised</b> ASP <i>RMB/sq.m.</i>
<b>Yangtze River Delta</b>				
Lishui	5,225,398	9.3	363,280	14,384
Taizhou	4,163,593	7.4	270,288	15,404
Wuhu	4,452,677	7.9	435,365	10,227
Jiaxing	3,844,408	6.8	312,665	12,296
Ningbo	2,756,617	4.9	205,981	13,383
Wenzhou	2,661,814	4.7	186,360	14,283
Xuancheng	2,324,173	4.1	257,356	9,031
Yancheng	1,882,245	3.3	200,815	9,373
Others	<u>13,750,233</u>	<u>24.4</u>	<u>1,345,608</u>	10,219
<b>Subtotal</b>	<u>41,061,158</u>	<u>72.8</u>	<u>3,577,718</u>	11,477
<b>Midwest China</b>				
Yuxi	1,236,956	2.2	141,038	8,770
Kunming	740,483	1.3	82,484	8,977
Changsha	712,965	1.3	132,727	5,372
Yulin	557,010	1.0	77,309	7,205
Guigang	353,085	0.6	67,388	5,240
Others	<u>1,706,018</u>	<u>3.0</u>	<u>242,731</u>	7,028
<b>Subtotal</b>	<u>5,306,517</u>	<u>9.4</u>	<u>743,677</u>	7,136

For the year ended 31 December 2019

	Revenue <i>RMB'000</i>	% to total revenue %	Recognised GFA <i>sq.m.</i>	Recognised ASP <i>RMB/sq.m.</i>
<b>Pan-Bohai Rim</b>				
Zibo	342,649	0.6	37,308	9,184
Taian	220,592	0.4	30,981	7,120
Laiwu	90,308	0.2	11,517	7,841
Others	<u>270,106</u>	<u>0.5</u>	<u>33,235</u>	8,127
<b>Subtotal</b>	<u>923,655</u>	<u>1.7</u>	<u>113,041</u>	8,171
<b>Western Taiwan Straits</b>				
Ganzhou	3,133,819	5.6	441,039	7,106
Jiujiang	1,785,399	3.2	206,445	8,648
Gian	1,549,551	2.7	226,404	6,844
Jingdezhen	1,091,983	1.9	128,747	8,482
Others	<u>1,414,787</u>	<u>2.5</u>	<u>170,404</u>	8,303
<b>Subtotal</b>	<u>8,975,539</u>	<u>15.9</u>	<u>1,173,039</u>	7,652
<b>Pearl River Delta</b>				
Jiangmen	42,349	0.1	4,339	9,760
Maoming	24,738	*	2,981	8,299
Shaoguan	15,946	*	2,497	6,386
Others	<u>33,774</u>	<u>0.1</u>	<u>4,135</u>	8,168
<b>Subtotal</b>	<u>116,807</u>	<u>0.2</u>	<u>13,952</u>	8,372
<b>Total</b>	<u>56,383,676</u>	<u>100.0</u>	<u>5,621,427</u>	10,030

\* *less than 0.1%*

### Cost of sales

The Group's cost of sales increased by approximately 19.9% from RMB43,457.3 million for the year ended 31 December 2019 to RMB52,087.7 million for the year ended 31 December 2020. This increase was mainly in line with the increase in the Group's total revenue.

## **Gross profit and gross profit margin**

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit increased by approximately 5.1% from RMB13,182.3 million for the year ended 31 December 2019 to RMB13,852.9 million for the year ended 31 December 2020.

The Group's gross profit margin softened from 23.3% for the year ended 31 December 2019 to 21.0% for the year ended 31 December 2020, mainly because of higher land acquisition costs relative to the respective ASP in respect of property projects delivered during the year.

## **Other income and gains**

The Group's other income and gains primarily include (i) gain on disposal of subsidiaries, joint ventures and associates; (ii) net foreign exchange difference; (iii) government grants; (iv) forfeiture of deposits; (v) changes in provision for financial guarantee contracts; and (vi) others, which mainly include sundry income. The Group's other income and gains increased by approximately 292.5% from RMB233.9 million for the year ended 31 December 2019 to RMB918.1 million for the year ended 31 December 2020.

## **Selling and distribution expenses**

The Group's selling and distribution expenses increased by approximately 11.0% from RMB2,030.1 million for the year ended 31 December 2019 to RMB2,254.3 million for the year ended 31 December 2020, primarily due to the increase in marketing expenses incurred for the promotion of more property projects available for pre-sale during the year.

## **Administrative expenses**

The Group's administrative expenses increased by approximately 11.7% from RMB2,549.7 million for the year ended 31 December 2019 to RMB2,848.0 million for the year ended 31 December 2020, primarily due to the result of the Group's business expansion.

## **Finance income**

The Group's finance income, which mainly represents bank interest income, decreased by approximately 20.8% from RMB515.6 million for the year ended 31 December 2019 to RMB408.1 million for the year ended 31 December 2020.

## **Finance costs**

The Group's finance costs increased by approximately 16.3% from RMB466.5 million for the year ended 31 December 2019 to RMB542.5 million for the year ended 31 December 2020.

The Group's total finance costs expensed and capitalised for the year ended 31 December 2020 was RMB5,667.9 million, representing an increase of approximately 25.4% from RMB4,521.6 million for the year ended 31 December 2019. The increase was due to the increase in bank and other borrowings.

The Group's weighted average cost of indebtedness as at 31 December 2020 was approximately 8.5% (31 December 2019: approximately 9.4%).

### **Share of profits of joint ventures**

The Group's share of profits of joint ventures decreased by approximately 52.2% from RMB979.4 million for the year ended 31 December 2019 to RMB467.9 million for the year ended 31 December 2020, primarily due to an increase in the Group's relevant expenses shared resulting from the increased property projects held by its new joint ventures.

### **Share of profits of associates**

The Group's share of profits of associates increased by approximately 94.7% from RMB255.4 million for the year ended 31 December 2019 to RMB497.2 million for the year ended 31 December 2020, primarily due to the increase in delivery of property projects held by the Group's associates for the year ended 31 December 2020.

### **Profit before tax**

As a result of the aforementioned changes of the Group's financials, the Group's profit before tax increased by approximately 4.7% from RMB9,898.1 million for the year ended 31 December 2019 to RMB10,364.8 million for the year ended 31 December 2020.

### **Income tax expense**

The Group's income tax expense comprises provisions made for corporate income tax and land appreciation tax in the PRC less deferred tax during the year. The Group's income tax expense increased by approximately 4.3% from RMB3,642.2 million for the year ended 31 December 2019 to RMB3,798.4 million for the year ended 31 December 2020.

### **Profit for the year**

As a result of the aforementioned changes of the Group's financials, the Group's net profit for the year (before deducting non-controlling interests) increased by approximately 5.0% from RMB6,255.9 million in the year ended 31 December 2019 to RMB6,566.4 million in the year ended 31 December 2020.

## **LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES**

The industry in which the Group engages is a capital-intensive industry. The Group met and expects to continuously meet its operating capital, capital expenditure and other capital needs with cash generated from operations including proceeds from sale and pre-sale of properties, proceeds from bank and other borrowings, capital contribution from non-controlling shareholders and other financings. The Group's need for long-term liquid capital is associated with capital allocated for new property development projects and repayment of indebtedness.

## **Net current assets**

As at 31 December 2020, the Group's net current assets amounted to RMB37,114.6 million (31 December 2019: RMB26,112.3 million). Specifically, the Group's total current assets increased by approximately 17.4% from RMB210,130.8 million as at 31 December 2019 to RMB246,750.9 million as at 31 December 2020. The Group's total current liabilities increased by approximately 13.9% from RMB184,018.5 million as at 31 December 2019 to RMB209,636.3 million as at 31 December 2020. The increase in the Group's net current assets was primarily attributable to (i) the increase in properties under development; (ii) the increase in completed properties held for sale; and (iii) the increase in prepayments and other receivables as at 31 December 2020.

## **Cash position**

The Group's cash and bank balances amounted to approximately RMB34,232.4 million in total as at 31 December 2020 (31 December 2019: approximately RMB26,495.3 million), representing an increase of approximately 29.2% as compared with the end of 2019.

## **Indebtedness**

As at 31 December 2020, the Group had total outstanding indebtedness of RMB54,092.2 million (31 December 2019: RMB40,181.2 million), comprising bank and other borrowings of approximately RMB44,897.7 million (31 December 2019: RMB35,985.8 million), senior notes of approximately RMB8,876.8 million (31 December 2019: RMB4,195.4 million) and asset-backed securities of approximately RMB317.7 million (31 December 2019: nil).

**Table 5: Breakdown of the Group's total indebtedness**

	<b>As at 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Current</b>		
Bank loans		
— secured	<b>1,402,958</b>	2,193,310
— unsecured	<b>63,710</b>	—
Other loans		
— secured	<b>6,537,022</b>	10,378,095
— unsecured	<b>2,064,473</b>	890,550
Current portion of long-term bank loans		
— secured	<b>4,136,130</b>	4,786,982
— unsecured	<b>1,050,000</b>	—
Current portion of long-term other loans		
— secured	<b>888,450</b>	1,876,376
— unsecured	<b>335,154</b>	—
Senior notes	<b>7,306,141</b>	1,378,045
<b>Total current indebtedness</b>	<b><u>23,784,038</u></b>	<b><u>21,503,358</u></b>
<b>Non-current</b>		
Bank loans		
— secured	<b>20,890,568</b>	11,991,707
— unsecured	—	1,150,000
Other loans		
— secured	<b>3,603,520</b>	2,718,849
— unsecured	<b>3,925,768</b>	—
Senior notes	<b>1,570,623</b>	2,817,326
Asset-backed securities	<b>317,709</b>	—
<b>Total non-current indebtedness</b>	<b><u>30,308,188</u></b>	<b><u>18,677,882</u></b>
<b>Total indebtedness</b>	<b><u>54,092,226</u></b>	<b><u>40,181,240</u></b>
Secured	<b>37,776,357</b>	33,945,319
Unsecured	<b>16,315,869</b>	6,235,921
<b>Total indebtedness</b>	<b><u>54,092,226</u></b>	<b><u>40,181,240</u></b>

*By fixed or variable interest rates*

	<b>As at 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Fixed interest rate	<b>44,140,675</b>	31,994,100
Floating interest rate	<b><u>9,951,551</u></b>	<u>8,187,140</u>
<b>Total Indebtedness</b>	<b><u><u>54,092,226</u></u></b>	<b><u><u>40,181,240</u></u></b>

*By currency denomination*

	<b>As at 31 December</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Denominated in RMB	<b>42,710,756</b>	35,985,840
Denominated in US\$	<b>11,290,977</b>	4,195,400
Denominated in HK\$	<b><u>90,493</u></b>	<u>—</u>
<b>Total Indebtedness</b>	<b><u><u>54,092,226</u></u></b>	<b><u><u>40,181,240</u></u></b>

*By maturity profiles*

	<b>As at 31 December</b>	
	<b>2020</b>	2019
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Bank loans repayable:</b>		
— Within one year or on demand	<b>6,652,798</b>	6,980,292
— In the second year	<b>9,916,429</b>	11,251,174
— In the third to fifth year, inclusive	<b><u>10,974,139</u></b>	<u>1,890,533</u>
	<b><u><u>27,543,366</u></u></b>	<u><u>20,121,999</u></u>
<b>Other borrowings repayable:</b>		
— Within one year or on demand	<b>9,825,099</b>	13,145,021
— In the second year	<b>6,299,288</b>	2,718,849
— In the third to fifth year, inclusive	<b><u>1,230,000</u></b>	<u>—</u>
	<b><u><u>17,354,387</u></u></b>	<u><u>15,863,870</u></u>
<b>Senior notes repayable:</b>		
— Within one year	<b>7,306,141</b>	1,378,045
— In the second year	<b><u>1,570,623</u></b>	<u>2,817,326</u>
	<b><u><u>8,876,764</u></u></b>	<u><u>4,195,371</u></u>
<b>Asset-backed securities repayable:</b>		
— In the second year	<b><u>317,709</u></b>	<u>—</u>
	<b><u><u>317,709</u></u></b>	<u><u>—</u></u>
<b>Total</b>	<b><u><u>54,092,226</u></u></b>	<u><u>40,181,240</u></u>

**Pledge of assets**

As at 31 December 2020, the Group's borrowings were secured by the Group's assets of RMB89,979.3 million (31 December 2019: RMB60,039.6 million) which includes (i) investment properties; (ii) properties under development; (iii) pledged deposits; and (iv) restricted cash.

## **Financial risks**

The Group's activities expose it to a variety of financial risks, including interest rate risk, credit risk, foreign currency risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management and did not use any derivatives or other instruments for hedging purposes during the year.

### **Interest rate risk**

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings. The Group has not used derivative financial instruments to hedge any interest rate risk. The Group manages its interest cost using variable rate bank borrowings and other borrowings.

### **Foreign currency risk**

The Group has transactional currency exposures arising from transactions by the group entities in currencies other than their respective functional currencies. In addition, the Group has foreign currency exposures from its cash and cash equivalents and senior notes.

As at 31 December 2020, the Group had (i) cash and bank balances denominated in United States dollars and Hong Kong dollars of RMB727.1 million and RMB15.5 million, respectively, (ii) bank and other borrowings denominated in United States dollars and Hong Kong dollars of RMB2,414.2 million and RMB90.5 million, respectively, and (iii) senior notes denominated in United States dollars of RMB8,876.8 million, all of which are subject to fluctuations in exchange rates. The Group has not entered into any foreign currency hedging arrangement. However, the Group will closely monitor its exposure to exchange rates in order to best preserve the Group's cash value.

### **Credit risk**

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the head of credit control of the Group.

### **Liquidity risk**

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings, senior notes and asset-backed securities. Cash flows are closely monitored on an ongoing basis.

## **CONTINGENT LIABILITIES**

### **Mortgage guarantees**

The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks. Under such arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within half a year to two years after the purchasers take possession of the relevant properties.

The total outstanding mortgage guarantee amounts provided by the Group to banks amounted to RMB56,769.4 million as at 31 December 2020 (31 December 2019: RMB51,717.8 million).

The Group did not incur any material losses during the year in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The Directors considered that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

### **Financial guarantees**

As at 31 December 2020, the Group guaranteed certain of the bank and other borrowings made to its joint ventures and associates up to RMB12,193.5 million (31 December 2019: RMB10,228.9 million).

### **Legal contingents**

The Group may be involved in lawsuits and other proceedings in its ordinary course of business from time to time. The Group believes that no liabilities resulting from these proceedings will have a material and adverse effect on its business, financial condition or operating results.

## **COMMITMENTS**

As at 31 December 2020, the Group's property development expenditures, acquisition of land use rights and capital contributions payable to joint ventures and associates that had contracted but yet provided for were RMB51,892.9 million (31 December 2019: RMB75,218.3 million).

## OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as at 31 December 2020, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

## SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year, nor was there any plan authorised by the Board for other material investments or additions of capital assets at the date of this announcement.

## USE OF PROCEEDS FROM THE LISTING

Net proceeds from the Listing (including the partial exercise of the over-allotment options), after deducting the underwriting commission and other estimated expenses in connection with the Listing which the Company received amounted to approximately HK\$3,050.7 million (equivalent to approximately RMB2,732.8 million). Up to 31 December 2020, the net proceeds received from the Listing have been fully utilised, in a manner consistent with the proposed allocations in the Prospectus.

An analysis of the utilisation of the net proceeds up to 31 December 2020 is set out below:

	<b>Planned use of net proceeds as stated in the Prospectus RMB million</b>	<b>Actual use of net proceeds for the year ended 31 December 2019 RMB million</b>	<b>Actual use of net proceeds for the year ended 31 December 2020 RMB million</b>	<b>Unutilised net proceeds as at 31 December 2020 RMB million</b>
Construction costs for the development of the Group's existing property projects	1,675.2	751.2	924.0	—
Repayment of trust loans	784.3	779.8	4.5	—
General working capital	273.3	273.3	—	—
<b>Total</b>	<b>2,732.8</b>	<b>1,804.3</b>	<b>928.5</b>	<b>—</b>

## **EMPLOYEE AND REMUNERATION POLICY**

As at 31 December 2020, the Group employed a total of 13,285 full-time employees (31 December 2019: 13,693). For the year ended 31 December 2020, the staff cost recognised as expenses of the Group amounted to RMB2,253.5 million (31 December 2019: RMB1,627.3 million). The Group offers its employees competitive remuneration packages that include basic salaries, discretionary bonuses, performance-based payments, year-end bonuses and share options, so as to attract and retain quality staff.

## **CORPORATE GOVERNANCE**

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability.

The Company has adopted the Corporate Governance Code contained in Appendix 14 to the Listing Rules as its own code on corporate governance and, to the best knowledge of the Directors, the Company has complied with all applicable code provisions under the Corporate Governance Code, and has established and perfected the corporate governance structure and has set up a series of corporate governance systems. Further information about the corporate governance practices of the Company will be set out in the annual report of the Company for the year ended 31 December 2020.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code as the guidelines for the Directors' dealings in the securities of the Company. Having made specific enquiries to each of the Directors, they have confirmed that they have complied with required standard as set out in the Model Code during the year ended 31 December 2020.

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

- (1) On 13 January 2021, the Company issued senior notes with a principal amount of US\$200,000,000 due in 2022. The senior notes bear interest at 9.5% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 16 July 2022. At any time prior to maturity, the Company may at its option redeem the senior notes at a pre-determined redemption price.
- (2) On 1 February 2021, the Company issued senior notes with a principal amount of US\$250,000,000 due in 2022. The senior notes bear interest at 7.5% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 31 January 2022. At any time prior to maturity, the Company may at its option redeem the senior notes at a pre-determined redemption price.

## **AUDIT COMMITTEE**

The Company established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. As at the date of this announcement, the Audit Committee comprises of three members, namely Mr. AU YEUNG Po Fung, Mr. WANG Kaiguo and Mr. WU Xiaobo. The chairman of the audit committee is Mr. AU YEUNG Po Fung, who possesses appropriate professional qualifications.

The Audit Committee has reviewed and discussed the annual results for the year ended December 31, 2020. The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended December 31, 2020 as set out in this announcement have been agreed by the Group's auditor, Ernst & Young, Certified Public Accountants of Hong Kong ("Ernst & Young"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young 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 and consequently no assurance has been expressed by Ernst & Young on this announcement.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year.

## **FINAL DIVIDEND**

The Board recommends the payment of a final dividend of HK32.5 cents per Share (equivalent to RMB27.3 cents per Share) payable in cash. The proposed final dividend is subject to the approval of the Shareholders at the forthcoming AGM to be held on Thursday, 3 June 2021. The proposed final dividend will be declared and paid in Hong Kong dollars. Subject to the approval of the Shareholders at the Company's forthcoming AGM, the proposed final dividend is expected to be paid on or around Tuesday, 31 August 2021.

## **AGM AND CLOSURE OF REGISTER OF MEMBERS**

The 2021 AGM will be held on Thursday, 3 June 2021. A notice convening the AGM will be published on the Company's website and the Stock Exchange's website and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

For the purpose of determining the Shareholders' eligibility to attend, speak and vote at the 2021 AGM and the Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed as appropriate as set out below:

#### **For determining the entitlement to attend and vote at the 2021 AGM**

The register of members of the Company will be closed from Monday, 31 May 2021 to Thursday, 3 June 2021, both days inclusive, during which period no transfer of Shares will be effected. In order to determine the identity of members who are entitled to attend and vote at the 2021 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 28 May 2021.

#### **For determining the entitlement to the 2020 Proposed Final Dividend**

The register of members of the Company will be closed from Tuesday, 17 August 2021 to Thursday, 19 August 2021, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the 2020 Proposed Final Dividend, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 16 August 2021.

#### **THE BOARD OF DIRECTORS**

As at the date of this announcement, the Board consisted of seven Directors. The executive Directors are Mr. YANG Jian, Mr. CHEN Hongliang, Mr. LI Heli and Mr. YAU Sze Ka (Albert); and the independent non-executive Directors are Mr. WANG Kaiguo, Mr. WU Xiaobo and Mr. AU YEUNG Po Fung.

#### **PUBLICATION OF ANNUAL RESULTS**

This announcement is published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) as well as the website of the Company at [www.zldcgroup.com](http://www.zldcgroup.com). The Company's 2020 annual report will be despatched to Shareholders and published on the aforementioned websites in due course.

#### **FORWARD LOOKING STATEMENTS**

This announcement includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believe", "estimate", "anticipate", "expect", "intend", "may", "will" or "should" or, in each case, their negative, or other variations or similar terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our

results of operations, financial condition, liquidity, prospects and growth strategies, and the industry in which the Group operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which the Group operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this announcement. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which the Group operates are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods.

By Order of the Board  
**Zhongliang Holdings Group Company Limited**  
**Yang Jian**  
*Chairman*

Hong Kong, 23 March 2021

## GLOSSARY AND DEFINITION

“AGM”	annual general meeting of the Company
“ASP”	average selling price
“Board”	The board of Directors
“China” or “PRC”	the People’s Republic of China
“Contracted sales”	the total contractual value of properties that are contracted for pre-sale and sale in a given period, which is not equivalent to the revenue in the relevant period and shall not be deemed as an indication for the revenue to be recognised in any future period. Contracted sales data is unaudited, provided for investors’ for reference only and may be subject to various uncertainties during the process of collating such sales information
“Core net profit”	profit for the year excluding changes of fair value of investment properties and financial assets at fair value through profit or loss and listing and other non-recurring expenses, net of deferred tax
“Core net profit margin”	core net profit of the Company for the year divided by revenue for the year and multiplied by 100%
“Corporate Governance Code”	the corporate governance code contained in Appendix 14 to the Listing Rules
“Directors”	director(s) of the Company
“GFA”	gross floor area
“Gross profit margin”	gross profit for the year divided by revenue for the year and multiplied by 100%
“Group”	the Company and its subsidiaries
“LAT”	PRC land appreciation tax
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Listing”	the listing of the Shares on the main board of the Stock Exchange on 16 July 2019
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules

“Net gearing ratio”	the total indebtedness less cash and bank balances divided by the total equity at the end of the year multiplied by 100%
“Prospectus”	the prospectus of the Company dated 27 June 2019 being issued in connection with the Listing
“Share(s)”	ordinary share(s) in the capital of the Company with the nominal value of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Total indebtedness”	total interest-bearing bank and other borrowings and senior notes
“Weighted average cost of indebtedness”	the weighted average of interest costs of all indebtedness outstanding as at the end of each year
“Zhongliang” or “Company”	Zhongliang Holdings Group Company Limited, an exempted company incorporated in Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (Stock code: 2772)

The site area information for an entire project is based on the relevant land use rights certificates, land grant contracts or tender documents, depending on which documents are available. If more than one document is available, such information is based on the most recent document available.

The figures for GFA are based on figures provided in or estimates based on the relevant governmental documents, such as the property ownership certificate, the construction work planning permit, the pre-sale permit, the construction land planning permit or the land use rights certificate.