



(Stock Code: 672)

Zhong An Announces 2019 Annual Results Gross Profit Margin Further Increased and Net Profit Nearly Doubled

2019 Annual Results Summary:

For the twelve months ended December 31, 2019,

- ✓ The audited consolidated revenue for 2019 was RMB6,204.7 million, representing an increase of approximately 20% from that of 2018.
- ✓ The gross profit and gross profit margin for 2019 was RMB 2,788.8 million and 44.9% respectively, representing an increase of approximately 64.2% and 12.1 percentage points from that of 2018.
- ✓ The core net profit for 2019 was RMB994.2million, representing an increase of approximately 171.7% from that of 2018.
- ✓ The profit attributable to owners of the parent for 2019 was approximately RMB637.1 million, representing an increase of approximately 122.1 % from that of 2018.
- ✓ Basic earnings per share was RMB11 cents, representing an increase of approximately 120% from that of 2018.
- ✓ Final dividend for 2019 was HKD 0.02 per share and none for 2018.

(Hong Kong, 31 March 2020) The board of directors (the “Board”) of Zhong An Group Limited (“Zhong An” or the “Company”; stock code: 672.HK), a leading real estate developer in Yangtze River Delta Region, is pleased to announce the results of the Company and its subsidiaries (collectively referred to as the “Group”) for the twelve months ended 31 December 2019 (During the Report Period).

During the year, the Group had total 25 existing projects in several cities and regions of the Yangtze River Delta Region and the overall sales performance was better than expected. The audited consolidated revenue for 2019 was RMB6,204.7 million, representing an increase of approximately 20% from that of 2018. The gross profit for 2019 was RMB2,788.8 million, representing an increase of approximately 64.2% from that of

2018. The profit attributable to owners of the parent for 2019 was approximately RMB637 million, representing an increase of approximately 122.1 % from that of 2018. Basic earnings per share was RMB11 cents, representing an increase of approximately 120% from that of 2018. The Board of Directors proposes a final dividend of HKD 0.02 per share for 2019, and none was proposed for 2018.

The Group's finances continued to be healthy with abundant cash flow. As of December 31, 2019, the Group's total cash and cash equivalents were approximately RMB 4,058.9 million, the net debt ratio 30.1%, and the average financing cost was only 6.31%.

Both of Contracted Sales and Contracted Gross Floor Area Doubled

For the year ended 31 December 2019, the Group recorded contracted sales of approximately RMB 12.43 billion, representing an increase of approximately 113.5% as compared with that of 2018. Contracted gross floor area (GFA) sold was approximately 773,393 sq.m., representing an increase of approximately 101.0% as compared with that of 2018, and contracted average selling price was approximately RMB15,948 per sq.m., representing an increase of approximately 5.4% over the previous year.

High Quality Land Bank Supports the Group's Development in 5 Years

While maintaining a sound financial position, the Group persistently implemented a prudent land replenishment strategy of acquiring high quality land which meets market demand at low cost, so as to optimize the structure of its land bank. During the Report Period, the Group continued to expand southward and northward to reserve resources, and successively acquired five quality land parcels in Kunming, Yunnan province, Qingdao, Shandong province, Hangzhou, Zhejiang province (Xiaoshan district and Lin'an district) and Wenzhou city of Zhejiang province (Longwan district) through public auction. As at the date of this annual report, the total GFA of the land bank of the Group was approximately 8.08 million sq.m., which spread over ten different cities and regions, including the Yangtze River Delta, Kunming in Yunnan and Qingdao in Shandong, and are expected to be able to support the Group's development in the coming five years. The average land cost is only approximately RMB1,774 per sq.m..

Generating Urban Complexes by Multiple Means

In 2019, China New City Commercial Development Limited ("CNC", together with its subsidiaries, the "CNC Group"), a subsidiary listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), also promoted the development of commercial and investment properties and hotel business to create value-generating urban complexes with its professional team. In addition, CNC made breakthroughs in film and television entertainment, health care, education and culture, and modern agriculture, etc.

As for property sales, Jiarun Mansion, located at Parcel A3 of International Office Centre ("IOC"), continued to sell well and created stable sales revenue for the Group by leveraging on the unobstructed view of the Qiantang River and convenient transportation. The successive delivery of the commercial residences Xixi

New City, and the commercial center Xixi Manhattan, both located at the Parcel of Xixi Wetland, provided a driving force for the sales income growth of the Group.

As for hotel operation, the Group's hotel Holiday Inn located at Xiaoshan, Hangzhou, was operating smoothly and sales income increased steadily. In October 2019, the "Bright" hotel under the Group officially opened in Ningbo, Zhejiang province, which will become a new driving force for the hotel operation of the Group. Besides, since the successive opening of the Hangzhou Qiandao Lake Bright Resort Hotel and Huaibei Bright Hotel in 2017, such hotels have been operating well with occupancy gradually rising and sales income gradually increasing.

The property rental income of the Group is mainly from Highlong Plaza, a flagship project in XiaoShan District, Hangzhou, International Office Centre (IOC) and the Zhong An • Intime City. Among them, the upgraded and innovated Highlong Plaza increased the proportion of children's, catering and lifestyle service businesses with more differentiated elements for customer experience, and the operating efficiency was improved steadily. Zhong An • Intime City in Yuyao has been operating well since its successful opening in late 2017, and will continue to contribute to the Group's property rental income in the future.

As for new businesses, CNC launched a new business mode themed on children's activities, focusing on the provision of services for urban children. Under planning of CNC, Maggie & Rose has made great progress in the Greater China in recent years. In November 2018, the first store of Maggie & Rose in the mainland was opened in Hangzhou, covering an area of approximately 6,000 square meters, which was currently the world's largest family-child club under Maggie & Rose. In May 2019, CNC further acquired the equity interests of Maggie & Rose and consolidated its financial statements with CNC. In the future, the Group will further adjust its business format and optimize its operating structure based on the conventional business mode.

Outlook

The year 2020 marks the completion of building a well-off society in all aspects and the ending of "13th Five-Year Plan", and the economy will continue to maintain its steady and positive trend. In the beginning of 2020, although an epidemic outbreak disrupted the pace of production and life to a certain extent, which will have a certain impact on China's economy in the short term, but the basic elements underpinning the steady economic development of the country will not change from a longer term perspective, and the positive development trend will remain unchanged with a favorable momentum. With the government's proactive financial policies and sound monetary policies, infrastructure investment will remain one of the main driving forces for economic growth in 2020.

Under the changing market conditions, the Group will firmly uphold its prudent and steady operation policy and continue to focus on areas with competitive advantages. The two newly acquired land parcels in Wenzhou, Zhejiang province and Fuyang, Hangzhou city, at the beginning of this year by the group will build a solid foundation for the Group's further deep development in the Yangtze River Delta region. The Group will strengthen its cooperation with strategic partners and gradually create an excellent brand advantage through

the experience gained over the years in the development of integrated real estate projects in the region. Meanwhile, the Group will actively expand into key development cities, promote the integration of industry, finance and technology, and leverage both the domestic and foreign capital platforms to boost its development.

The Chairman of the Group Mr. Shi Kancheng said, “2020 is the year of take-off in three-year strategy of the Group, therefore, the Group will adhere to the core concept of “Enjoying a Better Life”, maintain a stable development attitude, break through market restrictions, and strive to build a sustainable business development path of creating a better life for the society and realizing asset appreciation for customers. The Group will continue to focus on the development plan of its various businesses, utilize its abundant reserve of resources, and move towards its new goals through sound and scientific management.

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About Zhong An Group Limited

Zhong An Group Limited, the leading real estate developer in Yangtze River Delta region, focuses on the development of mid- to-high-end residential and urban complexes while values the diverse development and is involved in various investments such as property investments, property management and special services. Since its establishment in 1997, the Group has focused on the market in Yangtze River Delta region and has been rewarded a strong brand advantage in the region.

This press release is issued by Wonderful Sky Financial Group Company Limited on behalf of Zhong An Group Limited.

For further information, please refer to the company website:

<http://www.zhongangrouphk.com/s/index>.

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