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Datang Group Holdings Limited

大唐集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2117)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS OF 2020 ANNUAL RESULTS

- Revenue amounted to RMB10,588 million, increased by 30.6% compared to 2019;
- Gross profit and gross profit margin were RMB2,696 million and 25.5%, respectively;
- Net profit amounted to RMB950 million, increased by 51.4% compared to 2019, and the net profit margin reached 9.0%;
- Net profit attributable to the owners of the Company was RMB715 million, representing a slight increase from 2019;
- As of 31 December 2020, the net gearing ratio was 58.7% (2019: 119.2%), and the cash-to-current borrowings ratio was 1.3 (2019: 0.96), representing significant optimisation and stable improvement compared to previous years. As at 31 December 2020, the Group's cash and bank balances were sufficient and amounted to RMB5.66 billion, up by 38.2% compared to that as of 31 December 2019;
- The land bank is abundant with the total gross floor area ("GFA") of 20.44 million square meters; the newly acquired GFA was 8.39 million square meters; the distribution became more optimised and the land bank structure became more reasonable by newly entering the Yangtze River Delta region;
- The Board of Directors proposed to distribute a final dividend of RMB11 cents (equivalent to HK\$13 cents) per share.

The board (the “**Board**”) of directors (the “**Directors**”) of Datang Group Holdings 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 (the “**Reporting Period**”) together with the comparative figures for the previous year.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2020	2019
	Notes	RMB'000	RMB'000
Revenue	4	10,588,379	8,108,026
Cost of sales	6	<u>(7,892,454)</u>	<u>(5,922,653)</u>
Gross profit		2,695,925	2,185,373
Selling and marketing costs	6	(482,694)	(444,185)
Administrative expenses	6	(522,226)	(454,868)
Net reversal of impairment on financial and contract assets		7,918	2,858
Other income		42,257	39,152
Other expenses		(11,763)	(35,575)
Other gains – net	5	<u>51,543</u>	<u>129,176</u>
Operating profit		1,780,960	1,421,931
Finance income	7	28,799	25,539
Finance costs	7	<u>(48,374)</u>	<u>(48,466)</u>
Finance costs – net		(19,575)	(22,927)
Share of results of joint ventures and associates		<u>(45,730)</u>	<u>8,860</u>
Profit before income tax		1,715,655	1,407,864
Income tax expenses	8	<u>(765,706)</u>	<u>(780,451)</u>
Profit and total comprehensive income for the year		<u>949,949</u>	<u>627,413</u>
Profit attributable to:			
– Owners of the Company		715,372	710,256
– Non-controlling interests		<u>234,577</u>	<u>(82,843)</u>
		<u>949,949</u>	<u>627,413</u>
Earnings per share (expressed in RMB per share)			
Basic	9	<u>0.70</u>	<u>0.90</u>
Diluted	9	<u>0.65</u>	<u>0.84</u>

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2020	2019
	Notes	RMB'000	RMB'000
Assets			
Non-current assets			
Property, plant and equipment		741,255	745,701
Investment properties		1,566,730	1,550,540
Intangible assets		15,310	17,320
Right-of-use assets		169,640	33,941
Properties under development		14,140	14,140
Investments accounted for using the equity method		4,768,998	1,506,998
Financial assets at fair value through profit or loss		217,841	200,806
Deferred income tax assets		804,192	656,905
		<u>8,298,106</u>	<u>4,726,351</u>
Current assets			
Inventories		1,214	2,599
Properties under development		23,429,576	21,343,530
Completed properties held for sale		2,134,716	1,926,651
Contract assets and contract costs		438,332	278,334
Trade and other receivables	10	6,721,652	3,949,303
Prepaid income taxes		571,369	717,022
Cash and bank deposits		5,660,333	4,095,171
		<u>38,957,192</u>	<u>32,312,610</u>
Total assets		<u>47,255,298</u>	<u>37,038,961</u>

As at 31 December

		2020	2019
	<i>Notes</i>	RMB'000	RMB'000
Equity			
Equity attributable to owners of the Company			
Share capital	14	87,216	70
Share premium	14	1,677,903	508,442
Other reserves		1,147,588	758,445
Retained earnings		<u>1,987,465</u>	<u>1,610,225</u>
		4,900,172	2,877,182
Non-controlling interests		<u>3,021,806</u>	<u>207,111</u>
Total equity		<u>7,921,978</u>	<u>3,084,293</u>
Liabilities			
Non-current liabilities			
Bank and other borrowings	13	7,647,463	5,468,682
Lease liabilities		133,954	1,372
Deferred income tax liabilities		<u>1,217,226</u>	<u>1,203,899</u>
		<u>8,998,643</u>	<u>6,673,953</u>
Current liabilities			
Trade and other payables	11	14,581,655	10,709,986
Contract liabilities		11,694,527	13,273,377
Bank and other borrowings	13	2,666,675	2,301,763
Lease liabilities		9,256	1,749
Current income tax liabilities		<u>1,382,564</u>	<u>993,840</u>
		<u>30,334,677</u>	<u>27,280,715</u>
Total liabilities		<u>39,333,320</u>	<u>33,954,668</u>
Total equity and liabilities		<u>47,255,298</u>	<u>37,038,961</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 14 December 2018 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961 consolidated and revised) of Cayman Islands. The address of the Company's registered office and the principal place of business are Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and No. 2001, Lvling Road, Siming District, Xiamen.

The Company is engaged in investment holding and the Group are primarily engaged in property development business in the People's Republic of China (the "PRC").

Ms. Wong Hei is the ultimate controlling shareholder (the "**Ultimate Controlling Shareholder**") of the Company. The Company's shares have been listed on The Stock Exchange of Hong Kong Limited since 11 December 2020.

The consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board on 16 March 2021.

2 BASIS OF PREPARATION

- (i) Compliance with Hong Kong Financial Reporting Standards ("**HKFRS**") and the Hong Kong Companies Ordinance

The consolidated financial statements of the Group have been prepared in accordance with HKFRS and disclosure requirements under the Hong Kong Companies Ordinance Cap. 622.

- (ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss ("**FVTPL**") and investment properties, which are carried at fair value.

2.1 New standards, amendments and interpretations

(a) *New and amended standards and interpretation adopted by the Group*

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

Amendments to HKFRS 3	Definition of a business
Amendments to HKAS 1 and HKAS 8	Definition of material
Conceptual Framework for Financial Reporting	Revised Conceptual Framework for Financial Reporting
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest rate benchmark reform

The adoption of the above new and amended standards does not have any significant impact on the financial performance and position of the Group.

(b) *New, revised and amended standards not yet adopted*

Certain new and revised standards, amendments to existing standards have been published that are not effective in current year and have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
Amendments to HKFRS 16	COVID-19 – Related Rent Concessions	1 June 2020
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest rate benchmark reform – phrase 2	1 January 2021
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Cost of Fulfilling a Contract	1 January 2022
Annual improvement project	Annual Improvements 2018-2020 Cycle	1 January 2022
Accounting Guideline 5 (Revised)	Merger accounting for common control combinations	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current	1 January 2023
HK Interpretation 5 (2020)	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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

3 SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker ("CODM"), who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board that makes strategic decisions. The CODM regards that there is only one segment, that is property development business, which is used to make strategic decisions.

4 REVENUE

Revenue is analysed as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Sales of properties	10,109,291	7,772,380
Provision of construction services	241,973	218,621
Rental income	56,408	40,622
Provision of hotel services	47,848	34,782
Others	132,859	41,621
	<u>10,588,379</u>	<u>8,108,026</u>

Represented by:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue from contracts with customers		
Sales of properties		
– Recognised at a point in time	10,109,291	7,772,380
Provision of construction, hotel and other services		
– Recognised at a point in time	27,589	19,588
– Recognised over time	395,091	275,436
Revenue from other sources		
– Rental income	<u>56,408</u>	<u>40,622</u>
	<u>10,588,379</u>	<u>8,108,026</u>

There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenues during the years ended 31 December 2020 and 2019.

5 OTHER GAINS – NET

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Fair value gains on investment properties	47,638	42,205
(Losses)/gains on disposals of subsidiaries	(5,434)	59,286
Fair value gains of financial assets at FVTPL	17,035	24,217
Losses on de-registration of an associate	(2,099)	–
(Losses)/gains on disposals of property, plant and equipment	(778)	2,642
Losses on disposals of investment properties	(5,419)	–
Others	600	826
	51,543	129,176

6 EXPENSES BY NATURE

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of properties sold – including construction costs, land costs and capitalised interest expenses	7,567,732	5,500,833
Cost of construction services	229,874	207,690
Other taxes and other levies	68,918	75,174
Advertising costs	151,037	164,033
Employee benefit expenses	425,386	323,349
Entertainment expenses	34,195	33,206
Office and travelling expenses	34,851	35,325
Depreciation of		
– Property, plant and equipment	82,550	82,842
– Right-of-use assets	13,911	2,418
Amortisation of		
– Costs for obtaining contracts	135,744	102,014
– Intangible assets	6,533	4,681
Property management expenses	64,292	63,297
Maintenance costs	5,718	9,339
Professional service expenses	56,592	59,532
Provision of write-down for properties under development and completed properties held for sale	–	131,120
Auditor's remuneration		
– Audit services	3,800	–
– Non-audit services	250	–
Listing expenses	9,172	16,232
Short-term lease payments	2,128	1,695
Other expenses	4,691	8,926
Total cost of sales, selling and marketing costs and administrative expenses	<u>8,897,374</u>	<u>6,821,706</u>

7 FINANCE COSTS – NET

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income:		
– Interest income from bank deposits	<u>(28,799)</u>	<u>(25,539)</u>
Finance costs:		
– Interest expenses on bank and other borrowings	883,149	737,414
– Interest expenses on lease liabilities	6,529	622
– Others	<u>1,683</u>	<u>1,545</u>
	891,361	739,581
– Less: interests capitalised	<u>(842,987)</u>	<u>(691,115)</u>
	<u>48,374</u>	<u>48,466</u>
Finance costs – net	<u><u>19,575</u></u>	<u><u>22,927</u></u>

Capitalised borrowing costs

The capitalisation rate of bank and other borrowings was 8.27% per annum for the year ended 31 December 2020 (2019: 8.22% per annum).

8 INCOME TAX EXPENSES

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax		
– PRC corporate income tax	489,152	320,465
– PRC land appreciation tax	<u>415,405</u>	<u>550,314</u>
	904,557	870,779
Deferred income tax	<u>(138,851)</u>	<u>(90,328)</u>
	<u><u>765,706</u></u>	<u><u>780,451</u></u>

(a) Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group had no assessable profit for the year (2019: Nil).

(b) PRC corporate income tax

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

The corporate income tax rate applicable to entities of the Group located in Mainland China is 25% according to the Corporate Income Tax Law of the PRC (the “**CIT Law**”).

(c) LAT

Income from the sale or transfer of land, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

(d) Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law and, is exempted from Cayman Islands income tax.

(e) PRC dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for Implementation of the Corporate Income Tax Law, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to a withholding income tax of 10%. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are qualified as tax residents of Hong Kong according to the tax treat arrangement between PRC and Hong Kong. The Group has not accrued any withholding income tax for the undistributed earnings of its PRC subsidiaries as the PRC subsidiaries of the Group does not have a plan to distribute these earnings in the foreseeable future.

9 EARNINGS PER SHARE

(a) Basic

	Year ended 31 December	
	2020	2019
Profit attributable to owners of the Company (<i>RMB'000</i>)	<u>715,372</u>	<u>710,256</u>
Weighted average number of ordinary shares in issue (<i>'000</i>)	<u>1,019,130</u>	<u>788,403</u>
Earnings per share — Basic (<i>RMB</i>)	<u>0.70</u>	<u>0.90</u>

For the purpose of calculating the weighted average number of ordinary shares in issue:

- (i) the subdivision of the Company's share capital and the following shares issued during the Reorganisation are treated as if they had been in effect and issued on 1 January 2019:
- 100 shares (subdivided) issued on 14 December 2018, the date of incorporation of the Company;
 - 100 shares (subdivided) issued on 30 April 2019 to Dynasty International Co. Ltd. as the consideration for acquiring of the 100% equity interests in Xiamen Dynasty Real Estate Group Company Limited; and
 - 727,073 shares issued to Dynasty International Co. Ltd. on 5 November 2019.
- (ii) in the respect of the 50,606 ordinary shares of the Company issued on 5 November 2019 to a company controlled by the Ultimate Controlling Shareholder for further share incentive plan, 28,635 shares were treated as being issued on 5 November 2019 at fair value and 21,971 shares were treated as if they were bonus shares that had been in issue since 1 January 2019.
- (iii) the 999,000,000 ordinary shares of the Company issued on 30 November 2020 under the Capitalisation Issue (as defined in paragraph 14(d)) have been adjusted retrospectively to the number of ordinary shares issued under (i) and (ii) above as if the proportionately higher number of shares had been in issue since the relevant dates indicated; and
- (iv) the 333,400,000 ordinary shares offered to the public (the “**Public Offering**”) were issued on 11 December 2020.

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Restricted shares granted to employees under the Group's share incentive scheme are considered to be potential ordinary shares. For the restricted shares, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding restricted shares. Taking into account the effect of the Capitalisation Issue (as defined in paragraph 14(d)), the number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the restricted shares.

	Year ended 31 December	
	2020	2019
Profit attributable to owners of the Company (<i>RMB'000</i>)	<u>715,372</u>	<u>710,256</u>
Weighted average number of ordinary shares in issue (<i>'000</i>)	1,019,130	788,403
Adjustments for restricted shares (<i>'000</i>)	<u>81,550</u>	<u>61,299</u>
Weighted average number of ordinary shares for diluted earnings per share (<i>'000</i>)	<u>1,100,680</u>	<u>849,702</u>
Diluted earnings per share (<i>RMB</i>)	<u>0.65</u>	<u>0.84</u>

10 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade receivables (<i>Note (a)</i>)		
– Related parties	3,164	487
– Third parties	34,396	45,080
	37,560	45,567
Less: allowance for impairment	(1,726)	(2,075)
	35,834	43,492
Other receivables		
– Note receivables	2,010	–
– Amounts due from related parties	1,175,714	1,819,170
– Amounts due from non-controlling interests	3,392,404	702,225
– Amounts due from third parties	3,563	8,010
– Deposits for land auction	305,340	210,210
– Construction deposits	87,582	73,121
– Amounts due from governments for amounts paid on behalf	69,828	100,628
– Receivables arising from disposals of subsidiaries	–	5,100
– Others	101,719	57,226
	5,138,160	2,975,690
Less: allowance for impairment	(22,613)	(35,256)
	5,115,547	2,940,434
Prepayments		
– For acquisitions of land	1,003,629	47,478
– For construction costs and construction materials	76,568	23,920
– For value-added and other taxes	490,074	886,742
– Others	–	7,237
	1,570,271	965,377
	6,721,652	3,949,303

- (a) Trade receivables are mainly arisen from sales of properties and provision of construction services, and are settled in accordance with the terms stipulated in the sales contracts.

The aging analysis of trade receivables based on invoice dates was as follows:

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Within 90 days	18,031	16,674
Over 90 days and within 180 days	1,051	9,627
Over 180 days and within 365 days	3,210	1,223
Over 365 days	15,268	18,043
	<u>37,560</u>	<u>45,567</u>

11 TRADE AND OTHER PAYABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade payables (<i>Note (a)</i>)		
– Related parties	24,002	24,903
– Third parties	3,241,716	2,950,751
– Notes payable	98,489	73,048
	<u>3,364,207</u>	<u>3,048,702</u>
Other payables		
– Amounts due to related parties	6,746,015	2,976,205
– Amounts due to non-controlling interests	2,312,216	2,266,778
– Amounts due to third parties	185,985	185,985
– Dividend payable	–	12,619
– Construction guarantee deposits received	368,170	196,737
– Accrued payroll	139,924	132,231
– Other taxes payables	1,006,524	1,487,262
– Interest payables	39,747	41,366
– Consideration payable for acquisition of a joint venture	–	16,800
– Others	418,867	345,301
	<u>11,217,448</u>	<u>7,661,284</u>
	<u>14,581,655</u>	<u>10,709,986</u>

(a) The aging analysis of the trade payables based on invoice date is as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within 90 days	2,379,388	2,477,667
Over 90 days and within 180 days	309,780	51,036
Over 180 days and within 365 days	271,922	191,134
Over 365 days	403,117	328,865
	<u>3,364,207</u>	<u>3,048,702</u>

12 DIVIDENDS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Proposed final dividend of RMB11 cents (2019: Nil) per share	<u>149,990</u>	<u>–</u>

Final dividend of RMB11 cents (equivalent to HK\$13 cents) per share in respect of the financial year ended 31 December 2020 (2019: Nil) has been proposed by the Board and is subject to approval by the shareholders at the forthcoming Annual General Meeting. The consolidated financial statements as at 31 December 2020 have not reflected this dividend payable.

13 BANK AND OTHER BORROWINGS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Non-current		
Bank borrowings – secured/guaranteed	6,439,838	4,381,845
Other borrowings – secured/guaranteed (<i>Note (a)</i>)	<u>3,459,300</u>	<u>2,417,550</u>
	9,899,138	6,799,395
Less: current portion of non-current bank and other borrowings	<u>(2,251,675)</u>	<u>(1,330,713)</u>
	<u>7,647,463</u>	<u>5,468,682</u>
Current		
Bank borrowings – secured/guaranteed	100,000	19,000
Other borrowings – secured/guaranteed (<i>Note (a)</i>)	315,000	952,050
Current portion of non-current bank and other borrowings	<u>2,251,675</u>	<u>1,330,713</u>
	<u>2,666,675</u>	<u>2,301,763</u>
Total bank and other borrowings	<u>10,314,138</u>	<u>7,770,445</u>

- (a) Certain subsidiaries of the Group in the PRC have entered into fund arrangements with trust companies, securities companies and assets management companies, pursuant to which these financial institutions raised funds and provided the proceeds, directly or through entrusted banks, to the Group. Certain equity interests of subsidiaries were held in the name of the financial institutions as collateral for which the Group is obligated to repurchase at predetermined prices. These bank and other borrowings bear fixed or floating interest rates and have fixed repayment terms.

- (b) The Group's bank and other borrowings were repayable as follows:

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	2,666,675	2,301,763
Between 1 and 2 years	4,310,213	2,820,932
Between 2 and 5 years	3,122,000	2,527,750
Over 5 years	215,250	120,000
	<u>10,314,138</u>	<u>7,770,445</u>

- (c) The weighted average effective interest rates per annum were as follows:

	As at 31 December	
	2020	2019
Bank borrowings (%)	6.36%	6.82%
Other borrowings (%)	10.79%	9.83%
All bank and other borrowings (%)	<u>8.27%</u>	<u>8.22%</u>

- (d) The fair value of bank and other borrowings approximate their carrying amount, as the impact of discounting is not significant.
- (e) All of the Group's bank and other borrowings are denominated in RMB.

14 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares of US\$0.01 each	Equivalent nominal value of ordinary share RMB'000	Share premium RMB'000
Issued:			
Balance as at 1 January 2019	1	—	—
Share issued	1	—	—
Effect from subdivision	198	—	—
Share issued upon completion of subdivision	727,073	51	—
Share issued pursuant to share incentive plan	<u>272,727</u>	<u>19</u>	<u>508,442</u>
Balance as at 31 December 2019	<u>1,000,000</u>	<u>70</u>	<u>508,442</u>
Balance as at 1 January 2020	1,000,000	70	508,442
Share issued in Public Offering (b)	333,400,000	21,806	1,277,753
Share issuance costs for Public Offering (c)	—	—	(42,952)
Capitalisation Issue (d)	<u>999,000,000</u>	<u>65,340</u>	<u>(65,340)</u>
Balance as at 31 December 2020	<u>1,333,400,000</u>	<u>87,216</u>	<u>1,677,903</u>

- (a) The Company's shareholders passed a written resolution on 20 November 2020 that the authorised share capital of the Company was increased from US\$50,000 to US\$50,000,000 by the creation of an additional 4,995,000,000 shares of a par value of US\$0.01 each.
- (b) On 11 December 2020, upon its listing on the Hong Kong Stock Exchange Limited, the Company issued 333,400,000 new shares with par value US\$0.01 each at HK\$4.56 per share for a total cash consideration of HK\$1,520,304,000 (equivalent to approximately RMB1,299,559,000). The corresponding share capital amount was approximately RMB21,806,000 and share premium arising from the issuance was approximately RMB1,277,753,000.
- (c) The share issuance costs paid and payable mainly include share underwriting commissions, lawyers' fees, reporting accountant's fee and other related costs, which were incremental costs directly attributable to the issuance of the new shares. These costs, amounting to RMB42,952,000, were treated as a deduction against the share premium arising from the issuance.
- (d) Following the Public Offering on 11 December 2020, the Company capitalised an amount of RMB65,340,000 standing to the credit of the share premium account of the Company ("Capitalisation Issue"), by applying such sum in paying up in full at par 999,000,000 shares for issue and allotment to the shareholders of the Company before Public Offering in proportional to their respective shareholdings in the Company.

CHAIRMAN’S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the audited annual results of the Group for the year ended 31 December 2020.

MACRO INDUSTRY ANALYSIS

2020 is an extraordinary year in the history of China. The frequent occurrence of Black Swan incidents, the outbreak of the epidemic in China at the beginning of the year, the fusing of stock market in the United States, and the second rebound of the epidemic at abroad at the end of the year, etc., all of which have a profound impact on the global economy and society. Amidst huge difficulties and challenges, China’s economy achieved a “V”-shaped recovery in the second quarter, and the actual GDP growth rate in the fourth quarter reached 6.5% year-on-year. In 2020, China’s GDP exceeded RMB100 trillion for the first time, with an increase of 2.3% year-on-year, making it the only major economy in the world to achieve positive economic growth.

However, the epidemic has not changed the keynote of “residential properties are for living, not speculation” in the real estate market. Localised policy has been implemented to accurately control and stabilise the market in the PRC. Particularly, since the second half of the year, the financial supervision on real estate market has been strengthening, and several cities with unstable housing prices and land premiums have successively upgraded their control policies with an aim to promote the rational return of the market. Nevertheless, sales of commercial properties for the whole year still achieved breakthrough of exceeding RMB17 trillion, up by 8.7% year-on-year.

OPERATING RESULTS

During the Reporting Period, the confirmed sales revenue during the year was approximately RMB10.6 billion, representing a significant increase of 30.6% compared with last year. The Group achieved an annual net profit of RMB0.95 billion, representing a significant increase of 51.4% compared with last year. The net profit attributable to owners of the Company was RMB715 million. In order to return the trust and support of shareholders, the Board proposed the distribution of a final dividend of RMB11 cents per share for the year 2020.

WORK REVIEW FOR 2020

“The layout of urban agglomerations and the deep cultivation of metropolitan areas” is our basic strategy. During the Reporting Period, the Group continued to strengthen its understanding of deep cultivation in the metropolitan area, follow closely on the industry situation, adhere to the implementation of the investment standard that prioritises cash flow indicators, pay equal attention to deep cultivation and external expansion, and replenish land reserves effectively. During the year, the Group obtained land reserves with the total GFA of 8.39 million sq.m. and entered into 14 new cities, which further opened up space for regional layout, of which, the area of new land bank in the Yangtze River Delta was 1.69 million sq.m., accounting for 20% of the newly land bank during this year.

As of 31 December 2020, the Group has a total of 123 real estate projects, each in various stages of development, in six large economic zones, with a total site area of approximately 20.44 million sq.m. in land bank. The Group was ranked 73rd among the Sales Top 200 Ranking List of China Real Estate Enterprise for 2020 by CRIC Real Estate Research Institute.

While expanding our territory, we formally implemented a platform-based strategy in 2020. With this strategy, through an open platform and a market-oriented transaction mechanism, parties participating in the platform such as partners, upstream and downstream suppliers, and funders can achieve resource sharing, value creation, and ultimately complete the sharing of interests of all parties and build a win-win ecosystem.

2020 is a milestone for the Group to achieve a capital breakthrough. In December 2020, the Group was successfully listed on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), raising total net proceeds of approximately HK\$1.49 billion (equivalent to RMB1.26 billion).

In addition, in the anti-epidemic process in 2020, the Group also demonstrated our social responsibility and duty. We donated a total of 430,000 materials to 25 medical institutions, 20 government anti-epidemic departments, Red Cross, international organisations, and individuals in 14 cities across the country, all of which contributed to the gradual and effective control of the domestic epidemic.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Review for 2020

In 2020, the COVID-19 has swept the world, and the world economy has been hit hard. In the first quarter, the pause button was pressed for the economy in China. Subsequently, the PRC introduced a series of anti-epidemic relief policies, which eased the operating pressure of enterprises to a certain extent. Since the second quarter of 2020, the epidemic prevention and control in China has achieved remarkable results, the economy has recovered in an orderly manner, and the real estate market has ushered in a sales rebound.

According to data from the National Bureau of Statistics, in 2020, the total sales value of commercial housing was approximately RMB17.4 trillion and the sales area was 1.76 billion square meters, representing an increase of 8.7% and 2.6% respectively, as compared with last year. Of which, the growth was strong in first-tier cities, steady in second-tier cities, and slow in third- and fourth-tier cities. This shows that the status of the real estate industry in the national economy is still irreplaceable. With the upgrading of the national regional strategy, some core cities, node cities and areas with transportation advantages in the metropolitan area will be expected to usher in better development opportunities.

1. *Real Estate Business*

In 2020, the Group followed the geographical layout of 2+1+X, focused on existing areas, consolidated existing layout in the two urban agglomerations of the Haixi and Beibu Gulf, and established a relatively stable scale advantage. Meanwhile, we seized the opportunity of relocating our headquarters to Shanghai, by taking root quickly in the Yangtze River Delta region, as well as successively entered into 14 nodal core cities with economic vitality, such as Ningbo, Taizhou, Wenzhou, Changzhou, Nantong, Wuxi and others. We have strengthened strategic cooperation with leading companies in the industry, all of which will lay a solid foundation for the Group to become a national comprehensive real estate company.

During the Reporting Period, the Group's revenue from the real estate business was RMB10.11 billion. The total GFA of the land bank was approximately 20.44 million square meters, providing sufficient support for future development.

Newly acquired land

In 2020, through various land acquisition methods such as public bidding, auction and listing and joint ventures, a total of 44 high-quality land parcels were obtained by the Group, with a total planned GFA of 8.39 million square meters.

2. Land Bank

As of 31 December 2020, the total GFA of the Group's land bank was 20.44 million sq.m. among which the GFA of completed properties for sale was 1.34 million sq.m., the rentable GFA for investment was 0.17 million sq.m., and the GFA of properties under development was 18.93 million sq.m. as of 31 December 2020.

City where the project is located	Project name	Completed but undelivered GFA (square meters)	GFA held for property investment (square meters)	Total GFA under development (square meters)	Total GFA (square meters)	Percentage of interest owned by the Group
Changzhou	Dynasty Zhongnan Shangyuecheng (大唐中南上悦城)	–	–	138,941	138,941	36%
Changzhou	Yuhu Shangguan Garden (昱湖上觀花苑)	–	–	138,600	138,600	40%
Chengdu	Jiuyue Lanwan Project (玖悅瀾灣項目)	–	–	229,893	229,893	40%
Chengdu	Tianyue Royalty (天悅世家)	–	–	188,169	188,169	26%
Fuzhou	Dynasty Shuxiang Yazhu (大唐·書香雅築)	–	–	178,821	178,821	100%
Fuzhou	Pukou Dynasty Royalty (浦口大唐世家)	–	–	53,597	53,597	80%
Fuzhou	Longjiang Jiujin Pavilion (龍江玖錦閣)	–	–	373,011	373,011	33%
Guigang	Guigang Dynasty Royalty (貴港大唐世家)	–	–	191,686	191,686	63%
Guigang	Guigang Yating (貴港雅庭)	–	–	178,009	178,009	26%
Guigang	Guigang Chenguang (貴港辰光)	–	–	168,766	168,766	34%
Kunming	Tianyu Smart City (天譽智慧城)	–	–	497,798	497,798	20%
Liuzhou	Liuzhou Dynasty Mansion (柳州大唐官邸)	–	–	291,396	291,396	51%
Liuzhou	Dynasty Biyuan West Garden (大唐碧園西園)	–	–	195,703	195,703	78%
Liuzhou	Dynasty Biyuan East Garden (大唐碧園東園)	–	–	168,586	168,586	80%
Longyan	Royalty Wenyan (世家文苑)	–	–	79,395	79,395	33%
Nanning	Zhongnan Ziyun Impression (中南紫雲印象)	–	–	276,284	276,284	25%
Nanning	Wuxiang Huguang Institution (五象湖光學府)	–	–	326,309	326,309	14%
Nanning	Yango Dynasty Royalty (陽光城大唐世家)	–	–	203,596	203,596	49%
Nanning	Wuxiang Lanting Mansion (五象瀾庭府)	–	–	903,879	903,879	33%
Nanning	Yango Dynasty Tanjing (陽光城大唐檀境)	–	–	877,300	877,300	41%
Nanning	Impression Discovery Bay (印象愉景灣)	–	–	614,237	614,237	17%
Nanning	Wuxiang Dynasty Youth (五象大唐果)	–	–	102,193	102,193	97%
Nanning	Jinjiu Royalty (金玖世家)	–	–	380,330	380,330	25%
Nanning	Tanfu Impression (檀府印象)	–	–	639,367	639,367	30%
Nanning	Binjiang Jinwan (濱江錦灣)	–	–	176,231	176,231	34%

City where the project is located	Project name	Completed but undelivered GFA (square meters)	GFA held for property investment (square meters)	Total GFA under development (square meters)	Total GFA (square meters)	Percentage of interest owned by the Group
Nanning	Shengshi Chunjiang (盛世春江)	–	–	217,058	217,058	34%
Nanning	Xi'an Royalty (熙岸世家)	–	–	138,096	138,096	33%
Nanning	Dynasty Shengshi Xuhui Mansion (大唐盛世旭輝府)	–	–	105,195	105,195	51%
Nanning	Dynasty Shengshi Phase II (大唐盛世二期)	115,465	–	–	115,465	100%
Nanning	Dynasty Shengshi Phase III (大唐盛世三期)	100,471	–	403,327	503,798	100%
Nanning	Shenghu Yuejing (盛湖悅景)	141,676	–	193,285	334,960	26%
Nanning	Zhenyuan (臻園)	–	–	480,927	480,927	100%
Nanning	Dynasty Tianyue (大唐天悅)	–	–	128,510	128,510	56%
Nanning	Nanning Jinxiu Royalty (南寧錦綉世家)	–	–	95,078	95,078	56%
Nanning	Nanning Shengshi Jinyue (南寧盛世金悅)	–	–	102,415	102,415	24%
Nanning	Anji Dynasty Royalty (安吉大唐世家)	–	–	143,198	143,198	70%
Nanning	Anji Dynasty Royalty Phase II (安吉大唐世家二期)	–	–	57,936	57,936	70%
Nanning	Xingning Dynasty Youth (興寧大唐果)	110,360	–	121,629	231,989	77%
Nanning	Nanning Yunxitai (南寧雲臺)	–	–	69,155	69,155	25%
Nanning	Dynasty Tiancheng Phase III (大唐天城三期)	–	–	180,942	180,942	100%
Nanning	Dynasty Zhenguan (大唐臻觀)	1,298	–	166,199	167,497	85%
Nanning	Jinyue Qingshan (錦悅青山)	68,431	–	43,988	112,420	49%
Nanning	Xingning Dynasty Impression (興寧大唐印象)	98,783	–	–	98,783	40%
Nanning	Dynasty Tiancheng Phases I & II (大唐天城一、二期)	6,434	67,846	–	74,280	100%
Nanning	Longgang Dynasty Royalty (龍崗大唐世家)	35,555	5,128	–	40,683	100%
Nanning	Dynasty International Center (大唐國際中心)	4,909	34,979	–	39,888	100%
Nantong	Dynasty Zhongnan Yuehu (大唐中南閩湖)	–	–	97,778	97,778	55%
Nantong	Shiji Yunchen (世紀雲辰)	–	–	182,786	182,786	20%
Nantong	Langyuan (朗園)	–	–	101,334	101,334	20%
Ningbo	Chenyue Royalty (辰悅世家)	–	–	113,391	113,391	51%
Ningbo	Qi Yue Li (麒悅里)	–	–	39,218	39,218	100%
Ningbo	Feng Lan Di (鳳瀾邸)	–	–	61,938	61,938	35%
Ningbo	Jiuyun Mansion (久雲府) (56)	–	–	86,215	86,215	40%
Ningbo	Jiuyun Mansion (久雲府) (74)	–	–	118,044	118,044	40%
Ningde	Ningde Dynasty Royalty (寧德大唐世家)	–	–	55,200	55,200	55%
Putian	Putian Yuhu Impression (莆田玉湖印象)	–	–	144,822	144,822	59%
Putian	Putian Xiuyu Dynasty Royalty (莆田秀嶼大唐世家)	–	–	254,507	254,507	35%
Putian	Yuxiu Royalty (樾秀世家)	–	–	149,321	149,321	40%
Quanzhou	Jinjiang Dynasty Royalty (晉江大唐世家)	33,469	–	–	33,469	55%
Quanzhou	Shimao Yuncheng (世茂雲城)	–	–	346,176	346,176	15%

City where the project is located	Project name	Completed	GFA held	Total GFA	Percentage	
		but	for property	under	of interest	
		undelivered	investment	development	owned by the	
		GFA			Total GFA	Group
		(square meters)	(square meters)	(square meters)	(square meters)	
Quanzhou	Jinjiang Dynasty Mansion (晉江大唐府)	–	–	217,681	217,681	60%
Quanzhou	Spring Impression (印象春天小區)	–	–	114,482	114,482	45%
Quanzhou	Hui'an Julong Guofeng (惠安聚龍國風)	–	–	271,768	271,768	10%
Sanming	Shaxian Yunzhu (沙縣雲著)	–	–	123,484	123,484	40%
Xiamen	Tong'an Shuiyunjian (同安·水雲間)	–	–	84,816	84,816	100%
Xiamen	Dynasty Hotel (大唐酒店)	–	–	64,320	64,320	100%
Xiamen	Dynasty Center (大唐中心)	–	38,131	27,918	66,049	100%
Suining	Suining Zhongliang No. 1 Yard (遂寧中院·壹號院)	–	–	98,023	98,023	40%
Taizhou	Chuangshi Mingdi (創世銘邸)	–	–	102,829	102,829	49%
Taizhou	Nanguan Impression (南官印象)	–	–	41,561	41,561	47%
Tianjin	Vision Commercial Square (左岸商業廣場)	3,121	–	117,117	120,238	30%
Tianjin	Tangsheng Yayuan (唐晟雅苑)	–	–	344,747	344,747	100%
Tianjin	Tangxi Yayuan (唐璽雅苑)	–	–	127,959	127,959	100%
Tianjin	Tangyun Yayuan (唐韻雅苑)	–	–	321,638	321,638	100%
Wenzhou	Xingyue Mingzhu (星悅名筑)	–	–	84,154	84,154	35%
Wenzhou	Cuican Tianrui (璀璨天瑞)	–	–	120,341	120,341	41%
Wuxi	Lanyue Yayuan (蘭樾雅院)	–	–	130,204	130,204	30%
Yibin	Jinke Town (金科城)	–	–	622,310	622,310	40%
Yueyang	Yueyang Dynasty Royalty Phases I, II & III (岳陽大唐世家一二三期)	–	–	404,969	404,969	100%
Yueyang	Yueyang Dynasty Royalty Phases IV & V (岳陽大唐世家四五期)	–	–	405,227	405,227	100%
Zhangjiagang	Tangyue Royalty (棠樾世家)	–	–	131,250	131,250	35%
Zhangzhou	Jiaomei Dynasty Royalty (角美大唐世家)	–	–	174,541	174,541	67%
Zhangzhou	Mingmen Impression (名門印象)	40,669	3,326	–	43,995	100%
Zhangzhou	Tianlai Town Phase I (天籟小鎮一期)	–	–	91,444	91,444	70%
Zhangzhou	Tianlai Town Phase II (天籟小鎮二期)	–	–	113,546	113,546	70%
Zhangzhou	Dynasty Jinxiu Royalty (大唐錦繡世家)	–	–	139,310	139,310	70%
Zhangzhou	Zhangzhou Dynasty Chunfengli (漳州大唐春風里)	–	–	140,193	140,193	51%
Zhangzhou	Yango Dynasty Feili Impression (陽光城大唐翡麗印象)	–	–	269,677	269,677	50%
Zhangzhou	Jiangshang Tianjing (江山天境)	–	–	142,647	142,647	30%
Zhangzhou	Jiaomei Dynasty Impression (角美大唐印象)	–	–	43,650	43,650	30%
Zhangzhou	Zhangzhou Dynasty Chunfengli Phase II (漳州大唐春風里二期)	–	–	213,115	213,115	60%
Zhangzhou	Dynasty Sanmu Impression West Lake (大唐三木印象西湖)	–	–	69,115	69,115	49%
Zhangzhou	Shimao Dynasty Yunjing (世茂大唐雲璟)	–	–	40,038	40,038	31%

City where the project is located	Project name	Completed but undelivered GFA <i>(square meters)</i>	GFA held for property investment <i>(square meters)</i>	Total GFA under development <i>(square meters)</i>	Total GFA <i>(square meters)</i>	Percentage of interest owned by the Group
Changsha	Repulse Bay (淺水灣)	54,621	–	5,705	60,327	100%
Changsha	Dynasty Impression— Yufu (大唐印象 • 御府)	29,785	–	0	29,785	100%
Changsha	Dynasty Impression— Yuxi (大唐印象 • 御璽)	–	–	190,465	190,465	100%
Changsha	Dynasty Impression— Yuyuan (大唐印象 • 御園)	–	–	43,650	43,650	100%
Changsha	Hantang Royalty (漢唐世家)	–	–	608,726	608,726	49%
Chongqing	Boyun Mansion (泊雲府)	–	–	140,792	140,792	30%
Chongqing	Xichen Yijing (西辰藝境)	–	–	87,268	87,268	31%
Chongqing	Hanlin Tianchen (翰鄰天辰)	–	–	185,356	185,356	30%
Chongqing	Jiuzhu Tianchen (玖著天宸)	–	–	292,061	292,061	33%
Others	Other odd land reserves	494,543	19,744	16,912	531,200	N/A
		<u>1,339,589</u>	<u>169,154</u>	<u>18,934,770</u>	<u>20,443,513</u>	

3. *Investment and Operation of Commercial Properties*

During the year, the Group achieved rental income of approximately RMB56.4 million, representing an increase of 38.9% compared to the same period of last year. The increase was mainly attributable to the additional rent from commercial space of Nanning Dynasty Tiancheng Phases I & II. The Group has 10 commercial properties projects mainly located in Xiamen, Fujian and Nanning, Guangxi respectively.

4. *Hotel Operation*

During the year, the Group achieved sales revenue from hotel operation business of approximately RMB47.8 million, representing an increase of 37.6% compared to the same period of last year. The increase was mainly attributable to the improvement of performance of Xiamen Dynasty Ginlan Jia Hotel and Nanning Dynasty Congyue Hotel.

Up to now, the Group has two hotels opened, namely Xiamen Dynasty Ginlan Jia Hotel and Nanning Dynasty Congyue Hotel.

II. FINANCIAL REVIEW

1. *Revenue*

For the year ended 31 December 2020, the Group's revenue amounted to approximately RMB10,588.4 million, representing an increase of 30.6% from approximately RMB8,108.0 million for the corresponding period last year. The revenue mainly included income generated from property sales, commercial property investment and operations and hotel operations. In particular, revenue from (i) property sales amounted to approximately RMB10,109.3 million, representing an increase of 30.1% as compared with the corresponding period last year, and contributed 95.5% of the total revenue recognised; (ii) provision of construction services amounted to approximately RMB242.0 million, representing an increase of 10.7% as compared with the corresponding period last year; (iii) commercial property investment and operations amounted to approximately RMB56.4 million, representing an increase of 38.9% as compared with the corresponding period last year; and (iv) hotel operations amounted to approximately RMB47.8 million, representing an increase of 37.6% as compared with the corresponding period last year.

2. *Cost of Sales*

For the year ended 31 December 2020, the Group's cost of sales amounted to approximately RMB7,892.5 million. The increase was mainly due to the increased number of projects delivered during the year.

3. *Gross Profit and Gross Profit Margin*

For the year ended 31 December 2020, the Group's gross profit was approximately RMB2,695.9 million, representing an increase of 23.4% from approximately RMB2,185.4 million for the corresponding period of 2019. Such increase was primarily attributable to the increased number of projects delivered during 2020. For the year ended 31 December 2020, the gross profit margin was 25.5%, representing a decrease from 27.0% for the corresponding period of 2019. Such decrease was mainly due to that the Company delivered several property projects with higher gross profit margin in 2019.

4. *Selling and Marketing Costs*

For the year ended 31 December 2020, the Group's selling and marketing costs amounted to approximately RMB482.7 million, representing an increase of 8.7% from approximately RMB444.2 million for the corresponding period last year. Such increase was due to the launch of new property projects of the Group for presale in 2020.

5. *Administrative Expenses*

For the year ended 31 December 2020, the Group's administrative expenses amounted to approximately RMB522.2 million, representing an increase of 14.8% from approximately RMB454.9 million for the corresponding period last year. Such increase was mainly due to the increased number of administrative employees resulted from the Group's business expansion.

6. *Share of Results of Joint Ventures and Associates*

For the year ended 31 December 2020, the Group's share of losses of joint ventures and associates amounted to approximately RMB45.7 million, representing a decrease of RMB54.6 million from the share of profits of joint ventures and associates of approximately RMB8.9 million for the corresponding period last year. Such decrease was attributable to the expenses incurred during the early development stage in respect of several cooperation projects under progress.

7. *Finance Costs – Net*

For the year ended 31 December 2020, the Group's net finance costs amounted to approximately RMB19.6 million, representing a decrease of 14.4% from approximately RMB22.9 million for the corresponding period of 2019. Such decrease was attributable to the increase in interest income from deposits.

8. *Income Tax Expense*

For the year ended 31 December 2020, the Group's income tax expense amounted to approximately RMB765.7 million, representing a decrease of 1.9% from approximately RMB780.5 million for the corresponding period last year. The Group's income tax expense included the provision for the corporate income tax and land appreciation tax during the year. The slight decrease in income tax for the year was mainly due to the decrease in the Group's land appreciation tax.

9. *Profit for the Year*

As a result of the aforementioned factors, the Group's profit before tax increased by 21.9% to approximately RMB1,715.7 million for the year ended 31 December 2020 from approximately RMB1,407.9 million for the corresponding period last year. The Group's net profit increased by 51.4% to approximately RMB949.9 million (of which net profit attributable to owners of the Company amounted to RMB715.4 million) for the year ended 31 December 2020 from approximately RMB627.4 million for the corresponding period of 2019.

III. LIQUIDITY, FINANCE AND CAPITAL

1. *Cash Position*

As at 31 December 2020, the Group's cash and bank balances were approximately RMB5.66 billion (as at 31 December 2019: approximately RMB4.10 billion), of which, restricted bank balances amounted to approximately RMB2.20 billion (as at 31 December 2019: RMB1.88 billion).

2. *Borrowings and Pledged Assets*

As at 31 December 2020, the Group's total borrowings (including interest-bearing bank loans and other borrowings) amounted to approximately RMB10.31 billion (as at 31 December 2019: approximately RMB7.77 billion).

As at 31 December 2020, assets with an aggregate value of approximately RMB12.39 billion (as at 31 December 2019: approximately RMB11.63 billion) have been pledged to banks and other financial institutions to secure the credit facilities granted to the Group and its joint ventures and associates.

3. *Gearing Ratio*

As at 31 December 2020, the Group's net gearing ratio (total borrowings less cash and bank balances divided by total equity) was approximately 58.7%, as compared with approximately 119.2% as at 31 December 2019. As at 31 December 2020, the Group's gearing ratio (total debts divided by total assets) was approximately 83.2%, as compared with approximately 91.7% as at 31 December 2019. As at 31 December 2020, the Group's debt-to-asset ratio excluding advances from customers (total debt excluding contract liabilities divided by total assets excluding contract liabilities) was approximately 77.7%, as compared with approximately 87.0% on 31 December 2019. As at 31 December 2020, the Group's current ratio (current assets divided by current liabilities) was approximately 1.28 times, as compared with approximately 1.18 times as at 31 December 2019. As at 31 December 2020, cash to short-term debt ratio (unrestricted cash and bank balances divided by short-term borrowings) was approximately 1.30 times, as compared with approximately 0.96 times as at 31 December 2019.

4. *Capital Commitment*

As of 31 December 2020, the Group's contracted but unprovided commitment payments for non-current assets were approximately RMB40 million (as of 31 December 2019: approximately RMB95 million).

5. *Financial Guarantee*

Pursuant to the mortgage contracts, the banks require the Group to provide guarantees to the purchasers in respect of their mortgage loans. Such mortgage guarantees provided to the purchasers are usually released when the title deeds of the respective properties are pledged to the banks as security to continue to support the mortgage loans, which generally takes place after the delivery of relevant properties to the purchasers. If the purchasers are in default on their mortgage loans, the Group shall be liable to the repayment of the outstanding mortgage principal amount together with the accrued interest and penalties owed by the defaulting purchasers to the banks and the Group shall be entitled to take over the legal title and possession of the related properties.

As at 31 December 2020, the Group provided guarantees of approximately RMB12.08 billion to certain banks in respect of the mortgage loans granted to certain purchasers of the Group's properties (as at 31 December 2019: approximately RMB10.45 billion).

As at 31 December 2020, the Group provided guarantees of approximately RMB5.41 billion to related companies (as at 31 December 2019: approximately RMB3.63 billion). These related companies are not controlled by the Ultimate Controlling Shareholder.

IV. CORPORATE GOVERNANCE AND OTHER INFORMATION

1. *Material Acquisition and Disposal*

For the year ended 31 December 2020, the Group did not have material acquisitions or disposals of subsidiaries, associates and joint ventures.

2. *Employee and Remuneration Policy*

As of 31 December 2020, the Group had a total of 2,592 employees. The remuneration of the employees of the Group is mainly determined based on the prevailing market level of remuneration and the individual performance and work experience of the employees. Bonuses are also distributed based on the performance of the employees. The Group provides employees with career development opportunities and considers if their remuneration should be raised or if they should be promoted with reference to their individual performance and potential. Other benefits provided by the Group include medical benefits and specialised training schemes.

3. *Use of Proceeds from the IPO*

The Company's net proceeds from the global offering are approximately HK\$1.49 billion, excluding the net proceeds from the partial exercise of the over-allotment option which took place after the Reporting Period. As of the date of this announcement, the Company has applied the balance of proceeds raised from the global offering in accordance with the proposed applications as disclosed in the prospectus of the Company dated 27 November 2020 (the "**Prospectus**").

The following table sets out the utilisation of the net proceeds up to 31 December 2020 and the breakdown of the proposed utilisation:

Purpose	Net proceeds from the IPO <i>HK\$ million</i>	Utilised amount up to 31 December 2020 <i>HK\$ million</i>	Unutilised amount as of 31 December 2020 <i>HK\$ million</i>	Expected timeline for usage of proceeds
Construction costs for existing property development projects	951	951	–	–
Repayment of partial existing interest-bearing bank borrowings	384	145	239	First half of 2021
General working capital	<u>158</u>	<u>158</u>	<u>–</u>	–
Total	<u>1,493</u>	<u>1,254</u>	<u>239</u>	

4. *Events After the Reporting Period*

On 6 January 2021, the Company partially exercised the over-allotment right and allotted and issued 30,144,000 additional shares at price of HK\$4.56 per share. The net proceeds from the partial exercise of the over-allotment right were approximately HK\$135.4 million. The net proceeds will be utilised in accordance with the proposed application as disclosed in the Prospectus.

5. *Dividend Distribution*

The Board of Directors recommended a final dividend of RMB11 cents (equivalent to HK\$13 cents) per share.

6. *Purchase, Sale or Redemption of Any of the Company's Listed Securities*

During the period from 11 December 2020 (i.e. the date when the shares of the Company were listed on the Stock Exchange) (the “**Listing Date**”) to 31 December 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

7. *Currency Risk*

The Group primarily operates in the PRC and the majority of the Group's transactions were denominated and settled in RMB. The Group was not subject to any material risk directly relating to foreign exchange fluctuation. The management will continue to monitor the foreign exchange exposure, and take prudent measure to reduce foreign exchange risks. The Company does not engage in any hedging activities in relation to the foreign currency risk.

8. *Corporate Governance*

The Group is committed to implementing high standards of corporate governance to safeguard the interests of the shareholders of the Group and enhance the corporate value as well as the responsibility commitments. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) as the code of corporate governance.

The Group has complied with all applicable code provisions under the CG Code. To the knowledge of the Directors, the Group has complied with all applicable code provisions set out in the CG Code from the Listing Date to 31 December 2020, and the Directors will use their best endeavors to procure the Group to continue to comply with the CG Code.

9. *Annual General Meeting*

The annual general meeting (the “**AGM**”) of the Company is proposed to be held on 13 May 2021.

10. Closure of Register of Members

In order to determine the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 10 May 2021 to 13 May 2021, both days inclusive, during which period no transfer of shares will be registered. All transfer documents of the Company accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 7 May 2021.

Subject to the approval of shareholders at the AGM, the final dividend will be paid on or about 30 June 2021. In order to determine the entitlement to the proposed final dividend, the register of members of the Company will be closed from 24 May 2021 to 27 May 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfer documents of the Company accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on 21 May 2021.

11. Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix 10 to the Listing Rules as its code for dealing in securities of the Company by the Directors. The Directors have confirmed their compliance with the required standard set out in the Model Code from the Listing Date to 31 December 2020.

12. Review of Annual Results

The Board of Directors has established its audit committee with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules and code provision C.3 of the CG Code. The primary duties of our audit committee are to review and monitor the Group's financial reporting process, risk management and internal control system, to oversee the audit process, to provide recommendation and advice to the Board, and to perform other duties and responsibilities as may be assigned by the Board. Our audit committee consists of three members, including Mr. QU Wenzhou, Ms. XIN Zhu and Mr. TAM Chi Choi. Our audit committee is chaired by Mr. QU Wenzhou, who has appropriate professional qualifications.

Our audit committee has reviewed the Company's audited consolidated financial statements for the year ended 31 December 2020 and confirmed that it has complied with all applicable accounting principles, standards and requirements, and made sufficient disclosures. Our audit committee has also discussed the matters of audit and financial reporting.

The figures in respect of the Group's consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020, as set out in the preliminary announcement, have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

OUTLOOK FOR 2021

Looking forward to the future, the Group will always adhere to the “customer-focused, high-quality and large-scale development theme, two-wheel drive of platform strategy and product power improvement” to achieve further growth in performance.

In terms of specific businesses, we will continue to firmly implement the platform strategy, broaden the circle of friends, and accelerate the gathering of resources. We insist to focus on the customer’s value perception, and continue to promote the improvement of product power. We are guided by the requirements of the capital market, and continue to improve the level of financial and cost management. In addition, the Group will actively promote the construction of headquarters in Shanghai, and is determined to create a more open and compatible platform, introduce more high-quality resources, and achieve national layout with a better brand image.

The Group will continue to follow closely on the “14th Five-Year Plan” development strategy of China, implement the strategy of “making the layout of urban agglomeration, taking root in metropolitan area”, and adhere to open cooperation. We will grasp the structural and trending opportunities in the new era of China’s real estate development, steadily expand to cities with high-quality strategic opportunities, and strive to open up a broader development space to further consolidate our industry and market position, and achieve sustained and steady business growth.

Meanwhile, we will maintain the high degree of transparency and good corporate governance structure, improve the Company’s comprehensive management capabilities, enhance its competitiveness, and actively seek to promote the Company to achieve leapfrog development through introduction of strategic investors and platform resources, etc. with equity as the link, in order to build Datang Real Estate into a high-quality listed company with sustainable growth capabilities and achieve win-win situations for customers, employees, society, and shareholders.

PUBLICATION OF ANNUAL RESULTS

The annual results announcement has been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.dyna888.com>). The Company’s 2020 annual report will be despatched to Shareholders and published on the websites of the Stock Exchange and the Company on or before 30 April 2021.

By order of the Board
Datang Group Holdings Limited
WU Di
Chairman

Hong Kong, 16 March 2021

As at the date of this announcement, the executive Directors are Mr. WU Di, Mr. HAO Shengchun, Mr. TANG Guozhong and Ms. ZHANG Jianhua and the independent non-executive Directors are Mr. QU Wenzhou, Ms. XIN Zhu and Mr. TAM Chi Choi.