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(Incorporated in Hong Kong with limited liability)

(Stock code: 00123)

Announcement of 2020 Annual Results

Results Summary

- The revenue was approximately RMB46.23 billion, representing a year-on-year increase of 20.6%.
- The gross profit margin was approximately 25.1%, representing a year-on-year decrease of 9.1 percentage points.
- Profit attributable to equity holders was approximately RMB4.25 billion, representing a year-on-year increase of 21.9%; core net profit* was approximately RMB4.02 billion, representing a year-on-year increase of 14.6%.
- The value of the aggregate contracted sales (including contracted sales by joint venture projects) for the year amounted to approximately RMB95.76 billion, representing a year-on-year increase of 32.8%, and accounted for 119.4% of the full year contracted sales target of RMB80.2 billion. In 2020, the contracted sales value of “Railway + Property” projects amounted to approximately RMB17.0 billion.
- In 2020, the Group has newly acquired 22 land parcels located in 11 cities through our “6+1” unique and diversified land acquisition platform, with a total GFA of approximately 5.6 million sq.m., and newly acquired 4 land parcels in Guangzhou through the “Residential + Government Project” model, with a total GFA of approximately 1.41 million sq.m.. As at the end of 2020, the total landbank of the Group was approximately 24.54 million sq.m..

- The Group completed the acquisition of 51% equity interest in Guangzhou Yue Fantasy (廣州星樾山畔) and Guangzhou TOD Town (廣州星匯城) from Guangzhou Yuexiu Group, with a total GFA of approximately 1.03 million sq.m.. As at the end of 2020, total GFA of TOD projects was approximately 3.88 million sq.m., representing approximately 15.8% of the total landbank.
- As at the end of 2020, the “Three Red Lines” indications of the Group were in green lights, with gearing ratio (excluding unearned revenue) of 69.2%, net gearing ratio of 47.5% and cash to short-term debt ratio of 2.25 times. With diverse financing channels, the Group continued to optimize its debt structure. The average borrowing costs for 2020 was 4.62%, representing a year-on-year decrease of 31 basis points. As at the end of 2020, the Group’s net gearing ratio decreased significantly by 26.5 percentage points to 47.5%.
- The Board recommended to declare a final dividend for 2020 of HKD0.063 per share (equivalent to RMB0.053 per share). Together with the interim dividend, total dividends for the full year of 2020 was HKD0.120 per share (equivalent to RMB0.104 per share), representing a year-on-year increase of 17.6% in terms of HKD.

• Revenue	RMB46.23 billion (+20.6%)
• Gross profit margin	25.1% (-9.1 percentage points)
• Profit attributable to equity holders	RMB4.25 billion (+21.9%)
• Core net profit	RMB4.02 billion (+14.6%)
• Contracted sales value	RMB95.76 billion (+32.8%)
• Unrecognised sales value	RMB119.62 billion (+35.1%)
• Total assets	RMB263.20 billion (+12.1%)
• Cash and cash equivalents and charged bank deposits	RMB37.31 billion (+23.6%)
• Net gearing ratio**	47.5% (-26.5 percentage points)

* Core net profit represents profit attributable to equity holders excluding net fair value gains/(losses) on revaluation of investment properties and the related tax effect and net foreign exchange loss recognised in the consolidated statement of profit or loss.

** Net gearing ratio represents the borrowings net of cash and cash equivalents and charged bank deposits divided by equity.

RESULTS

The board of directors (“Directors” or “Board”) of Yuexiu Property Company Limited (“Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) prepared under Hong Kong Financial Reporting Standards for the year ended 31 December 2020, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2020

		2020	2019
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	46,234,259	38,339,112
Cost of sales	4	<u>(34,608,171)</u>	<u>(25,221,725)</u>
Gross profit		11,626,088	13,117,387
Sales of investment properties		34,333	137,487
Direct costs of investment properties sold		<u>(30,877)</u>	<u>(103,511)</u>
Gain on sales of investment properties		3,456	33,976
Fair value gains/(losses) on revaluation of investment properties, net		641,106	(23,434)
Other gains, net	5	26,805	799,285
Selling and marketing costs	4	(1,210,136)	(999,568)
Administrative expenses	4	<u>(1,343,638)</u>	<u>(1,234,510)</u>
Operating profit		9,743,681	11,693,136
Finance income		458,874	382,497
Finance costs	6	(934,624)	(1,160,942)
Share of profit of			
– joint ventures		426,557	12,037
– associated entities		<u>505,754</u>	<u>486,318</u>
Profit before taxation		10,200,242	11,413,046
Taxation	7	<u>(5,517,342)</u>	<u>(6,682,538)</u>
Profit for the year		<u><u>4,682,900</u></u>	<u><u>4,730,508</u></u>

		2020	2019
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Attributable to			
– Equity holders of the Company		4,247,860	3,483,351
– Non-controlling interests		<u>435,040</u>	<u>1,247,157</u>
		<u><u>4,682,900</u></u>	<u><u>4,730,508</u></u>
Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)			
– Basic and diluted	8	<u><u>0.2744</u></u>	<u><u>0.2410</u></u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	4,682,900	4,730,508
Other comprehensive income:		
<u>Items that may be reclassified to profit or loss</u>		
Exchange differences on translation of foreign operations	199,832	(205,091)
(Losses)/gains on cash flow hedges	(604,395)	31,374
Costs of hedging	58,974	7,597
Hedging losses reclassified to profit or loss	657,397	12,664
<u>Items that will not be reclassified to profit or loss</u>		
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	(31,274)	44,558
Other comprehensive income/(loss) for the year, net of tax	280,534	(108,898)
Total comprehensive income for the year	4,963,434	4,621,610
Attributable to:		
– Equity holders of the Company	4,530,095	3,372,030
– Non-controlling interests	433,339	1,249,580
	4,963,434	4,621,610

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

		2020	2019
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		3,201,114	2,505,924
Right-of-use assets		3,927,325	4,065,788
Investment properties		16,076,236	9,438,108
Intangible assets		386,945	85,995
Properties under development		6,330,244	11,532,544
Interests in joint ventures		5,673,259	7,162,021
Interests in associated entities		13,554,213	12,830,629
Financial assets at fair value			
through other comprehensive income		1,247,902	1,293,264
Derivative financial instruments		—	65,179
Deferred tax assets		1,169,981	665,128
		<u>51,567,219</u>	<u>49,644,580</u>
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Current assets			
Properties under development		126,110,685	125,407,543
Properties held for sale		24,896,445	13,446,673
Contract costs		597,440	481,320
Prepayments for land use rights		4,142,147	3,086,312
Trade receivables	10	161,837	68,309
Other receivables, prepayments and deposits		15,104,853	9,956,283
Prepaid taxation		3,307,405	2,416,865
Charged bank deposits		9,094,268	6,083,829
Cash and cash equivalents		28,213,701	24,105,541
		<u>211,628,781</u>	<u>185,052,675</u>
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	<i>Note</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
LIABILITIES			
Current liabilities			
Trade and note payables	11	2,255,706	2,432,898
Contract liabilities		54,201,054	41,942,500
Other payables and accrued charges		49,235,822	47,665,154
Borrowings		16,576,244	7,138,023
Lease liabilities		151,209	114,542
Derivative financial instruments		358,703	1,347
Taxation payable		8,806,721	7,623,170
		<u>131,585,459</u>	<u>106,917,634</u>
Net current assets		<u>80,043,322</u>	<u>78,135,041</u>
Total assets less current liabilities		<u>131,610,541</u>	<u>127,779,621</u>
Non-current liabilities			
Borrowings		51,263,116	63,883,633
Lease liabilities		566,477	563,665
Deferred tax liabilities		7,134,042	6,911,015
Deferred revenue		52,035	53,829
Derivative financial instruments		161,524	—
Other payables and accrued charges		8,157,232	1,175,663
		<u>67,334,426</u>	<u>72,587,805</u>
Net assets		<u>64,276,115</u>	<u>55,191,816</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital		18,035,015	18,035,015
Shares held under share award scheme		(121,282)	(81,577)
Other reserves		1,225,639	567,349
Retained earnings		24,608,285	22,202,721
		<u>43,747,657</u>	<u>40,723,508</u>
Non-controlling interests		<u>20,528,458</u>	<u>14,468,308</u>
Total equity		<u>64,276,115</u>	<u>55,191,816</u>

1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (HKFRSs) and requirements of the Hong Kong Companies Ordinance Cap. 622.

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities (including derivative instruments) and investment properties which are measured at fair value.

The draft financial information relating to the year ended 31 December 2020 and the financial information relating to the year ended 31 December 2019 included in this Results Announcement for the year ended 31 December 2020 does not constitute the Company's statutory annual consolidated financial statements for these years but, in respect of the year ended 31 December 2019, is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The financial statements for the year ended 31 December 2020 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of the Companies in due course.

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622).

2 Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2019, as described in those annual financial statements.

- (i) The Group has applied the following amendments to existing standards and interpretation for the first time for their annual reporting period commencing 1 January 2020:

HKAS 1 and HKAS 8 (Amendments)	Definition of Material
HKFRS 3 (Amendments)	Definition of a Business
HKFRS 9, HKAS 39 and HKFRS 7 (Amendments)	Interest Rate Benchmark Reform
Conceptual for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting

Most of the amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

- (ii) New standards, amendments to existing standards and interpretation have been issued but are not effective and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts- Cost of Fulfilling a Contract	1 January 2022
HKFRS 9, HKAS 39, HKFRS 4, HKFRS 7 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2	1 January 2021
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
HKFRS 16 (Amendments)	Covid-19-related Rent Concessions	1 June 2020
HKFRS 17	Insurance Contracts	1 January 2023
Annual improvements to HKFRS standards 2018-2020	Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	1 January 2022
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
Hong Kong 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

The above new standards, amendments to existing standards and interpretation are effective for annual periods beginning on or after 1 June 2020 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

3 Segment information

The chief operating decision-maker has been identified as the executive directors. Management determines the operating segments based on the Group's internal reports, which are then submitted to the executive directors for performance assessment and resources allocation.

The executive directors consider the business by nature of business activities and assess the performance of property development, property management, property investment and others.

The Group's operating and reportable segments under HKFRS 8 and the types of turnover are as follows:

Property development	sales of property development activities
Property management	property management services
Property investment	property rentals
Others	revenue from real estate agency and decoration services, etc.

The executive directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments and other unallocated operating costs. Other information provided, except as noted below, to the executive directors are measured in a manner consistent with that in the consolidated financial statements.

Total assets excluded deferred tax assets, prepaid taxation and corporate assets. Corporate assets are not directly attributable to segments.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the executive directors are measured in a manner consistent with that in the consolidated statement of profit or loss.

	Property development	Property management	Property investment	Others	Group
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2020					
Revenue	43,464,868	1,178,885	635,451	3,617,940	48,897,144
Inter-segment revenue	—	(376,972)	(32,647)	(2,253,266)	(2,662,885)
Revenue from external customers	<u>43,464,868</u>	<u>801,913</u>	<u>602,804</u>	<u>1,364,674</u>	<u>46,234,259</u>
Revenue from contracts with customers:					
Recognised at a point in time	43,464,868	—	—	549,131	44,013,999
Recognised over time	—	801,913	—	815,543	1,617,456
Revenue from other sources:					
Rental income	—	—	602,804	—	602,804
Segment results	<u>7,618,416</u>	<u>304,626</u>	<u>1,043,386</u>	<u>885,447</u>	<u>9,851,875</u>
Depreciation and amortisation	<u>(188,197)</u>	<u>(73,250)</u>	<u>—</u>	<u>(60,011)</u>	<u>(321,458)</u>
Fair value gains on revaluation of investment properties, net	<u>—</u>	<u>—</u>	<u>641,106</u>	<u>—</u>	<u>641,106</u>
Share of profit/(loss) of:					
– joint ventures	438,161	—	—	(11,604)	426,557
– associated entities	<u>190,762</u>	<u>—</u>	<u>219,686</u>	<u>95,306</u>	<u>505,754</u>

	Property development	Property management	Property investment	Others	Group
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2019					
Revenue	34,453,749	1,205,644	738,725	3,749,363	40,147,481
Inter-segment revenue	—	(317,458)	(49,161)	(1,441,750)	(1,808,369)
Revenue from external customers	<u>34,453,749</u>	<u>888,186</u>	<u>689,564</u>	<u>2,307,613</u>	<u>38,339,112</u>
Revenue from contracts with customers:					
Recognised at a point in time	34,453,749	—	—	598,384	35,052,133
Recognised over time	—	888,186	—	1,709,229	2,597,415
Revenue from other sources:					
Rental income	—	—	689,564	—	689,564
Segment results	<u>9,556,614</u>	<u>130,157</u>	<u>458,045</u>	<u>840,754</u>	<u>10,985,570</u>
Depreciation and amortisation	<u>(104,047)</u>	<u>(75,605)</u>	<u>—</u>	<u>(30,375)</u>	<u>(210,027)</u>
Fair value losses on revaluation of investment properties, net	<u>—</u>	<u>—</u>	<u>(23,434)</u>	<u>—</u>	<u>(23,434)</u>
Share of profit/(loss) of:					
– joint ventures	31,457	—	—	(19,420)	12,037
– associated entities	<u>105,601</u>	<u>—</u>	<u>373,384</u>	<u>7,333</u>	<u>486,318</u>

	Property development	Property management	Property investment	Others	Group
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
As at 31 December 2020					
Segment assets	217,934,802	1,347,597	16,076,236	2,829,659	238,188,294
Interests in joint ventures	5,624,459	—	—	48,800	5,673,259
Interests in associated entities	4,738,074	—	7,564,256	1,251,883	13,554,213
Total reportable segments' assets	<u>228,297,335</u>	<u>1,347,597</u>	<u>23,640,492</u>	<u>4,130,342</u>	<u>257,415,766</u>
Total reportable segments' assets include:					
Additions to non-current assets (note)	<u>892,900</u>	<u>47,127</u>	<u>106,475</u>	<u>115,838</u>	<u>1,162,340</u>
	Property development	Property management	Property investment	Others	Group
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
As at 31 December 2019					
Segment assets	196,792,224	1,315,120	9,438,108	2,424,198	209,969,650
Interests in joint ventures	7,116,910	—	—	45,111	7,162,021
Interests in associated entities	3,615,060	—	8,224,747	990,822	12,830,629
Total reportable segments' assets	<u>207,524,194</u>	<u>1,315,120</u>	<u>17,662,855</u>	<u>3,460,131</u>	<u>229,962,300</u>
Total reportable segments' assets include:					
Additions to non-current assets (note)	<u>369,203</u>	<u>66,550</u>	<u>—</u>	<u>653,328</u>	<u>1,089,081</u>

Note: Non-current assets represent non-current assets other than properties under development, financial instruments, interests in joint ventures, interests in associated entities and deferred tax assets.

A reconciliation of total segment results to profit before taxation is provided as follows:

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Segment results	9,851,875	10,985,570
Unallocated operating costs (note)	(134,999)	(91,719)
Other gains, net	26,805	799,285
	<u>9,743,681</u>	<u>11,693,136</u>
Operating profit	9,743,681	11,693,136
Finance income	458,874	382,497
Finance costs	(934,624)	(1,160,942)
Share of profit of:		
– joint ventures	426,557	12,037
– associated entities	505,754	486,318
	<u>10,200,242</u>	<u>11,413,046</u>
Profit before taxation	<u>10,200,242</u>	<u>11,413,046</u>

Note: Unallocated operating costs include mainly staff salaries and other operating expenses of the Company.

A reconciliation of reportable segments' assets to total assets is provided as follows:

	As at 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Total reportable segments' assets	257,415,766	229,962,300
Deferred tax assets	1,169,981	665,128
Prepaid taxation	3,307,405	2,416,865
Corporate assets (note)	1,302,848	1,652,962
	<u>263,196,000</u>	<u>234,697,255</u>
Total assets	<u>263,196,000</u>	<u>234,697,255</u>

Note: Corporate assets represent property, plant and equipment, right-of-use assets, derivative financial instruments, other receivables and cash and cash equivalent of the Company.

No geographical segment analysis is shown as more than 90% of the Group's revenue are derived from activities in and from customers located in China and more than 90% of the carrying values of the Group's non-current assets excluding deferred income tax are situated in China.

For the year ended 31 December 2020 the Group does not have any single customer with the transaction value over 10% of the total external sales (2019: same).

4 Expenses by nature

Cost of sales, selling and marketing costs, and administrative expenses include the following:

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of properties sold included in cost of sales	32,028,717	23,300,491
Employee benefit expenses	1,834,363	1,912,748
Selling and promotion expenses	1,131,319	878,629
Other tax and surcharge	448,238	382,573
Direct operating expenses arising from investment properties	133,190	141,884
Provision for impairment of properties under development and properties held for sale	870,591	179,796
Expense related to short-term leases	69,893	86,467
Depreciation of property, plant and equipment	88,093	72,260
Amortisation of right-of-use assets	189,402	108,157
Amortisation of intangible assets	43,963	29,610
Auditor's remuneration	6,000	6,000
Other expenses	318,176	357,188
	<u>37,161,945</u>	<u>27,455,803</u>

5 Other gains, net

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Remeasurement gains on interests in a joint venture	—	765,623
Gain on disposal of subsidiaries	—	22,192
Gain on bargain purchase on acquisition	—	10,561
Penalty income, net	29,030	47,332
Fair value loss on supporting arrangement liabilities	(22,947)	(32,318)
Gain on disposal of deferred units	8,928	—
Others	11,794	(14,105)
	<u>26,805</u>	<u>799,285</u>

6 Finance costs

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank borrowings and overdrafts	1,635,633	1,609,573
Interest on other borrowings	1,798,141	1,780,848
Interest on borrowings from a shareholder	587,784	133,935
Interest on borrowings from intermediate holding company	91,894	69,574
Interest on borrowings from associated entities	32,393	33,564
Interest on borrowings from ultimate holding company	—	20,634
Interest on borrowings from a fellow subsidiary	538	4,908
Interest on borrowings from entities with significant influence over the subsidiaries	9,528	160,014
Interest on borrowings from non-controlling interest (“NCI”) and related parties of NCI	178,099	106,908
Interest expense on lease liabilities	29,414	19,964
Net fair value loss/(gain) on derivative financial instruments	39,985	(17,138)
Net foreign exchange loss on financing activities	51,335	24,980
	<hr/>	<hr/>
Total borrowing costs incurred	4,454,744	3,947,764
Less: amount capitalised as properties under development and property, plant and equipment (Note (a))	(3,520,120)	(2,786,822)
	<hr/>	<hr/>
	<u>934,624</u>	<u>1,160,942</u>

Note:

- (a) Borrowing costs capitalised during the year are calculated by applying a weighted average capitalisation rate of 4.91 percent per annum (2019: 5.17 percent per annum).

7 Taxation

- (a) Hong Kong profits tax has been provided at the rate of 16.5 percent (2019: 16.5 percent) on the estimated assessable profit for the year.
- (b) China enterprise income taxation is provided on the profit of the Group's subsidiaries, associated entities and joint ventures in China at 25 percent (2019: 25 percent).

In addition, dividend distribution out of profit of foreign-invested enterprises earned after 1 January 2008 is subject to corporate withholding income tax at tax rates ranging from 5 percent to 10 percent. During the year, withholding income tax was provided for dividend distributed and undistributed profit, recognised based on HKFRS, of the Group's subsidiaries, joint ventures and associated entities in China at tax rates ranging from 5 percent to 10 percent (2019: 5 percent to 10 percent).

- (c) China land appreciation tax is levied at progressive rates ranging from 30 percent to 60 percent on the appreciation of land value, being the proceeds of sales of properties less deductible expenditure including costs of land, development and construction.
- (d) The amount of taxation charged to the consolidated statement of profit or loss comprises:

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Current taxation		
China enterprise income tax	2,622,049	2,540,612
China land appreciation tax	3,058,209	4,094,104
Corporate withholding income tax	93,573	267,599
Deferred taxation		
Origination and reversal of temporary difference	(682,012)	(354,260)
China land appreciation tax	(23,497)	(28,704)
Corporate withholding income tax on undistributed profits	449,020	163,187
	<u>5,517,342</u>	<u>6,682,538</u>

8 Earnings per share

Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the year.

	2020	2019
Profit attributable to equity holders of the Company (RMB'000)	<u>4,247,860</u>	<u>3,483,351</u>
Weighted average number of ordinary shares in issue ('000)	<u>15,482,280</u>	<u>14,455,290</u>
Basic earnings per share (RMB)	<u>0.2744</u>	<u>0.2410</u>

Diluted

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Since there was no dilutive potential ordinary shares during the year ended 31 December 2020, diluted earnings per share is equal to basic earnings per share (2019: same).

9 Dividends

The dividends paid in 2020 was approximately RMB1,466 million (2019: RMB1,433 million). The Board proposed a final dividend of HKD0.063 per ordinary share, totaling approximately RMB821 million. Such dividend is to be approved by the shareholders at the Annual General Meeting on 1 June 2021. These financial statements do not reflect this dividend payable.

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Interim, paid, of HKD0.057 equivalent to RMB0.051 (2019: HKD0.053 equivalent to RMB0.047) per ordinary share	765,313	738,513
Final, proposed, of HKD0.063 equivalent to RMB0.053 (2019: HKD0.049 equivalent to RMB0.044) per ordinary share	820,561	681,220
	<u>1,585,874</u>	<u>1,419,733</u>

10 Trade receivables

As at 31 December 2020 and 2019, the ageing analysis of the trade receivables from the invoice date is as follows:

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Up to 1 year	171,933	61,489
1-2 years	13,318	5,600
2-3 years	4,044	1,149
Over 3 years	8,809	8,876
	<u>198,104</u>	<u>77,114</u>
Less: loss allowance	<u>(36,267)</u>	<u>(8,805)</u>
	<u>161,837</u>	<u>68,309</u>

11 Trade and note payables

The ageing analysis of the trade and note payables is as follows:

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
0 - 30 days	746,187	585,856
31 - 90 days	508,680	676,356
91 - 180 days	716,632	967,073
181 - 365 days	261,142	147,875
1 - 2 years	13,331	42,680
Over 2 years	9,734	13,058
	<u>2,255,706</u>	<u>2,432,898</u>

CHAIRMAN’S STATEMENT

I. BUSINESS REVIEW

Economic and Market Environment

In 2020, the global outbreak of the COVID-19 pandemic battered global economic growth, and the world’s major developed economies experienced severe negative growth as a result of the continuing recurring outbreak of the COVID-19 pandemic and a rapid economic recession. Economic growth in emerging markets and developing countries also plunged. China’s economy was also wrecked by the COVID-19 pandemic, with its gross domestic product (GDP) showing a negative growth of 6.8% in the first quarter and major economic indicators fell sharply. However, with rapid response and effective controls of COVID-19 pandemic since the second quarter, the resumption in work and production to normal accelerated, and the declines in consumption and investment continued to narrow. The economy’s recovery continued. The governments at all levels bolstered their support for both fiscal and monetary policies, and the stimulus effect of macroeconomic policies was remarkable. During the pandemic, rapid development in the digital economy, smart economy, online network economy, and other new economic forms supported recovery in macroeconomic growth. Since the second quarter, China’s economic growth has shifted from negative to positive, with positive growth of 2.3% for the full year, making it the only major economy in the world to achieve positive economic growth.

In 2020, the domestic property market in the first quarter was basically frozen due to the impact from COVID-19 pandemic. Since the second quarter, with significant relief measures and effective controls of the domestic pandemic, the property markets in different regions have recovered gradually. The transactions of property market became progressively active; and major indicators, such as property investment and sales, gained remarkable improvement. In the second half of the year, the property market began to rebound strongly, and the rigid housing demand accumulated during the pandemic was quickly released, and the commodity housing contracted sales value was approximately RMB17.4 trillion, representing a year-on-year increase of 8.7%, of which the contracted sales value of residential housing increased 10.8%. The GFA of commodity housing sales was approximately 1.76 billion sq.m., representing a year-on-year increase of 2.6%. The property market has gathered momentum towards signs of a strong recovery, acting as a pillar role for the recovery of the national economy.

In 2020, property regulatory policies were based on “housing for living instead of speculation” and “region-specific regulatory policies”, and for “stabilising land prices, housing prices, and expectation”. Due to the impact of the COVID-19 pandemic, the property market went from weak to strong. The land market performance was fundamentally similar to that of the property market. The land market was basically stagnant in the first quarter, while in the second quarter, with significant rebound in the property market and substantial increase in land supply, the land transaction market became active and the transaction volume increased significantly. Especially, premium lands in tier-1 and tier-2 cities with sound economic fundamentals were in short supply, which results in a fierce competition and relatively high land premiums. In 2020, property developers acquired lands with an area of approximately 260 million sq.m. and the aggregate value of land transactions was RMB1.7 trillion, representing a year-on-year increase of 17.4%.

Continuing and Steady Growth in Operating Results

In 2020, the Group centered on the annual work theme of “improving efficiency by optimising structure and driving development by operation” to neutralize the COVID-19 pandemic’s impacts. The Group won the battle against the pandemic by insisting on both epidemic prevention and operation, and achieved a solid increase in operating results.

During the full year of 2020, the Group realised revenue of approximately RMB46.23 billion, representing a year-on-year increase of 20.6%. Gross profit margin was approximately 25.1%, representing a year-on-year decrease of 9.1 percentage points. Profit attributable to equity holders was approximately RMB4.25 billion, representing a year-on-year increase of 21.9%. Core net profit was approximately RMB4.02 billion, representing a year-on-year increase of 14.6%. Unrecognised sales value as of 31 December 2020 was approximately RMB119.62 billion, representing an increase of 35.1% comparing with the beginning of the year.

The Board recommended to declare a final dividend for 2020 of HKD0.063 per share (equivalent to RMB0.053 per share), together with the interim dividends, total dividends for the full year of 2020 was HKD0.120 per share (equivalent to RMB0.104 per share), representing a year-on-year increase of 17.6% in terms of HKD.

Contracted Sales Hit Record High with a Rapid Growth

In response to the huge impact brought on by the COVID-19 pandemic to the property market, the Group strove to neutralise the impact of the pandemic by proactively adopting effective response measures, accelerating resumption of work and production and ensuring adequate supply. By innovating sales methods, the Group actively promoted integrated marketing online and offline. The contracted sales maintained rapid growth for the full year, hitting a new high in contracted sales value. The Group recorded a contracted sales value (including contracted sales by joint venture projects) of approximately RMB95.76 billion, representing a year-on-year increase of 32.8%, and achieved 119.4% of the full year sales target of RMB80.2 billion. The average selling price was approximately RMB25,200 per sq.m., representing a year-on-year increase of 21.7%.

The Group implemented the Greater Bay Area market cultivation strategy, and the contracted sales in the Greater Bay Area reached a new level. The contracted sales value of the Greater Bay Area amounted to approximately RMB63.66 billion for the full year, accounting for approximately 66.5% of the total contracted sales value of the Group. The contracted sales value in Guangzhou, the headquarter of the Group, achieved rapid growth in contracted sales, hitting a record high again, and achieving contracted sales approximately RMB55.79 billion, representing a year-on-year increase of 52.4% and accounting for approximately 58.3% of the total contracted sales value of the Group. The Group's contracted sales in Guangzhou ranked second, while in Nansha, Guangzhou, its contracted sales and growth rate maintained a steady first place in Nansha for three consecutive years.

The Group further implemented the "1+4" national strategic layout, which guided it to continue expanding into Eastern China Region, Central China Region, Northern China Region and Southwestern China Region in addition to deepening penetration of the Greater Bay Area. The scale of sales in Eastern China Region recorded a new high for the full year, with the contracted sales value of approximately RMB19.92 billion, representing a year-on-year increase of 18.0%. Central China Region actively responded to the severe challenges of the pandemic, to reduce the impact of the pandemic on sales, and achieved the contracted sales value of approximately RMB6.84 billion, of which the contracted sales value in Changsha was approximately RMB2.89 billion. Both the Northern China Region and the Southwestern China Region achieved satisfactory sales results, with contracted sales value amounting to approximately RMB4.28 billion and RMB1.06 billion, respectively.

Increase High-quality Landbank through Diversified and Unique Channels

Through a diversified and unique model of increasing landbank, the Group acquired 22 new parcels of lands in Guangzhou, Foshan, Jiangmen, Hangzhou, Suzhou, Nanjing, Qingdao, Yantai, Jinan, Chongqing and Chengdu, respectively for the full year at a lower premium, with a total GFA of approximately 5.6 million sq.m. and an attributable GFA of approximately 3.29 million sq.m.. The Group improved and upgraded our “6+1” land acquisition model with TOD, urban renewal, “Residential + Government Projects”, cooperation with SOEs, mergers and acquisitions, industry-driven acquisition and open market auction, enhancing our land acquisition ability. The Group has developed an innovated “Residential + Government Project” model, and acquired 4 premium land parcels in Guangzhou such as Guangzhou Grand Mansion (廣州和樾府) (previous name: Guangzhou Panyu Changlong South Land), increasing the landbank of approximately 1.41 million sq.m.. The model of cooperation with SOEs continued to be optimised, with land acquisition of approximately 0.58 million sq.m.. The land acquisition through non-open-market accounted for 54.1% by GFA, with 18.5% of TOD, 25.2% of “Residential + Government Projects” and 10.4% of cooperation with SOEs. The Group acquired new lands in a diversified manner and the land costs were effectively controlled.

By the end of 2020, the total landbank of the Group amounted to approximately 24.54 million sq.m. located in 21 cities in China, which can meet the Group’s development for the next three to five years. The Group continued to increase prime landbank in the Greater Bay Area, and as at the end of 2020, the total landbank in the Greater Bay Area and Guangzhou amounted to approximately 13.53 million sq.m. and 11.43 million sq.m., accounting for approximately 55.1% and 46.6% of the total landbank.

Further Progress of “Railway + Property” Strategy

In 2020, the Group successfully acquired two TOD projects, Guangzhou Yue Fantasy (Shuixi Project) and Guangzhou TOD Town (Zhenlong Project), with GFA of 1.03 million sq.m.. As at the end of 2020, the Group’s TOD projects were located in three areas of Guangzhou, i.e. Huangpu, Zengcheng and Panyu, the total landbank for TOD projects reached 3.88 million sq.m., accounting for approximately 28.7% of the landbank in the Greater Bay Area and 15.8% of the Group’s total land bank.

The Group’s TOD projects continued to achieve strong sales, with a total contracted sales value of approximately RMB17 billion for the full year, representing a year-on-year increase of 236.6%. Among these projects, Guangzhou Yue Melody achieved contracted sales value of approximately RMB7.53 billion, and its sales value ranked first in Huangpu District, and the top three in Guangzhou, with a steady growth in selling price. The contracted sales value of Guangzhou Yue Galaxy in 2020 was approximately RMB2.93 billion with a growth both in sales volume and selling price and the project became the benchmark in Zengcheng District, Guangzhou. The contracted sales value of Guangzhou Yue Infinity was approximately RMB2.99 billion, with a steady growth on selling price. Guangzhou Yue Fantasy and Guangzhou TOD Town, which were acquired in the fourth quarter of 2020, achieved contracted sales value of approximately RMB1.25 billion and RMB2.32 billion respectively, with new launch sell-through rate of 80% and 100% respectively.

The “Railway + Property” strategy was an important part of the Group’s development strategies, and an important support for the Group to achieve strategic planning. The Group has become one of the largest TOD property developers in China. This distinctive railway property development business will support the continuous growth for the Group.

Steady Development of Commercial Properties

Upholding the strategy of “Coordinated Development of Both Residential and Commercial Properties”, the Group comprehensively expanded its commercial properties, healthcare, property management and education related businesses, and its business operating capabilities continued to grow. The Group continued to improve the development model of “development + operations + securitisation” by taking advantage of the unique dual platform of “Yuexiu Property-Yuexiu REIT”. In 2020, in response to the sudden outbreak of COVID-19 pandemic, the Group took effective measures and introduced customer assistance and rental reduction policies to quickly overcome the adverse effects brought upon its business operations by the pandemic. The Group actively innovated and adjusted its operating methods across various business segments, flexibly implemented operational strategies, innovated channels, optimised customer structures, increased income and reduced expenditures, implemented strict management, and effectively controlled operating costs, which resulted in stable operations. The office building segment still recorded a growth amid adversities. The Group’s Guangzhou Yuexiu Financial Tower located in Zhu Jiang New Town, Guangzhou recorded a high occupancy rate of approximately 94% at the end of the year, and a rental income for 2020 of approximately RMB0.37 billion, slightly higher than that of last year. The Group recorded a rental income of approximately RMB0.6 billion. Yuexiu REIT, which the Group holds 38.04% interest, recorded a revenue of approximately RMB1.76 billion in 2020.

Safe and Sound Financial Positions

As at the end of 2020, cash and cash equivalents and charged bank deposits for the Group amounted to approximately RMB37.31 billion, which was an increase of 23.6% comparing with the beginning of the year, and the Group's liquidity is sufficient; the net gearing ratio was 47.5%, significantly decreased by 26.5 percentage points comparing with the beginning of the year. The selling, general and administrative ratio stayed at a healthy level. The major financial indicators were healthy and sound, and financial risks were effectively controlled.

The Group actively expanded financing channels, strengthened capital management, improved capital utilisation efficiency, and continued to reduce funding costs. In 2020, the average borrowing interest rate for the Group decreased by 31 bps to 4.62%. The Group successfully issued onshore corporate bonds of RMB1.50 billion with a coupon rate of 3.13% for a term of 3+2 years. The Group proactively explored other financing channels, such as supply chain financing, which helped to optimise debt maturity portfolio and debt structure. The Group continued to maintain its investment grade credit ratings of Moody's and Fitch.

The Group has well balanced the needs between liquidity safety and sustainable and stable development. Under the circumstance that the government tightened the regulatory environment for the real estate industry, the Group maintained financial stability and sufficient cash flow. The Group put great emphasis on the cash collection rate and further improved sales performance. At the same time, the Group rationally arranged domestic and overseas financing and expanded financing channels, making our leading position on financing cost in the industry. The "Three Red Lines" indications of the Group were in green lights, with gearing ratio (excluding unearned revenue), net gearing ratio and cash to short-term debt ratio, being one of the few property developers in China that no breach all three indicators.

Improvement in Operation Management and Control Systems

The Group insisted on its operational concept of “quality product, quality service, quality brand, excellent team” and continued to improve the organisational management and control system in light of the continuous growth in the development scale. The Group comprehensively optimized the 3.5-level operational management and control system, refined its headquarters, strengthened regions, and well managed its projects. The Group strengthened production strategy, designed the operational system, optimized product standard system and project management system, and constructed specialized TOD product line and service system. Guided by both strategy and performance, the Group strengthened external introduction and internal training for key talents to establish a talent bank. External advanced talents introduced accounted for approximately 30% of medium and senior management of the Group. The Group employed nearly 100 excellent college graduates per year during the past 3 years, and continuously sent various types of excellent talents to important occupations by multilevel internal training plans (namely Hummingbird, Sea Swallow, Swan and Roc), making them the solid power of the development of the company. The Group implemented competitive incentive scheme, linking annual salary, performance bonus and professional bonus to its performance result. Meanwhile, the Group optimized its implementation of project co-investment mechanism and the share incentive scheme for key employees. The combination of both short term and long term incentives have remarkably promoted the staff initiatives and supported the sustainable growth of the Group.

Sustainable Development (ESG)

The Group followed sustainable development strategy. Since 2010, the Group has consecutively published corporate social responsibility/environmental, social and governance (ESG) report for 10 years. The Group was elected as the constituent stock of Hang Seng Corporate Sustainable Index (HSSUS) series for two consecutive years and remained A level, which represented one of the benchmarks of sustainable development of companies listing on Hong Kong Stocks and showed highly recognition from society to the performance of the Group in fields of sustainable operation development, environmental, social and corporate governance. In 2020, China's economic and social living were greatly impacted by COVID-19 pandemic. The Group assumed its social responsibility, proactively donated RMB10 million to red cross society of Wuhan which was most significantly impacted by pandemic, and launched "Six Measures for Assisting Businesses" (六大暖商) activity that reduced or exempted rental to micro-, small- and medium-sized enterprises which were relatively significantly affected by pandemic, thereby joining our tenants in fighting the pandemic. Furthermore, the Group actively participated in poverty alleviation and study aid activities.

II. BUSINESS OUTLOOK

Looking forward to 2021, the recovery of global economy and stability of financial market will still face large uncertainties as the COVID-19 pandemic has not yet been effectively controlled throughout the world. Global trade and investment transaction will still be constrained due to the continuous pandemic and trade protectionism. After new administration of USA came to power, it is expected that Sino-US relations will gradually improve, but still be tested by uncertainties. UK's hard Brexit and the World's geopolitical problems will pose enormous potential risks to the global economy's growth. Meanwhile, in response to the situation of strict prevention and control of COVID-19 pandemic across the world and the instability of recovery of global economy, countries around the world have adopted quantitative easing policies, which will be beneficial to the recovery of global economy and stability of market. Although China firstly controlled the pandemic and became the only major economy that realized positive growth in the world last year, the variation of current global pandemic and numerous uncertainties from external environment cause the foundation of China's economy recovery to be unstable. Global economic recovery is still complicated and challenging, and there is still potential risk to continuous recovery of China's economy. In 2021, stabilising economic growth will remain to be the main goal of economic work. The Chinese government is expected to continue to intensify its efforts to stabilise macroeconomic growth, keep the continuity, stability and sustainability of macroeconomic policies, speed up construction of new development pattern that focuses on domestic cycle, and domestic and international cycles synergize with each other, so as to keep stable and sustainable growth of economy.

In 2021, it is expected that the government's regulatory policies will remain stable by consistently focusing on positioning "housing for living instead of speculation", along with region-specific regulatory policies that precisely regulate the property and will not use the real estate industry as short-term economic stimulus, and continue to refine long-term property mechanisms. Each local government will implement region-specific policies in consideration of local situation, carry out the main responsibilities of each city, and keep the stable development of property industry and market.

It is anticipated that under the tightened control on China's property market, both rigid and improved demand will still dominate the overall market, and the total market transaction volume will remain stable with limited increase in price. The market performance will still show obvious differentiation and intensified competition, and the market concentration will keep increasing. The demand in megalopolis and metropolitan areas including the Greater Bay Area and the Yangtze River Delta remains strong with better market performance. The government will implement region-specified measures which will enhance land supply, but incline to big cities and policy-supported, and leasing houses. The demand for land in tier-1 and tier-2 cities will still exceed supply, but the overall market is expected to gradually become reasonable. The government will strengthen funding supervision for property developers. "Three red lines" and loan concentration management of financial institutions will result in a tightened domestic financing environment for property developers, with different effect on different property developers.

Achieving Various Annual Operation Targets

2021 is the beginning year of "14th Five-Year" plan, the Group will adhere to the theme of "improving structure and opening new beginning, strengthening ability and improving quality" and grasp any opportunities in the market to achieve the annual sales and various operating goals it has set. In terms of sales, the Group will seek to achieve full year sales target and cash collection rate by formulating sales strategies based on the "one city, one policy", ensuring supplies, sales, and cash collections, as well as speeding up sales of TOD projects and cash collections. In terms of operations, the Group will accelerate project development and asset turnover to ensure that projects are delivered and completed as scheduled and help improve profitability.

Solidify “6+1” Diversified and Unique Land Acquisition Platforms

The Group will continue to reinforce “6+1” distinctive and diversified land acquisition platforms and increase premium landbank, laying a foundation for stable development. The Group will increase its strategic cooperation with Guangzhou Metro Group and improve the “Railway+Property” unique land acquisition model, looking to continually increase premium TOD projects landbank. As a state-owned enterprise, the Group will strengthen cooperation with various types of state-owned enterprises to acquire quality landbank. The Group targets to become the leader of redevelopment of Guangzhou old villages, old cities, and old factories, actively promote the renewal and reconstruction of Lirendong Village, Guangzhou and Dongliu Village, Nansha as planned. The Group will actively promote “Residential + Government Projects” model for increasing landbank, aiming at obtaining premium landbank with relatively low price and managing cash flow effectively by building supplementary construction. The Group will introduce internal industrial resources and external industrial resources to strengthen new model of land acquisitions. The Group will conduct more research into market acquisition opportunities as convincing support for the Group to increase premium landbank. In terms of open land market competition, the Group will insist on prudent investment principle, fully study market and industry cycles, optimise structures, increase standards and fine layouts with regard to open market acquisitions, and focus on acquiring projects with fast turnover rate. For investment region layouts, the excellent “1+4” national layout strategy will enable the Group to focus on investing in the Greater Bay Area, and allocate reasonable investment resources in other regions.

Steady Enhancements in Commercial Operations

In 2021, internal circulation will be strategically speeded up due to continuous effect of macroeconomic policies, constant strengthening of tertiary industries growth momentum and continuous growth of new momentum in industries including financial industry and technology industry, thus the growth of consumption will become the major impetus of economic growth in 2021. The Group will optimise and upgrade the development strategy of “Coordinated Development of Both Residential and Commercial Properties”, and emphasize on improving both the capacity and efficiency in commercial property operations and elevating operation standard to realize the breakthrough of scale development. First, by researching cities, industries, markets, and customers, the Group will implement flexible rental policies, optimise project positioning and customer structures. The Group will continue to enhance its operational efficiency and commercial property values by increasing its operational capabilities throughout its commercial properties. Next, the Group will proactively promote an asset management model and asset-light management model for commercial properties.

Ensuring Financial Prudence and Security

In response to liquidity risks resulting from external economic fluctuations and uncertainties in the market environment, the Group will strengthen the management of cash flows from operating activities and conduct the overall management of onshore and offshore funds to increase efficiency in capital utilisation. The Group will focus on accelerating sales and cash collections to increase the collection rate. The Group will ensure no breach of any of the “Three Red Lines”. Moreover, the Group will fully utilise diversified financing channels at onshore and offshore markets to reduce financing costs. Meanwhile, the Group will optimise its debt structure and rationally curb debt. The Group will reduce foreign exchange exposure and effectively control exchange rate fluctuation risks. To identify and prevent risk, the Group will optimize its financial risk monitoring system. The Group will continue to maintain its investment-grade credit ratings of Moody’s and Fitch.

Continuous Improvement in Operational Control Capability

The Group will continue to implement the 3.5-level control system to optimise operations and controls, while refining its headquarters, strengthening regions, and performing well on projects. The Group will uphold the operational principle of “quality product, quality service, quality brand and excellent team” to improve product positioning, design operating system and optimise product standardization system and engineering management system. In the meantime, the Group will construct the unique TOD product lines and the service system. Apart from stronger project management and better organization system of project management, the Group will strengthen cost management to enhance cost control efficiency.

Guided by both strategies and performance, the Group will strengthen external introduction and internal training for key talents and improve performance incentive mechanism. Furthermore, the Group will continue to improve its implementation of project coinvestment mechanism and the share incentive scheme for key employees. The Group puts customer needs at the center of the business. For a better property owner’s life cycle experience, the Group comprehensively manages its relationships with clients, provides quality products and services, and continues to improve customer satisfaction.

Promoting Quality Development of New Business Segments

The Group will steadily promote sound development of new business segments related to real estate. With respect to the healthcare business, the Group has proactively developed quality projects. By building up an operation and service system of middle to high-end aged care and medical care complex, with aged-care institutions, elderly care apartments and rehabilitation hospitals as the core products, the Group is committed itself to becoming the “No.1 in the Greater Bay Area and the leader in China” in terms of healthcare business by the end of the 14th Five-Year Plan. At present, Yuexiu Health Care Group (越秀康養集團) has developed into the elderly care business brand that ranks No.1 in Guangzhou and takes a leading position in the Greater Bay Area, with 9 projects in the key economic zones of the Greater Bay Area and the Yangtze River Delta. In respect of elderly care and medical care, the Group maintains long-term strategic cooperation with well-known nursing, nursing training, medical care and medical groups around the world, which lays solid foundations for rapid development of

ability to provide elderly care and medical care operational services. With respect to long-term apartment leasing business, the Group aims to grow as a leading operating management company in the industry with core operational capabilities and asset management ability. To achieve this, the Group will accelerate its apartment leasing business through multi-platforms, multi-channels and multi-dimensions, particularly focusing on advancing the asset-light strategy for long-term leasing apartments. The Group will focus on the development of new business segments related to real estate and further promote its “Properties+” business. The Group will cooperate with premium educational resources in the Greater Bay Area and quality education brands nationwide to support business development in “+Education” and steadily promote other innovative businesses, such as “+Industries” and “+Towns”.

ACKNOWLEDGEMENTS

The year 2021 marks a good start in the strategic planning of the 14th Five-Year Plan for the Group. This year is also critical to completing various operation targets of the 14th Five-Year Plan for the Group. In order to achieve high-quality, continuous and steady development, the Group will endeavor to realise stable growth in various businesses and operating results with its great effort in expansion and unwavering confidence. Meanwhile the Group will constantly strive to improve the rate of return on shareholder capital and value. With respect to the Group’s achievements in remarkable results and development in a variety of businesses, I would like to take this opportunity to extend my gratitude to the Board of Directors for their strong leadership and all our staff for their relentless endeavors, as well as to express my deepest appreciation to our shareholders, our customers, and business partners for their full trust and dedicated support.

MANAGEMENT DISCUSSION AND ANALYSIS

REVENUE AND GROSS PROFIT

In 2020, the Group realised revenue of approximately RMB46.23 billion (2019: RMB38.34 billion), representing a year-on-year increase of 20.6%. The gross profit was approximately RMB11.63 billion (2019: RMB13.12 billion), representing a year-on-year decrease of 11.4%, and the gross profit margin was approximately 25.1%, representing a year-on-year decrease of 9.1 percentage points.

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

In 2020, profit attributable to equity holders of the Group was approximately RMB4.25 billion (2019: RMB3.48 billion), representing a year-on-year increase of 21.9%. The core net profit was approximately RMB4.02 billion (2019: RMB3.51 billion), representing a year-on-year increase of 14.6% and core net profit margin was approximately 8.7%.

CONTRACTED SALES

In 2020, the value of the aggregate contracted sales (including sales by joint venture projects) of the Group was approximately RMB95.76 billion, representing a year-on-year increase of 32.8% and accounted for 119.4% of the full year contracted sales target of RMB80.2 billion. The GFA of the aggregate contracted sales (including sales by joint venture projects) was approximately 3.79 million sq.m., representing a year-on-year increase of 8.7%. The average selling price was approximately RMB25,200 per sq.m., representing an increase of 21.7% on a year-on-year basis.

In terms of regional composition, with respect to the value of the aggregate contracted sales for 2020, the Greater Bay Area accounted for approximately 66.5%, Eastern China Region accounted for approximately 20.8%, Central China Region accounted for approximately 7.1%, Northern China Region accounted for approximately 4.5%, and Southwestern China Region accounted for approximately 1.1%.

Greater Bay Area

In 2020, despite the impact of the pandemic, the integration process of the Greater Bay Area was intensified, with cities developing in coordination and the increasing opening-up. A number of major preferential policies were formulated in the Greater Bay Area, the economy was recovering positively, and the real estate market in the Greater Bay Area was under sound development. The Group has deployed its operations in Guangzhou, Shenzhen, Hong Kong, Foshan, Jiangmen, and Zhongshan in the Greater Bay Area. In 2020, the contracted sales value of the Group in Greater Bay Area amounted to approximately RMB63.66 billion, representing a year-on-year increase of 51.1%, accounting for approximately 66.5% of the Group's contracted sales value, while the average selling price was approximately RMB31,300 per sq.m., representing a year-on-year increase of 29.9%.

In 2020, Guangzhou adopted district-specific regulatory policies for its property market, and preferential policies for the introduction of talents in some areas. The housing market boomed in the second half of the year. Both the sales value and volume of commodity residential housing in the city recorded relatively huge growths. The Group maintained its leading position in Guangzhou property market. In 2020, the contracted sales value of the Group in Guangzhou was approximately RMB55.79 billion, representing a year-on-year increase of 52.4%; the average selling price was approximately RMB32,600 per sq.m., representing a year-on-year increase of 22.1%.

As the core of the Greater Bay Area and one of the important regions of Guangzhou for “southward extension”, Nansha District has a clear plan and its regional construction has been strengthened continuously. Thanks to the preferential policies for talents introduction, the customer base outside the district has expanded, the market popularity has increased and the transaction volume remains active. By seizing market opportunities, the Group further deepened its participation in Nansha District. In 2020, the contracted sales value of the Group in Nansha was approximately RMB10.85 billion, representing a year-on-year increase of 3.1%, while the average selling price was approximately RMB29,100 per sq.m., representing a year-on-year increase of 39.2%.

In 2020, the property market transaction remained active in Shenzhen. As certain new policies are in the interests of those first home buyers and more attention has been paid by the purchasers on first hand residential property market, the transaction volume of commodity residential housing kept going up stably. In 2020, the Group recorded a contracted sales value of approximately RMB3.27 billion in Shenzhen, while the average selling price was approximately RMB91,000 per sq.m..

In 2020, affected by the pandemic, the transaction volumes of commodity residential housing in Foshan and Zhongshan declined to some extent. However, thanks to the various demand-side favorable policies launched by the government, the transaction volume of commodity residential housing in Jiangmen rebound relatively significantly. In respect of Foshan, the average selling price moved up driven by demand of the surrounding cities. In respect of Zhongshan and Jiangmen, the selling price remained steady. In 2020, the contracted sales value of the Group in those three cities amounted to approximately RMB4.60 billion, representing a year-on-year decrease of 17.0%, while the average selling price was approximately RMB15,900 per sq.m., representing a year on-year increase of 8.9%.

Eastern China Region

The Group has already established operations in Hangzhou, Suzhou, Jiaxing and Nanjing within Eastern China Region. Hangzhou and Suzhou, under the key policy control, still implemented stringent tightening policies on the property market in 2020. Among them, Hangzhou continued to carry out price restriction policy on first hand residential properties, bringing the transaction volume up. In addition, both the transaction volume and the average selling price in Hangzhou increased, due to the rapid market revitalization from the pandemic. For Suzhou, volume of transactions demonstrated signs of slowing down due to the pandemic, while the average selling price rose, driven by the improved demand. For Jiaxing, the transaction volume and the average selling price of the property market rose steadily after the favorable policies were introduced, including household registration for talents and adjustment for provident fund. In 2020, the contracted sales value of the Group in Eastern China Region reached approximately RMB19.92 billion, representing a year-on-year increase of 18.0%, and the average selling price was approximately RMB24,800 per sq.m., representing a year-on-year increase of 12.2%.

Central China Region

The Group has established its operations in four cities including Wuhan, Xiangyang, Zhengzhou and Changsha within the Central China Region. Among them, Wuhan and Xiangyang were more severely impacted by the pandemic. Benefiting from the overall sound fundamentals of the city and the supporting policies promulgated by the government, the market rebounded shortly after the pandemic in Wuhan, with a stable rise in average selling price despite certain decrease in transaction volume for the year. With effective control of the pandemic in Xiangyang, market demand was released gradually, and the transaction volume for the year increased despite the difficult conditions. In response to the pandemic, Changsha government promulgated certain favorable policies to facilitate recovery of property market, leading to a stable rise in both overall transaction volume and average selling price. In 2020, the contracted sales value of the Group in Central China Region amounted to approximately RMB6.84 billion, representing a year-on-year decrease of 4.6%, while the average selling price was approximately RMB13,100 per sq.m., representing a year-on-year increase of 7.3%.

Northern China Region

The Group has established its operations in four cities including Shenyang, Qingdao, Jinan and Yantai in Northern China Region. Transaction volume in Shenyang experienced a decrease in 2020 due to the tightened policy at both supply and demand side as well as the impact of the pandemic, whereas average selling price rose as a whole as driven by a surge in average selling price in certain low-price districts. During the pandemic, Jinan announced policies in respect of land, talent and residency registration to facilitate healthy development of real estate market, and both transaction volume and selling price on commodity residential market increased. Qiangdao and Yantai continued to implement policies designed for a stable market throughout the year, and as a result, the transaction volume maintained stable. In 2020, the contracted sales value of the Group in Northern China Region amounted to approximately RMB4.28 billion, representing a year-on-year decrease of 23.8%, and the average selling price was approximately RMB14,100 per sq.m., representing a year-on-year decrease of 11.9%.

Southwestern China Region

In 2020, the Group further expanded its operations in Southwestern China Region by entering into Chongqing market for the first time. Hence, the Group has established its operations in two important tier-2 cities including Chongqing and Chengdu in this region. After the pandemic under effective control, the release of market demand in Chengdu aroused the sentiment on property market, and the government then issued new control policies to make the market balanced and healthy, which all together led to a steady rise in both transaction volume and average selling price in Chengdu for the year. In 2020, the contracted sales value of the Group in Southwestern China Region amounted to approximately RMB1.06 billion and the average selling price was approximately RMB8,300 per sq.m., representing a year-on-year increase of 7.8%.

Contracted sales are summarised as follows::

NO.	Project	GFA (sq.m.)	Value (RMB million) (RMB/sq.m.)	ASP (RMB/sq.m.)
1	Guangzhou Starry Haizhu Bay	73,300	2,928	39,900
2	Guangzhou Yuexiu Greenland Haiyue	15,700	507	32,300
3	Guangzhou Joy Bay	22,000	1,677	76,200
4	Guangzhou Starry Sky City	90,300	3,948	43,700
5	Guangzhou Purple Cloud Mansion	14,200	246	17,300
6	Guangzhou Park Avenue	85,700	4,338	50,600
7	Guangzhou Grand Mansion (previous name: Guangzhou Panyu Changlong South Land)	99,800	5,170	51,800
8	Guangzhou Cullinan	42,000	1,649	39,300
9	Guangzhou Yue Infinity	85,700	2,987	34,900
10	Guangzhou Talent Garden (previous name: Guangzhou Zhilian Automobile Town)	186,400	3,289	17,600
11	Guangzhou Yue Melody	188,100	7,525	40,000
12	Guangzhou Yue Fantasy	32,500	1,246	38,300
13	Guangzhou Yuexiu Poly Aite City	7,700	123	16,000
14	Guangzhou TOD Town	93,100	2,321	24,900

NO.	Project	GFA <i>(sq.m.)</i>	Value <i>(RMB (RMB/sq.m.) million)</i>	ASP
15	Nansha Southern Le Sand	66,600	1,544	23,200
16	Nansha Binhai New Town	56,600	1,110	19,600
17	Nansha Yuexiu East Hillside	34,600	893	25,800
18	Nansha Tianyu Square	14,800	350	23,600
19	Nansha International Financial Center	3,800	163	42,900
20	Nansha Joy Bay	59,000	2,111	35,800
21	Nansha Jinmao Bay	24,800	843	34,000
22	Nansha The Willow Shores	68,400	2,209	32,300
23	Nansha China Resources Yuexiu Mansion	44,100	1,631	37,000
24	Huadu Elegant Mansion	18,300	509	27,800
25	Huadu Magnificent Mansion	41,900	1,158	27,600
26	Huadu Royal Mansion	60,400	1,608	26,600
27	Guangzhou Yue Galaxy	115,300	2,925	25,400
28	Zengcheng Joy Mountain	4,900	81	16,500
29	Conghua Glade Village	9,300	129	13,900
30	Shenzhen Majestic Mansion	35,900	3,266	91,000
31	Nanhai Starry Mansion	76,000	2,027	26,700
32	Foshan Longfor Yuexiu Cloud	13,500	334	24,700
33	Jiangmen Xijiang Mansion	6,000	28	4,700
34	Jiangmen Xijiang Joy Mansion	6,500	37	5,700
35	Jiangmen Man Wah Mansion	13,000	120	9,200
36	Jiangmen Yuexiu Binjiang Glorious City	29,000	278	9,600
37	Jiangmen Yuexiu Binjiang Enjoy City	22,400	235	10,500
38	Jiangmen Yuexiu Binjiang Grand City	70,800	832	11,800
39	Heshan Starry Regal Court	20,800	157	7,500
40	Zhongshan Empyrean Bay	32,100	554	17,300
	Other Projects	51,400	573	11,100
	Subtotal (Greater Bay Area)	2,036,700	63,659	31,300

NO.	Project	GFA <i>(sq.m.)</i>	Value <i>(RMB (RMB/sq.m.) million)</i>	ASP
41	Hangzhou Starry City	176,900	3,565	20,200
42	Hangzhou Garden 1872	57,800	2,298	39,800
43	Hangzhou Joy Bay	64,100	2,774	43,300
44	Hangzhou Lake & Mountain	24,700	397	16,100
45	Hangzhou Impressive City	146,700	2,549	17,400
46	Hangzhou New Bund Mansion	87,400	3,540	40,500
47	Hangzhou Yue Present	23,200	895	38,600
48	Hangzhou Manyun Mansion	45,600	1,025	22,500
49	Hangzhou Joy Lane (previous name: Hangzhou Lin'an Shuanglin Land)	7,400	139	18,800
50	Suzhou Joy Bay	23,500	536	22,800
51	Suzhou Splendid Mansion	14,300	237	16,600
52	Suzhou Cloud Mansion (previous name: Suzhou Wuzhong Xukou Land)	4,300	92	21,400
53	Suzhou Taicang Never Land	40,000	741	18,500
54	Suzhou Impressive Mansion (previous name: Suzhou Taicang Shaxi Land)	1,700	24	14,100
55	Jiaxing Joy Lane (previous name: Jiaxing Nanhu Yuxin Land)	84,700	1,112	13,100
	Subtotal (Eastern China Region)	802,300	19,923	24,800

NO.	Project	GFA <i>(sq.m.)</i>	Value <i>(RMB million)</i>	ASP <i>(RMB/sq.m.)</i>
56	Wuhan Hanyang Starry Winking	105,600	2,448	23,200
57	Wuhan Joy Mansion	3,900	43	11,000
58	Wuhan Elite Mansion	24,500	221	9,000
59	Wuhan Yuexiu Paradiso Garden	14,800	177	12,000
60	Wuhan Mansion	19,100	253	13,200
61	Xiangyang Starry City	100,400	813	8,100
62	Changsha Yue Lake Stage	66,100	920	13,900
63	Changsha Qin'ai Lane	36,900	460	12,500
64	Changsha Starry City	150,700	1,507	10,000
	Subtotal (Central China Region)	522,000	6,842	13,100
65	Shenyang Starry Winking	61,500	1,429	23,200
66	Shenyang Hill Lake	39,700	456	11,500
67	Qingdao Magnificent Bay	23,100	435	18,800
68	Qingdao Jiaozhou Platinum Mansion	17,300	194	11,200
69	Qingdao Yue Mansion	12,500	148	11,800
70	Qingdao Starry City	52,500	539	10,300
71	Ji'nan Baimai Delighted Mansion	87,200	869	10,000
72	Ji'nan Art Living	10,400	208	20,000
	Subtotal (Northern China Region)	304,200	4,278	14,100
73	Chengdu Glorious Mansion	96,800	784	8,100
74	Chengdu Qin'ai Lane	31,300	277	8,800
	Subtotal (Southwestern China Region)	128,100	1,061	8,300
	Total	3,793,300	95,763	25,200

RECOGNISED SALES

In 2020, the value of the recognised sales and GFA of the recognised sales were approximately RMB44.30 billion and 2.43 million sq.m., representing a year-on-year increase of 22.4% and 51.2%, respectively, and the average selling price was approximately RMB18,200 per sq.m..

Recognised sales are summarised as follows:

NO.	Project	GFA (sq.m.)	Value (RMB million) (RMB/sq.m.)	ASP (RMB/sq.m.)
1	Guangzhou Fortune Century Square	1,300	33	25,400
2	Guangzhou Starry Haizhu Bay	57,500	1,875	32,600
3	Guangzhou Yuexiu Greenland Haiyue	26,100	940	36,000
4	Guangzhou Starry Golden Sands	3,700	42	11,400
5	Guangzhou Starry Sky City	84,000	3,132	37,300
6	Guangzhou Starry Wenhua	1,100	22	20,000
7	Guangzhou Paradiso Riverside	2,400	31	12,900
8	Guangzhou Lingnan Hillside	2,000	22	11,000
9	Huadu Elegant Mansion	22,900	639	27,900
10	Guangzhou Yue Melody	19,400	828	42,700
11	Guangzhou Yuexiu Galaxy	88,400	2,088	23,600
12	Nansha Southern Le Sand	82,600	1,652	20,000
13	Nansha Binhai New Town	315,700	5,178	16,900
14	Nansha Yuexiu East Hillside	85,500	1,931	22,600
15	Nanhai Starry Mansion	122,700	2,661	21,700
16	Foshan Lingnan Junting	6,600	99	15,000
17	Foshan Paradiso Power	1,900	14	7,400
18	Jiangmen Starry Regal Court	12,900	80	6,200
19	Jiangmen Xi Jiang Joy Mansion	6,500	36	5,500
20	Jiangmen Starry Mountain	2,800	22	7,900
21	Heshan Starry Regal Court	110,000	774	7,000

NO.	Project	GFA <i>(sq.m.)</i>	Value <i>(RMB million)</i>	ASP <i>(RMB/sq.m.)</i>
22	Zhongshan Starry Winking	3,100	18	5,800
23	Zhongshsn Starry Junting	1,300	15	11,500
24	Zhongshan Starry Peakfield	5,800	144	24,800
25	Zhongshan Paradiso Jardin	6,400	33	5,200
	Other Projects	15,500	348	22,500
	Subtotal (Greater Bay Area)	1,088,100	22,657	20,800
26	Hangzhou Starry City	255,700	3,882	15,200
27	Hangzhou Joy Bay	15,900	730	45,900
28	Hangzhou Lake & Mountain	179,500	2,723	15,200
29	Hangzhou Joy Mountain	165,800	2,754	16,600
30	Hangzhou New Bund Mansion	65,300	2,292	35,100
31	Suzhou YueFu Mansion	113,800	2,608	22,900
32	Suzhou Paradiso Pavilion	13,700	48	3,500
	Subtotal (Eastern China Region)	809,700	15,037	18,600
33	Wuhan International Financial City	13,200	462	35,000
34	Wuhan Starry Emperor	11,200	71	6,300
35	Wuhan Starry Mountain	2,900	79	27,200
36	Wuhan Yuexiu Paradiso Mansion	29,200	380	13,000
37	Wuhan Joy Mansion	124,000	958	7,700
38	Wuhan Yuexiu Paradiso Garden	52,300	610	11,700
39	Wuhan Starry Bay	22,900	300	13,100
	Subtotal (Central China Region)	255,700	2,860	11,200

NO.	Project	GFA <i>(sq.m.)</i>	Value <i>(RMB million)</i>	ASP <i>(RMB/sq.m.)</i>
40	Shenyang Starry Winking	153,000	2,498	16,300
41	Shenyang Hill Lake	11,200	98	8,800
42	Yantai Starry Golden Sands	4,100	17	4,100
43	Yantai Elegant Mansion	65,600	663	10,100
44	Qingdao Starry Blue Bay	6,700	50	7,500
45	Qingdao Infinite Mansion	1,200	15	12,500
46	Qingdao Jiaozhou Platinum Mansion	32,800	389	11,900
47	Qingdao Elegant Mansion	2,100	13	6,200
	Subtotal (Northern China Region)	276,700	3,743	13,500
	Total	2,430,200	44,297	18,200

UNRECOGNISED SALES

As of 31 December 2020, the value of the unrecognised sales amounted to approximately RMB119.62 billion, and GFA of the unrecognised sales was approximately 5.17 million sq.m.. The average selling price was approximately RMB23,200 per sq.m..

LANDBANK

In 2020, the Group has newly acquired 22 land parcels located in Guangzhou, Foshan, Jiangmen, Hangzhou, Suzhou, Nanjing, Qingdao, Yantai, Ji'nan, Chongqing and Chengdu, with total GFA of approximately 5.60 million sq.m. and an attributable GFA approximately 3.29 million sq.m..

In 2020, the land parcels newly acquired are summarised as follows:

NO.	Project	Equity Holding	Total GFA (sq.m.)
1	Guangzhou Baiyun Tinggang Station Land	95.48%	445,700
2	Guangzhou Baiyun Jinshazhou Land	95.48%	332,000
3	Guangzhou Liwan Fangcun Avenue Land	47.50%	154,400
4	Guangzhou Grand Mansion (previous name: Guangzhou Panyu Changlong South Land)	95.48%	457,400
5	Guangzhou Panyu Changlong North Land	46.79%	402,800
6	Guangzhou Panyu Guangzhou International School of South China University of Technology phase II Land	95.48%	175,000
7	Guangzhou Yue Fantasy	48.69%	330,200
8	Guangzhou TOD Town	48.69%	703,400
9	Guangzhou Nansha Bay Land	42.96%	149,700
10	Nanhai Lake View Mansion (previous name: Nanhai Shishan Land)	9.50%	237,100
11	Jiangmen Binjiang New District Land	9.50%	403,800
12	Hangzhou Joy Lane (previous name: Hangzhou Lin'an Shuanglin Land)	95.00%	163,000
13	Suzhou Cloud Mansion (previous name: Suzhou Wuzhong Xukou Land)	100.00%	31,900
14	Suzhou Industrial Park Shengpu Land	28.50%	129,500
15	Suzhou Impressive Mansion (previous name: Suzhou Taicang Shaxi Land)	95.00%	61,100
16	Nanjing Pukou Qiaolin Land	100.00%	103,400
17	Qingdao Pingdu Southern New Town Land I	37.24%	157,200
18	Qingdao Pingdu Southern New Town Land II	38.76%	268,200
19	Yantai Hi-Tech Zone Yantai No.2 Middle School East Land	100.00%	146,700
20	Ji'nan Lixia District Land	9.50%	237,800
21	Chongqing Yubei Central Park Land	95.48%	206,300
22	Chengdu Tianfu New District Science City Land	46.55%	300,800
	Total		5,597,400

As of 31 December 2020, the landbank of the Group reached approximately 24.54 million sq.m. with a total of 82 projects in 21 cities in China and the regional layout continued to improve. Geographically, Greater Bay Area, Eastern China Region, Central China Region, Northern China Region and Southwestern China Region accounted for approximately 55.1%, 12.3%, 15.5%, 13.1%, and 4.0%, respectively.

The landbank is summarised as follows:

NO.	Projects	LANDBANK	PUD	PFD
		GFA (sq.m.)	GFA (sq.m.)	GFA (sq.m.)
1	Guangzhou Starry Haizhu Bay	366,400	366,400	—
2	Guangzhou Joy Bay	154,600	154,600	—
3	Guangzhou Starry Sky City	195,700	195,700	—
4	Guangzhou Baiyun Tinggang Station Land	445,700	174,100	271,600
5	Guangzhou Baiyun Jinshazhou Land	332,000	—	332,000
6	Guangzhou Park Avenue	208,000	208,000	—
7	Guangzhou Liwan Fangcun Avenue Land	154,400	—	154,400
8	Guangzhou Cullinan	271,600	271,600	—
9	Guangzhou Yue Infinity	881,200	881,200	—
10	Guangzhou Grand Mansion (previous name: Guangzhou Panyu Changlong South Land)	457,400	457,400	—
11	Guangzhou Panyu Changlong North Land	402,800	186,000	216,800
12	Guangzhou Panyu Guangzhou International School of South China University of Technology phase II Land	175,000	175,000	—
13	Guangzhou Talent Garden	833,400	833,400	—
14	Guangzhou Southern Intelligent Media Center	159,800	159,800	—
15	Guangzhou Yue Melody	840,400	731,500	108,900
16	Guangzhou Yue Fantasy	330,200	330,200	—
17	Guangzhou TOD Town	703,400	449,800	253,600
18	Nansha Southern Le Sand	748,600	331,500	417,100
19	Nansha Binhai New Town	305,400	305,400	—
20	Nansha Tianyu Square	134,500	134,500	—

NO.	Projects	LANDBANK	PUD	PFD
		GFA (sq.m.)	GFA (sq.m.)	GFA (sq.m.)
21	Nansha International Financial Center	220,800	220,800	—
22	Nansha Joy Bay	423,800	423,800	—
23	Nansha Jinmao Bay	130,200	130,200	—
24	Nansha The Willow Shores	140,500	140,500	—
25	Nansha China Resources Yuexiu Mansion	156,100	156,100	—
26	Guangzhou Nansha Bay Land	149,700	—	149,700
27	Huadu Elegant Mansion	186,100	186,100	—
28	Huadu Magnificent Mansion	296,700	296,700	—
29	Huadu Royal Mansion	187,100	187,100	—
30	Guangzhou Yue Galaxy	1,127,600	706,300	421,300
31	Zengcheng Joy Mountain	94,700	94,700	—
32	Conghua Glade Village	221,000	197,300	23,700
33	Shenzhen Majestic Mansion	169,400	169,400	—
34	Nanhai Starry Mansion	348,700	304,100	44,600
35	Nanhai Lake View Mansion (previous name: Nanhai Shishan Land)	237,100	123,200	113,900
36	Foshan Lingnan Junting	17,600	17,600	—
37	Jiangmen Man Wah Mansion	83,100	83,100	—
38	Jiangmen Yuexiu Binjiang Glorious City	221,800	221,800	—
39	Jiangmen Yuexiu Binjiang Enjoy City	101,400	101,400	—
40	Jiangmen Yuexiu Binjiang Grand City	164,500	164,500	—
41	Jiangmen Binjiang New District Land	403,800	—	403,800
42	Zhongshan Empyrean Bay	230,100	230,100	—
43	Hong Kong Yau Tong Project	72,100	—	72,100
	Other projects	41,200	—	41,200
	Subtotal (Greater Bay Area)	13,525,600	10,500,900	3,024,700

NO.	Projects	LANDBANK	PUD	PFD
		GFA (sq.m.)	GFA (sq.m.)	GFA (sq.m.)
44	Hangzhou Starry City	470,600	274,500	196,100
45	Hangzhou Garden 1872	230,300	230,300	—
46	Hangzhou Joy Bay	173,500	173,500	—
47	Hangzhou Yue Present	46,500	46,500	—
48	Hangzhou Impressive City	317,700	317,700	—
49	Hangzhou Manyun Mansion	75,200	75,200	—
50	Hangzhou Joy Lane (previous name: Hangzhou Lin'an Shuanglin Land)	163,000	163,000	—
51	Suzhou Splendid Mansion (previous name: Suzhou Xiangcheng Changwang Land)	142,500	142,500	—
52	Suzhou Cloud Mansion (previous name: Suzhou Wuzhong Xukou Land)	31,900	31,900	—
53	Suzhou Industrial Park Shengpu Land	129,500	—	129,500
54	Suzhou Taicang Never Land	866,700	240,500	626,200
55	Suzhou Impressive Mansion (previous name: Suzhou Taicang Shaxi Land)	61,100	61,100	—
56	Jiaxing Joy Lane (previous name: Jiaxing Nanhu Yuxin Land)	218,000	218,000	—
57	Nanjing Pukou Qiaolin Land	103,400	—	103,400
	Subtotal (Eastern China Region)	3,029,900	1,974,700	1,055,200

NO.	Projects	LANDBANK	PUD	PFD
		GFA (sq.m.)	GFA (sq.m.)	GFA (sq.m.)
58	Wuhan International Financial City	334,800	334,800	—
59	Wuhan Hanyang Starry Winking	1,143,500	866,400	277,100
60	Wuhan Elite Mansion	78,000	78,000	—
61	Wuhan Mansion	231,500	231,500	—
62	Xiangyang Starry City	905,400	895,100	10,300
63	Zhengzhou Elegant Mansion	137,900	137,900	—
64	Changsha Yue Lake Stage	130,600	130,600	—
65	Changsha Qin'ai Lane	132,400	132,400	—
66	Changsha Starry City	709,300	334,000	375,300
	Subtotal (Central China Region)	3,803,400	3,140,700	662,700
67	Shenyang Starry Winking	158,300	139,900	18,400
68	Shenyang Hill Lake	270,300	34,800	235,500
69	Qingdao Magnificent Bay	213,200	175,800	37,400
70	Qingdao Licang Qingyin Highway East Land	666,300	—	666,300
71	Qingdao Yue Mansion	51,000	51,000	—
72	Qingdao Starry City	480,100	217,800	262,300
73	Qinghai Pingdu Southern New Town Land I	157,200	—	157,200
74	Qinghai Pingdu Southern New Town Land II	268,200	—	268,200
75	Yantai Hi-Tech Zone Yantai No.2 Middle School East Land	146,700	—	146,700
76	Ji'nan Lixia District Land	237,800	—	237,800
77	Ji'nan Baimai Delighted Mansion	562,000	562,000	—
	Subtotal (Northern China Region)	3,211,100	1,181,300	2,029,800
78	Chongqing Yubei Central Park Land	206,300	—	206,300
79	Chengdu Glorious Mansion	296,900	296,900	—
80	Chengdu Qin'ai Lane	66,200	66,200	—
81	Chengdu Tianfu New District Science City Land	300,800	—	300,800
82	Haikou Simapo Island Project	100,500	—	100,500
	Subtotal (Southwestern China Region)	970,700	363,100	607,600
	Total	24,540,700	17,160,700	7,380,000

CONSTRUCTION PROGRESS

The Group strived to accelerate development efficiency and turnover rate. During the year, project development was in line with the Group's schedule.

New commencement of construction and completion projects are summarized as follows:

	2020	2021
	Actual	Planned
Construction progress	GFA	GFA
	<i>(sq.m.)</i>	<i>(sq.m.)</i>
New commencement of construction	6,302,200	7,005,200
Completion	5,608,200	6,139,600

INVESTMENT PROPERTIES

As at 31 December 2020, the Group owned investment properties under lease of approximately 774,000 sq.m. in total, of which offices, commercial properties, car parks and others accounted for approximately 52.3%, 31.4% and 16.3%, respectively. The Group recorded rental revenue of approximately RMB0.60 billion in 2020, representing a decrease of 12.6% year on year.

In 2020, the Group recorded net fair value gains on revaluation of investment properties of approximately RMB0.64 billion, of which Guangzhou ICC located in the Tianhe North Business Area recorded fair value gains on revaluation of approximately RMB1.44 billion for the year due to its lower cost of lands acquired at early stage; Wuhan International Financial City Phase III Business recorded fair value losses on revaluation of approximately RMB0.77 billion for the year due to the effect of pandemic.

OTHER GAINS, NET

In 2020, the Group's other gains, net amounted to approximately RMB27 million, representing a decrease of 96.6% on a year-on-year basis. Other gains, net for 2019 mainly included remeasurement gains on interests in a joint venture before tax of approximately RMB766 million.

SELLING AND MARKETING COSTS

In 2020, the Group's selling and marketing costs were approximately RMB1.21 billion, representing an increase of 21.1% year on year, mainly due to the increase of the revenue carried forward during the year. Selling and marketing cost accounted for 2.6% of the revenue for the year, which was in line with that of last year.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses amounted to approximately RMB1.34 billion, representing an increase of 8.8% year on year. The administrative expenses accounted for 2.9% of the operating revenue for the year, down by 0.3 percentage point from 3.2% for last year. The Group continued to strengthen control over expenses and strictly followed the annual expenses budget.

FINANCE COSTS

The finance costs of the Group amounted to approximately RMB0.93 billion, representing a decrease of 19.5% from RMB1.16 billion for 2019. The decrease was mainly due to the improvement in the overall construction turnover rate of the Group's projects during the year, which led an increase of interest on capitalization by 26.3%.

SHARE OF PROFIT FROM ASSOCIATED ENTITIES

In 2020, the overall net contribution from associated entities attributable to the Group was approximately RMB506 million, representing an increase of 4.0% on a year-on-year basis. Share of profit from associated entities for the year mainly includes profit contribution from three associated projects located in Greater Bay Area and Yuexiu Real Estate Investment Trust (“Yuexiu REIT”).

In 2020, the total distributable amount of Yuexiu REIT amounted to approximately RMB649 million, representing a decrease of 14.8% on a year-on-year basis, and the cash distribution attributable to the Group amounted to approximately RMB247 million.

BASIC EARNINGS PER SHARE

In 2020, basic earnings per share attributable to the equity holders of the Company (based on the weighted average number of ordinary shares in issue) were RMB0.2744 (2019: RMB0.2410).

FINAL DIVIDEND

The Board has proposed the payment of a final dividend for 2020 of HKD0.063 per share, which is equivalent to RMB0.053 per share (2019: HKD0.049 per share which was equivalent to RMB0.044 per share) payable to shareholders whose names appear on the Register of Members of the Company at the close of business on 9 June 2021. Subject to the approval of shareholders at the forthcoming annual general meeting of the Company, the final dividend will be paid on or about 8 July 2021. Together with the interim dividend of HKD0.057 per share which was equivalent to approximately RMB0.051 per share, total dividends for the year ended 31 December 2020 amounted to HKD0.120 per share which was equivalent to approximately RMB0.104 per share.

Dividends payable to shareholders will be paid in Hong Kong dollars. The exchange rate adopted by the Company for its dividend payable is the average middle exchange rate of HKD against RMB announced by the People’s Bank of China in the five business days preceding the date of dividend declaration.

LIQUIDITY AND FINANCIAL RESOURCES

Cash receipts from operating activities and committed banking facilities are the Group's main sources of liquidity. The Group has always adhered to prudent financial management principles, emphasised on funding management and risk control, established an ongoing monitoring system to respond to market changes, ensured healthy and adequate liquidity and secured the business development. While continuing to maintain a good relationship with commercial banks in Mainland China and Hong Kong, the Group also explores other funding channels, optimises the capital structure and lowers the funding costs, enhances the ability to protect its resources, and enhances its risk resistance capabilities.

In 2020, the Group obtained new borrowings of approximately RMB17.71 billion, including onshore borrowings of approximately RMB14.23 billion and offshore borrowings of approximately RMB3.48 billion. As at 31 December 2020, total borrowings amounted to approximately RMB67.84 billion (31 December 2019: RMB71.02 billion), cash and cash equivalents and charged bank deposits amounted to approximately RMB37.31 billion, and the net gearing ratio was 47.5%. Borrowings due within one year accounted for approximately 24% of the total borrowings (31 December 2019: 10%); fixed-rate borrowings accounted for approximately 57.4% of the total borrowings (31 December 2019: 57.7%). The Group's average effective borrowing interest rate for the year decreased by 31 bpts to 4.62% per annum from 4.93% per annum for 2019.

As at 31 December 2020, among the Group's total borrowings, approximately 46% was RMB denominated bank borrowings and other borrowings (31 December 2019: 46%), 9% was Hong Kong dollar denominated bank borrowings (31 December 2019: 9%), 19% was Hong Kong dollar and US dollar denominated medium to long term notes (31 December 2019: 21%), 26% was RMB denominated medium to long term notes (31 December 2019: 24%).

WORKING CAPITAL

As at 31 December 2020, the Group's working capital (current assets less current liabilities) amounted to approximately RMB80.04 billion (31 December 2019: approximately RMB78.14 billion). The Group's current ratio (current assets divided by current liabilities) was 1.6 times (31 December 2019: 1.7 times). Cash and cash equivalents amounted to approximately RMB28.21 billion (31 December 2019: RMB24.11 billion). Charged bank deposits amounted to approximately RMB9.09 billion (31 December 2019: RMB6.08 billion). Undrawn committed bank facilities amounted to approximately RMB19.9 billion.

CAPITAL AND FINANCIAL STRUCTURE ANALYSIS

Set out below is a summary of the Group's debts:

	As at	
	31 December 2020	31 December 2019
	RMB'000	RMB'000
Bank borrowings and notes		
Denominated in RMB	48,576,306	49,621,641
Denominated in HKD	8,191,311	9,583,648
Denominated in USD	11,071,711	11,816,326
	<hr/>	<hr/>
Total bank borrowings and notes	67,839,328	71,021,615
Bank overdrafts	32	41
	<hr/>	<hr/>
Total debts	<u>67,839,360</u>	<u>71,021,656</u>

	As at	
	31 December 2020	31 December 2019
	<i>RMB'000</i>	<i>RMB'000</i>
Ageing analysis:		
Within one year	16,576,244	7,138,023
In the second year	18,802,668	20,270,167
In the third to fifth year	27,557,816	39,387,355
Beyond five years	4,902,632	4,226,111
	<hr/>	<hr/>
Total borrowings	67,839,360	71,021,656
Lease liabilities	717,686	678,207
Less: Cash and cash equivalents	(28,213,701)	(24,105,541)
	<hr/>	<hr/>
Net borrowings	40,343,345	47,594,322
Total equity	64,276,115	55,191,816
	<hr/>	<hr/>
Total capitalisation	<u>104,619,460</u>	<u>102,786,138</u>
	<hr/>	<hr/>
Gearing ratio	<u>38.6%</u>	<u>46.3%</u>

INTEREST RATE EXPOSURE

The Group's interest rate exposure is mainly derived from relevant loans and deposits denominated in Renminbi, Hong Kong dollars and US dollars. As of 31 December 2020, among the total borrowings of the Group, approximately 33.4% was floating rate bank loans denominated in Renminbi, approximately 9.2% was floating rate bank loans denominated in Hong Kong dollars, approximately 12.7% was fixed rate bank loans denominated in Renminbi, approximately 25.5% was medium-to-long term fixed rate bonds denominated in Renminbi, approximately 19.2% was medium-to-long term fixed rate notes denominated in US dollars/Hong Kong dollars.

At present, the interest rate in both China and Hong Kong is relatively low and it is expected to remain at the low level this year. The ratio of fixed rate financing against the total financing is approximately 57.4% with controllable interest rate risk. The Group did not arrange interest-rate hedging instruments during the reporting year. The average borrowings interest rate during the period was approximately 4.62% per annum, decreased by 31 basis points from 4.93% per annum for the year of 2019.

With respect to Renminbi interest rates, the PBOC will maintain a reasonable and prudent monetary policy as the pandemic situation in China has become stable and the economy has basically recovered. It is estimated that Renminbi market interest rates will remain at the current low level or slightly go up. However, there are restrictions and more policy constraints on financing for industries.

With respect to US dollar interest rates, regarding the sharp decline in global economy caused by the pandemic, the Federal Reserve has sharply cut its benchmark interest rate to 0-0.25% in the first half of 2020 and introduced unlimited quantitative easing measures which continue till now. With sufficient US dollar liquidity in the market and easing overall financing environment, it is expected that US dollar interest rates will maintain at a low level for a longer period.

With respect to Hong Kong dollar interest rates, due to the impact of the pandemic, Hong Kong economy experienced a severe downturn. Hong Kong dollar interest rates, along with the decline in US dollar interest rates, have fallen sharply in 2020 to a level close to US dollar interest rates. Currently, the liquidity of Hong Kong Dollar is sufficient on the market and interest rate of Hong Kong Dollar stays at a relatively low level. However, interest rate of Hong Kong Dollar may be subject to short-term upward fluctuation in the future due to fundraising activities of companies by initial public offering, China-US conflicts and slow-down in economic growth.

The Group will continue to pay close attention to changes in domestic and foreign interest rate market and optimize its debt structure, so as to better manage interest rate risks.

FOREIGN EXCHANGE RISK

Since the main business operations of the Group are conducted in Mainland China, its income and assets are primarily in Renminbi. The Group has foreign currency denominated financing and is thus exposed to foreign exchange risk. Since 2016, the Group has actively adopted various measures to enhance the management of the foreign exchange exposure. As at 31 December 2020, approximately 28% (30% at the beginning of the year) of the total borrowings of the Group was borrowings denominated in foreign currencies, among which, approximately HKD7.45 billion (equivalent to approximately RMB6.27 billion) was bank borrowings denominated in Hong Kong dollar, approximately USD1.70 billion (equivalent to approximately RMB11.07 billion) was medium-to-long term notes denominated in US dollars, and approximately HKD2.28 billion (equivalent to approximately RMB1.92 billion) was notes denominated in Hong Kong dollars. Hedging products were purchased to manage part of foreign exchange exposures with respect to offshore borrowings (equivalent to RMB8.09 billion).

As the only one of major economies in the world which recorded positive economic growth in 2020, China is expected to see continued recovery in 2021. Presently, in the context that the pandemic continues worldwide and the coverage of vaccination gradually expands, the world economy is expected to recover in the second half year. Due to the ongoing China-US conflict and monetary policy of China and the US, the interest rate of Renminbi is still expected to fluctuate in 2021. The Group will continue to keep track of developments in the foreign exchange market, strike a balance between hedging cost and foreign exchange risk, optimize its debt structure and control its foreign exchange exposure. The Group has used suitable financial instruments to manage its foreign exchange exposure and will continue to arrange for appropriate products to manage its foreign exchange exposure.

COMMITMENTS FOR PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2020, the Group's capital commitments in respect of purchases of property, plant, equipment amounted to approximately RMB61 million (31 December 2019: RMB726 million).

CONTINGENT LIABILITIES

The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees shall terminate upon issuance of the relevant property ownership certificates. As of 31 December 2020, the total contingent liabilities relating to these guarantees amounted to approximately RMB32.04 billion (31 December 2019: RMB20.09 billion).

As at 31 December 2020, certain subsidiaries of the Group provided guarantee up to a limit of approximately RMB3,407 million (31 December 2019: RMB2,035 million) in respect of loans borrowed by joint ventures and associated entities of the Group, among which, guarantee of approximately RMB1,077 million was utilised and guarantee of approximately RMB2,330 million was not utilised yet.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, the Group had approximately 11,390 employees (30 June 2020: 10,740 employees). The Group offers its employees reasonable remuneration in accordance with industry practice. Salary increment and promotion of employees are based on performance and achievements. In the meantime, the Group provides employees with other benefits, such as mandatory provident funds, medical insurance, educational allowances and professional training. The Group adopted the Share Incentive Scheme on 2 December 2016 and the Share Award Scheme on 17 March 2017. Both schemes will (i) provide the selected participants (including senior management, middle management and other employees) with an opportunity to acquire a proprietary interest in the Company; (ii) encourage and retain such individuals to work with the Company and the Group; and (iii) provide additional incentive for them to achieve performance goals and promote the pursuit of long-term interests of the Group, the Company and its shareholders, with a view to achieving the objective of aligning the interests of the selected participants with those of the shareholders of the Company. Details of the Share Incentive Scheme and Share Award Scheme have been respectively disclosed in the announcements dated 2 December 2016 and 17 March 2017.

CORPORATE GOVERNANCE

Save as disclosed below, the Company has complied with the code provisions as set out in the Corporate Governance Code throughout the year ended 31 December 2020.

Code Provision A.4.1

Code Provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. None of the non-executive directors of the Company is appointed for a specific term. However, all the non-executive directors of the Company are subject to retirement by rotation at the general meeting of the Company in accordance with the Company's Articles of Association. All the non-executive directors of the Company had retired by rotation during the past 3 years. They have been re-elected.

REVIEW OF ANNUAL RESULTS

The annual results have been reviewed by the audit committee of the Company. The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2020 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the amounts set out in the Group's draft 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 the preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 27 May 2021 to Tuesday, 1 June 2021, both days inclusive, during which period no transfer of shares will be registered. For the purpose of ascertaining the shareholders' eligibility to participate in the forthcoming annual general meeting of the Company to be held on 1 June 2021, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Abacus Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Wednesday, 26 May 2021.

In addition, the register of members of the Company will be closed from Tuesday, 8 June 2021 to Wednesday, 9 June 2021, both days inclusive, for the purpose of ascertaining the shareholders' entitlement to the final dividend. In order to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Abacus Limited, no later than 4:30 p.m. on Monday, 7 June 2021.

By order of the Board
Yuexiu Property Company Limited
LIN Zhaoyuan
Chairman

Hong Kong, 16 March 2021

As at the date of this announcement, the Board comprises:

Executive Directors: *LIN Zhaoyuan (Chairman), LIN Feng, LI Feng, CHEN Jing and LIU Yan*

Non-Executive Directors: *OUYANG Changcheng*

Independent Non-executive Directors: *YU Lup Fat Joseph, LEE Ka Lun and LAU Hon Chuen Ambrose*