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China VAST Industrial Urban Development Company Limited

中國宏泰產業市鎮發展有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock code: 6166)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS

	Year ended 31 December		Change
	2020	2019	
Revenue (RMB'000)	2,398,628	2,670,007	-10.2%
Gross profit (RMB'000)	1,672,181	1,870,668	-10.6%
Profit before tax (RMB'000)	1,203,742	1,287,108	-6.5%
Profit for the year (RMB'000)	844,616	828,406	2.0%
Earnings per share (basic) (RMB)	0.51	0.50	2.0%
Earnings per share (diluted) (RMB)	0.49	0.48	2.1%
Proposed final dividend per share (HKD)	0.18	0.20	-10.0%

Revenue of the Group for the year ended 31 December 2020 amounted to RMB2,398.6 million, representing a decrease of 10.2% as compared with RMB2,670.0 million for the year ended 31 December 2019. The decrease in revenue was mainly because revenue from land development projects decreased as compared with that generated in the same period last year.

The board of directors (the “**Board**”) of China VAST Industrial Urban Development Company Limited (the “**Company**”) is pleased to announce the annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2020, which was prepared in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622) and had been audited by the independent auditor of the Company, Deloitte Touche Tohmatsu and reviewed by the Company’s audit committee.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	Year ended 31 December	
		2020	2019
		RMB’000	RMB’000
Revenue			
Goods and services		2,364,364	2,635,830
Leases		34,264	34,177
Total Revenue	3	2,398,628	2,670,007
Cost of sales and services		(726,447)	(799,339)
Gross profit		1,672,181	1,870,668
Other income		201,336	160,936
Other expenses		(5,213)	(3,781)
Other gains and losses		115,923	(74,295)
Selling and marketing expenses		(87,889)	(61,250)
Administrative expenses		(322,943)	(366,623)
Finance costs		(339,135)	(256,408)
Impairment losses under expected credit loss model, net of reversal		(46,789)	(13,745)
Change in fair value of trade receivables at fair value through profit or loss (“ FVTPL ”)		(115,686)	(38,395)
Change in fair value of other financial assets at FVTPL		397	(6,616)
Change in fair value of investment properties		132,806	56,844
Share of losses of associates		(1,756)	(2,006)
Share of losses of joint ventures		(1,010)	(111)
Change in fair value of derivative		1,520	21,890
Profit before tax		1,203,742	1,287,108
Income tax expense	4	(359,126)	(458,702)
Profit and total comprehensive income for the year	5	844,616	828,406

	<i>Notes</i>	Year ended 31 December	
		2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>
Profit (loss) and total comprehensive income (expense) for the year attributable to:			
Owners of the Company		846,531	830,423
Non-controlling interests		(1,915)	(2,017)
Total comprehensive income for the year		<u>844,616</u>	<u>828,406</u>
Earnings per share			
Basic (RMB)	7	0.51	0.50
Diluted (RMB)	7	<u>0.49</u>	<u>0.48</u>

Details of the dividend proposed for the year are disclosed in note 6.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		At 31 December	
	<i>Notes</i>	2020	2019
		RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		1,078,932	893,752
Right-of-use assets		187,602	190,560
Investment properties		1,256,900	1,034,500
Interests in associates		269,180	272,136
Interests in joint ventures		12,000	61,702
Financial assets at FVTPL		154,730	149,239
Trade receivables	8	1,649,147	1,111,984
Prepayments and other receivables		207,633	259,576
Amounts due from related parties		144,955	161,787
Restricted bank deposits		176,615	39,000
Deferred tax assets		131,054	78,657
		5,268,748	4,252,893
Current assets			
In progress land development arrangements		4,444,957	4,127,317
Properties under development for sale		1,797,150	1,519,506
Completed properties for sale		819,825	1,117,632
Trade receivables	8	1,106,708	1,600,725
Prepayments and other receivables		163,216	386,718
Contract assets		75,905	86,605
Amounts due from related parties		15,273	3,578
Restricted bank deposits		122,175	38,756
Time deposits with maturity over three months		311,000	563,644
Bank balances and cash		646,329	696,992
		9,502,538	10,141,473
Total assets		14,771,286	14,394,366

		At 31 December	
	<i>Notes</i>	2020	2019
		RMB'000	RMB'000
Current liabilities			
Trade and other payables	9	927,746	1,052,630
Advance from customers for rental business		15,083	14,801
Amounts due to related parties		5,586	105,597
Lease liabilities		2,238	22,817
Current tax liabilities		606,341	609,017
Contract liabilities		89,639	62,060
Bank and other borrowings		2,222,480	1,679,489
Convertible bonds, notes and senior notes		1,789,688	–
Deferred income		1,646	–
		<u>5,660,447</u>	<u>3,546,411</u>
Net current assets		<u>3,842,091</u>	<u>6,595,062</u>
Total assets less current liabilities		<u>9,110,839</u>	<u>10,847,955</u>
Non-current liabilities			
Bank and other borrowings		2,484,844	2,906,513
Convertible bonds, notes and senior notes		–	1,896,744
Derivative		–	1,620
Lease liabilities		7,282	23,940
Deferred tax liabilities		284,291	229,048
Deferred income		2,473	15,746
Contract liabilities		84,161	84,161
		<u>2,863,051</u>	<u>5,157,772</u>
Net assets		<u>6,247,788</u>	<u>5,690,183</u>
Capital and reserves			
Share capital	10	13,141	13,141
Reserves		<u>6,221,880</u>	<u>5,662,360</u>
Equity attributable to owners of the Company		<u>6,235,021</u>	<u>5,675,501</u>
Non-controlling interests		<u>12,767</u>	<u>14,682</u>
TOTAL EQUITY		<u>6,247,788</u>	<u>5,690,183</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL INFORMATION

China VAST Industrial Urban Development Company Limited (the “**Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 13 February 2014. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited with effect from 25 August 2014. The address of the registered office of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is China VAST Development Building, Hongtai East 2nd Avenue, Chaoyang District, Beijing, China. The principal activity of the Company is investment holding. Its subsidiaries are primarily engaged in industrial towns development, property development and property leasing.

The ultimate holding company and immediate holding company of the Company is Profit East Limited (“**Profit East**”), a company which was incorporated in the British Virgin Islands (the “**BVI**”) and is ultimately controlled by Ms. Zhao Ying. Ms. Zhao Ying and her husband, Mr. Wang Jianjun, are collectively referred to as the Ultimate Controlling Shareholders of the Company.

The consolidated financial statements are presented in Renminbi (“**RMB**”) which is also the functional currency of the Company and its subsidiaries (collectively referred to as the “**Group**”), and all values are rounded to the nearest thousand (‘000) unless otherwise indicated.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group’s accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in IFRS Standards* and the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

In addition, the Group has early applied the Amendment to IFRS 16 *Covid-19-Related Rent Concessions*.

Except as described below, the application of the *Amendments to References to the Conceptual Framework in IFRS Standards* and the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 Impacts on application of Amendments to IAS 1 and IAS 8 Definition of Material

The Group has applied the Amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

2.2 Impacts on application of Amendments to IFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The amendments had no impact on the consolidated financial statements.

2.3 Impacts on early application of Amendment to IFRS 16 Covid-19-Related Rent Concessions

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a Covid-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying IFRS 16 *Leases* (“**IFRS 16**”) if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The application of the amendment had no impact to the opening retained profits at 1 January 2020. The Group has benefited from 1 month waiver of lease payment on a lease in a property. The Group has derecognised the part of lease liability that has been extinguished by the forgiveness of lease payments using the discount rates originally applied to these leases respectively, resulting in a decrease in the lease liabilities of RMB150,000, which has been recognised as variable lease payments in profit or loss for the current year.

3. SEGMENT INFORMATION

The executive directors of the Group are identified as the chief operating decision maker (the “CODM”) of the Group for the purposes of resources allocation and performance assessment. The information reported to the CODM for the purposes of resources allocation and performance assessment focuses specifically on respective businesses of the Group. The Group’s operating and reportable segments are as follows:

Industrial towns development	–	Land infrastructure and industrial towns development and maintenance
Property development	–	Development and sale of properties
Property leasing	–	Lease of properties

Segment revenue and results

	Industrial towns development RMB’000	Property development RMB’000	Property leasing RMB’000	Total RMB’000
For the year ended 31 December 2020				
Segment revenue				
– External segment revenue	2,166,174	198,190	34,264	2,398,628
Consolidated revenue	2,166,174	198,190	34,264	2,398,628
Segment results	1,230,186	64,204	153,945	1,448,335
Inter-segment elimination	6,538	(6,538)	–	–
Unallocated profit or loss items:				
Other income				30,714
Other expenses				(105)
Other gains and losses				106,063
Selling and marketing expenses				(14,995)
Administrative expenses				(123,952)
Change in fair value of derivative				1,520
Finance costs				(227,814)
Change in fair value of other financial assets at FVTPL				(16,489)
Share of profits of associates				1,475
Share of losses of joint ventures				(1,010)
Profit before tax				1,203,742

	Industrial towns development RMB'000	Property development RMB'000	Property leasing RMB'000	Total RMB'000
For the year ended 31 December 2019				
Segment revenue				
– External segment revenue	2,421,131	214,699	34,177	2,670,007
Consolidated revenue	2,421,131	214,699	34,177	2,670,007
Segment results	1,626,793	(4,814)	29,939	1,651,918
Unallocated profit or loss items:				
Other income				29,052
Other expenses				(2,803)
Other gains and losses				(72,883)
Selling and marketing expenses				(11,493)
Administrative expenses				(118,557)
Change in fair value of derivative				21,890
Finance costs				(177,015)
Change in fair value of other financial assets at FVTPL				(5,584)
Share of losses of associates				(27,306)
Share of losses of joint ventures				(111)
Profit before tax				1,287,108

4. INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Current tax:		
– PRC enterprise income tax	(356,135)	(412,005)
– Land appreciation tax	(16,461)	(5,731)
– Over provision in prior year	16,316	5,560
	(356,280)	(412,176)
Deferred tax	(2,846)	(46,526)
	(359,126)	(458,702)

Certain subsidiaries of the Group, Langfang VAST Urban Development Co., Ltd., Langfang Hongsheng Real Estate Development Co., Ltd. and Langfang Yonglun Property Development Co., Ltd. were subject to the enterprise income tax of mainland China at a tax rate of 25% on a verification collection basis at deemed profit which represents 10% or 15% of its revenue after adjusting the subsidies paid to customers (enterprises establishing their businesses in Longhe Park) prior to 1 January 2014 in accordance with authorised tax valuation method (核定徵收) approved by local tax bureau pursuant to the applicable PRC tax regulations (the “Deemed Profit Basis”). From 1 January 2014, the three subsidiaries of the Group mentioned above no longer enjoyed the tax benefit of the authorised tax valuation method. Certain income tax calculated on Deemed Profit Basis of unrealised profit earned in prior years was realised in 2019 and 2020.

According to the requirements of the Provisional Regulations of the PRC on Land Appreciation Tax (“LAT”) (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights and buildings of the Group (being the proceeds of sales of properties less deductible expenditures including borrowing costs and property development expenditures) is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation of land value with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

Except for the above, under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

5. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Directors' emoluments (including share-based payment expenses, if any)	12,736	15,032
Staff costs		
Salaries, wages and other benefits	186,933	226,065
Contribution to retirement benefits scheme	18,196	35,275
Share-based payment expenses	–	6,832
Total staff costs (including Directors' emoluments)	217,865	283,204
Less: Amount capitalised in:		
In progress land development arrangements	(30,235)	(29,046)
Properties under development for sale	(333)	(1,041)
	187,297	253,117
Rental income from property leasing	(34,264)	(34,177)
Less: Direct operating expenses for property leasing	13,810	13,986
	(20,454)	(20,191)
Cost of properties sold	92,530	185,946
Cost of land development arrangements	620,107	599,407
Short-term lease expense	4,779	1,818
Covid-19-related rent concessions	(150)	–
Auditor's remuneration	3,406	2,928
Depreciation of property, plant and equipment	64,161	59,472
Depreciation of right-of-use assets	21,058	26,950

6. DIVIDEND

A final dividend of HK\$0.18 per share in respect of the year ended 31 December 2020 amounting to approximately HK\$297,223,000 in aggregate has been proposed by the directors of the Company and is subject to the approval by the shareholders in the forthcoming annual general meeting.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	846,531	830,423
Adjustment to the profit for the year attributable to owners of the Company for the purpose of diluted earnings per share		
– impact of convertible bonds issued by the Company	3,697	11,580
	850,228	842,003
Profit for the year attributable to owners of the Company for the purpose of diluted earnings per share	850,228	842,003
	Year ended 31 December	
	2020	2019
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	1,651,237	1,651,237
Effect of dilutive potential ordinary shares:		
– Convertible bonds	98,237	90,909
	1,749,474	1,742,146
Weighted average number of ordinary shares for the purpose of diluted earnings per share	1,749,474	1,742,146

The profit attributable to owners of the Company and the number of ordinary shares for the purpose of calculating diluted earnings per share for the year ended 31 December 2020 had been adjusted assuming that the conversion of the convertible bonds has been effective from 1 January 2019.

The computation of diluted earnings per share for the years ended 31 December 2020 and 2019 does not assume the exercise of share options because the adjusted exercise price of those options was higher than the average market price of the shares for both periods.

8. TRADE RECEIVABLES

	At 31 December	
	2020	2019
	RMB'000	RMB'000
– At amortised cost		
Receivables from industrial towns development	627,595	663,873
Receivables from sales of properties	14,977	9,444
Receivables from rental properties	1,711	3,572
	<u>644,283</u>	<u>676,889</u>
Less: Allowance for trade receivables	(3,788)	(1,470)
	<u>640,495</u>	<u>675,419</u>
– At FVTPL		
Receivables from industrial towns development	2,115,360	2,037,290
Total	<u>2,755,855</u>	<u>2,712,709</u>
Analysed for reporting purpose as:		
– At amortised cost		
– Current assets	633,386	636,080
– Non-current assets	7,109	39,339
	<u>640,495</u>	<u>675,419</u>
– At FVTPL		
– Current assets	473,322	964,645
– Non-current assets	1,642,038	1,072,645
	<u>2,115,360</u>	<u>2,037,290</u>
Total		
– Current assets	1,106,708	1,600,725
– Non-current assets	1,649,147	1,111,984
	<u>2,755,855</u>	<u>2,712,709</u>

The aging analysis of trade receivables – at amortised cost, net of allowance for doubtful debts, presented based on revenue recognition date, at the end of the reporting period is as follows:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
0 to 180 days	517,573	549,478
181 to 365 days	–	1,405
1–2 years	1,545	105,866
2–3 years	103,951	15,486
Over 3 years	17,426	3,184
	640,495	675,419

9. TRADE AND OTHER PAYABLES

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Trade payables	695,705	810,991
Refundable deposits	59,932	63,596
Tax payables	91,482	50,332
Property, plant and equipment costs payable	15,670	47,845
Investment properties construction costs payable	4,922	14,595
Other deposits received	23,864	23,390
Accrued payroll	10,267	24,574
Other payables	25,904	17,307
	927,746	1,052,630

The following is an aging analysis of trade payables based on services/materials received date at the end of the reporting period:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Less than 1 year	368,891	342,157
1-2 years	192,513	238,709
2-3 years	33,845	44,056
Over 3 years	100,456	186,069
	695,705	810,991

10. SHARE CAPITAL

Share capital of the Group includes only issued and fully paid share capital of the Company as set out below:

	Number of ordinary shares	Nominal value of ordinary shares <i>HK\$'000</i>	Equivalent nominal value of ordinary shares <i>RMB'000</i>
Authorised ordinary shares of HK\$0.01 each:			
As at 31 December 2019 and			
31 December 2020	<u>1,651,237,491</u>	<u>16,512</u>	<u>13,141</u>

11. SUBSEQUENT EVENT

On 8 January 2021, the Company and the holder of the 2018 Convertible Bonds and 2018 Notes entered into an agreement to extend the maturity date of the 2018 Convertible Bonds and the remaining outstanding of the 2018 Notes to 10 January 2022 and revise the conversion price of the 2018 Convertible Bonds to HK\$3.54 per share, which is subject to adjustments in certain events.

BUSINESS REVIEW

I. Industrial Town Development

We currently provide planning, development and/or operation services in eight industrial town projects, including (i) Longhe Park; (ii) Longhe Resort; (iii) Guangyang Technology Regeneration Park; (iv) Yongqing Vast Industrial Town Park, all of which are located in Langfang City, Hebei Province; (v) Shijiazhuang General Aviation Industrial Town Park; (vi) Shijiazhuang Gaocheng Vast Industrial Town Park, both of which are located in Shijiazhuang City, Hebei Province; (vii) VAST Ezhou Industrial Park in Ezhou City, Hubei Province; and (viii) Wuhan Development Zone General Aviation Industry Comprehensive Demonstration Zone in Wuhan City, Hubei Province. After over 10 years of development, Longhe Park is progressing towards its maturity in a fast development stage. The remaining seven projects are in the early stage of planning and development. However, with the improvement and betterment of the terms of cooperation agreements signed between the Company and local governments, some of our cooperation agreements enable us to record revenue in the early stage of development, thus providing support for development projects on a rolling basis.

Industrial town project	Industry theme	Scope of services	Fee arrangement	Status
Langfang, Hebei Province				
(I) Longhe Park Planned site area: 28.0 million sq.m.	• Information technology, advanced manufacturing, modern services and property development	• Planning and design, industry positioning, land preparation, infrastructure construction, marketing and follow-up services to manage and operate the project	• Calculated with reference to a certain percentage of land sale proceeds and taxes paid by resident enterprises.	• Progressing towards an active development stage, and contributed to our income during the year
(II) Longhe Resort, Langfang Planned site area: 9.5 million sq.m.	• Vacation home and facilities, business headquarters and culture business subject to finalization	• Planning and design, industry positioning, land preparation, infrastructure construction, marketing and follow-up services to manage and operate the project	• Calculated with reference to a certain percentage of land sale proceeds and taxes paid by resident enterprises.	• Binding agreement signed; land preparation and infrastructure construction not yet commenced
(III) Guangyang Technology Regeneration Park Planned site area: 15.0 million sq.m.	• Under planning	• Planning and design, industry positioning, land preparation, infrastructure construction, marketing and follow-up services to manage and operate the project	• A portion of the net land sale proceeds representing the sum of our actual investment amount with a pre-agreed return and a portion of the remaining net land sale proceeds in accordance with our equity interest in the relevant project company.	• Binding agreement signed; land preparation and infrastructure construction not yet commenced
(IV) Yongqing Vast Industrial Town Park Planned site area: 14.0 million sq.m.	• Intelligent equipment manufacturing, new energy, new material industry	• Planning and design, industry positioning, land preparation, infrastructure construction and marketing	• Commission services income, which is calculated based on a certain proportion of a fixed return and the aggregate investment in the park.	• Binding agreement signed; land preparation and infrastructure construction not yet commenced

Industrial town project	Industry theme	Scope of services	Fee arrangement	Status
Shijiazhuang, Hebei Province				
(V) Shijiazhuang General Aviation Industrial Town Park Planned site area: 20.0 million sq.m.	• General aviation industry, modern services and property development	• Planning and design, industry positioning, land preparation, infrastructure construction and marketing	• Commission services income, which is calculated based on a certain proportion of a fixed return and the aggregate cost incurred in the park.	• Binding agreement signed; land preparation and infrastructure construction commenced, and contributed to our income during the year
(VI) Shijiazhuang Gaocheng VAST Industrial Town Park Planned site area: 27.1 million sq.m.	• Healthcare industry, eldercare industry and tourism	• Planning and design, industry positioning, land preparation, infrastructure construction and marketing	• Commission services income, which is calculated based on a certain proportion of a fixed return and the aggregate investment in the park.	• Binding agreement signed; land preparation and infrastructure construction commenced, and contributed to our income during the year
Ezhou, Hubei Province				
(VII) VAST Ezhou Industrial Park Planned site area: 4.3 million sq.m.	• Intelligent manufacturing, electronic information and strategic emerging industries	• Planning and design, industry positioning, land preparation, infrastructure construction and marketing	• Commission services income, which is calculated based on a certain proportion of a fixed return and the aggregate investment in the park.	• Binding agreement signed; land preparation and infrastructure construction commenced, and contributed to our income during the year
Wuhan, Hubei Province				
(VIII) Wuhan Development Zone General Aviation Industry Compressive Development Zone Planned site area: 5.1 million sq.m.	• General aviation industry	• Planning and design, industry positioning, land preparation, infrastructure construction and marketing	• Commission services income, which is calculated based on a certain proportion of a fixed return and the aggregate investment in the park.	• Binding agreement signed; land preparation and infrastructure construction commenced

Note:

Since City Plan 2035 (2035年版城市規劃) of Zhangjiakou has not been approved to date, and VAST Zhangjiakou City New Industrial Park and Zhangjiakou City Modern Industrial Park have not made substantial progress, after the friendly negotiation by all parties, we have signed agreements to terminate the cooperation of the park projects for the above two parks respectively at the end of 2020.

Longhe Park

After years of development, an accumulated land of 7,259,077 sq.m. (accounted for 37.2% of saleable land) was sold by the local government of Longhe Park. The table below sets forth details regarding land sold by local government, the relevant average selling price, land premium and a breakdown of our fee income for the year ended 31 December 2020:

	Land sold by local government <i>sq.m.</i>	ASP sold by local government <i>RMB/sq.m.</i>	Land premium <i>RMB'000</i>	Our fee income/ percentage of land premium <i>RMB'000</i>	%
Year ended 31 December 2020					
Residential and commercial land	443,482	8,238	3,653,500	1,656,426	45.3
Industrial land	156,599	708	110,900	76,097	68.6
Total	600,081	6,273	3,764,400	1,732,523	46.0

II. Property Development

The following table sets forth the revenue, gross floor area (“GFA”)/unit sold, and average selling price (“ASP”) for each of our revenue-generating properties for the year ended 31 December 2020.

Project	Year ended 31 December 2020		
	Revenue <i>RMB'000</i>	GFA Sold <i>sq.m.</i>	ASP <i>RMB/sq.m.</i>
Foxconn City Phase II (Longhefengjing)			
Residential	43,486	3,217	13,518
Hongtai Longdi Phase I			
Commercial	2,169	143	15,168
Hongtai Longdi Phase II			
Commercial	4,041	265	15,249
Hongtai Meishuguan Phase II			
Residential	3,029	245	12,363
Yulong Bay Phase I			
Commercial	3,808	320	11,900
Electronic Information Industrial Park			
Plant	135,616	12,398	10,939
Yishujia			
Residential	5,162	450	11,471
Sub-total	197,311	17,038	11,581

Project Ancillary Area	Year ended 31 December 2020		
	Revenue <i>RMB'000</i>	GFA sold <i>sq.m.</i>	ASP <i>RMB/sq.m.</i>
Foxconn City Phase II (Longhefengjing) Underground Chamber	16	497	32
Hongtai Meishuguan Underground Chamber	143	187	765
Yulong Bay Phase I Underground Chamber	446	201	2,219
Yihejiayuan Underground Chamber	96	156	615
Sub-total	<u>701</u>	<u>1,041</u>	<u>673</u>

	Year ended 31 December 2020		
	Revenue <i>RMB'000</i>	Unit sold <i>Unit</i>	ASP <i>RMB/unit</i>
Foxconn City Phase II (Longhefengjing) Underground Car Park Unit	624	42	14,857
Hongtai Meishuguan Underground Car Park Unit	1,833	27	67,889
Hongtai Longdi Underground Car Park Unit	2,646	39	67,846
Yulong Bay Phase I Underground Car Park Unit	1,409	15	93,933
Yishujia Car Park Unit	1,252	8	156,500
Sub-total	<u>7,764</u>	<u>131</u>	<u>59,267</u>
Total	<u>205,776</u>		
Less: Tax and surcharges	<u>(7,586)</u>		
Total revenue after tax	<u>198,190</u>		

III. Property Leasing

For the year ended 31 December 2020, our property leasing income was RMB34.3 million. In the future, we will consider the synergies created by the property development business, to determine the input of resources on property investment.

IMPACT OF COVID-19 AND RESPONSE

Since January 2020, COVID-19 has spread all over the world. It has brought certain challenges to our business development, but has little impact on our core business. During the epidemic, we formulated special response measures, such as quickly adapting to the needs of epidemic prevention and control to realize early resumption of work and production, increasing investment promotion, multi-channel promotion of commercial, residential and industrial land, and working with the government to help enterprises in the parks overcome the impact of the epidemic to ensure sound development of business operations, etc. These measures played a positive role in the stable development of our business.

As the government's various anti-epidemic measures continue to take effect, except for a few small medium-risk and high-risk areas that have cases occasionally, production and life in all parts of China have basically returned to normal. In particular, the recent large-scale vaccination of COVID-19 vaccine across the country has further controlled the development of the epidemic, and psychologically eliminated people's panic about COVID-19. The impact of the epidemic on our business development is diminishing.

We will continue to monitor the development of COVID-19, assess the impact of COVID-19 on our financial position and operating results, adjust the plans and measures for epidemic prevention and control and project operations in a timely manner, and disclose any relevant important information in due course.

OUTLOOK

In respect of our industrial town development, we will focus on the development of Longhe Park and continue the foundation works of other outbound projects (including projects in Beijing-Tianjin-Hebei Region and projects in Yangtze River Delta Economic Zone) in 2021. We are confident that we can complete the annual development plan and revenue plan formulated by the management of the Group at the beginning of the year.

In respect of our property development in 2021, we will focus on the construction of Foxconn City Phase III, Longhe Center and Electronic Information Industrial Park. Revenue from sales of properties during 2021 is expected to be derived mainly from the sales of Foxconn City Phase II and the remaining units of Hongtai Longdi, Hongtai Meishuguan and Electronic Information Industrial Park.

Taking into account our cash and future operating cash flows, and bank and other borrowings available, we believe that we have sufficient funding to support these development plans.

FINANCIAL REVIEW

Revenue

Our revenue for the year ended 31 December 2020 was substantially generated from: (i) land development projects/arrangements, representing our fee income derived from development of industrial town projects; (ii) the sales of properties; and (iii) property leasing. The table below sets forth a breakdown of our revenue:

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Fee and service income relating to/arising from land development projects / arrangements	2,166,174	2,421,131
Revenue from the sales of properties	198,190	214,699
Revenue from property leasing	34,264	34,177
	<u>2,398,628</u>	<u>2,670,007</u>

Revenue of the Group for the year ended 31 December 2020 amounted to RMB2,398.6 million, representing a decrease of 10.2% as compared with RMB2,670.0 million for the same period in 2019. The decrease in revenue was mainly because revenue from land development projects decreased as compared with that generated in the same period last year.

As for the land development business, we recorded a revenue of RMB2,166.2 million for the year ended 31 December 2020, representing a decrease of 10.5% as compared with RMB2,421.1 million for the same period in 2019.

For the year ended 31 December 2020, an aggregate of 600,081 sq.m. of land in Longhe Park was sold by the relevant local government at a total land premium of RMB3,764.4 million. Compared with the aggregate of 694,082 sq.m. of land in Longhe Park sold by the local government at a total land premium of RMB4,422.0 million for the same period in 2019, there were decreases in the area of land sold and the land premium during the period. For the year ended 31 December 2020, we recorded a total fee income of RMB1,969.3 million from Longhe Park, representing an decrease of RMB122.0 million as compared with RMB2,091.3 million for the same period in 2019. The fee income recognised from sales of land was RMB1,732.5 million as compared with RMB1,945.8 million for the same period in 2019, land preparation service income received from a successful land buyer was RMB200.0 million and other comprehensive services fee income was RMB36.8 million (for the same period in 2019: RMB53.7 million). Other comprehensive services fee income was calculated and charged with reference to a certain proportion to the tax imposed on Longhe Park resident enterprises during the year.

In addition, we also recorded revenue from land development projects in other parks. For Shijiazhuang General Aviation Industrial Town Park, the Group recognized a revenue of RMB41.9 million from industrial development service, while a revenue of RMB25.8 million and RMB18.6 million from land preparation and investment services and industrial development service in this park was recognised respectively in the same period of 2019. For Shijiazhuang Gaocheng VAST Industrial Town Park, the Group recognized a revenue of RMB76.9 million from land preparation and investment services, representing a decrease of 13.8% as compared with RMB89.2 million of the same period in 2019. For VAST Ezhou Industrial Park, the Group recognized a revenue of RMB23.6 million and RMB38.2 million from land preparation and investment services and industrial development service respectively, while a revenue of RMB174.1 million from land preparation and investment services in this park was recognised in the same period of 2019. The revenue from land preparation and investment services of the above three parks was calculated under the cost-plus method, and the revenue from industrial development service was calculated according to a certain percentage of the amount of investment in additional park establishment. The decrease in the revenue of the above three parks was due to the reduced investments for balanced development in these parks.

For the property development business, we recorded a revenue from the sales of properties of RMB198.2 million for the year ended 31 December 2020, representing a decrease of RMB16.5 million from RMB214.7 million for the same period in 2019. We delivered the area of residential, commercial and industrial properties of 17,038 sq.m. for the year, representing an increase of 2,111 sq.m. as compared with the area of property delivered of 14,927 sq.m. for the same period in 2019. As a result, the revenue from residential, commercial and industrial properties increased by RMB30.3 million for the year. However, revenue from the sales of car park units decreased by RMB55.0 million in the year because less car park units in the project ancillary area were delivered in 2020. Therefore, the total revenue from the sales of properties decreased in the year.

Cost of Sales and Services

Our cost of sales and services consists of (i) cost of land development projects, (ii) cost of properties sold, and (iii) direct operating expense of property leasing. For the year ended 31 December 2020, our cost of sales and services amounted to RMB726.4 million, representing a decrease of 9.1% as compared with RMB799.3 million for the same period in 2019, which was primarily due to the decrease in the cost of sales of properties during the year.

Gross Profit and Gross Profit Margin

For the year ended 31 December 2020, our gross profit amounted to RMB1,672.2 million, which represented a decrease of 10.6% as compared with RMB1,870.7 million for the same period in 2019. Our gross profit margin decreased from 70.1% in 2019 to 69.7% for the year.

Other Income

Other income increased from RMB160.9 million for the year ended 31 December 2019 to RMB201.3 million for the year, representing an increase of RMB40.4 million, which was primarily because the revenue from government grants increased by RMB11.2 million and the revenue from provision of infrastructure services increased by RMB11.6 million.

Other Gains and Losses

Other gains for the year were net gains of RMB115.9 million, mainly attributable to the exchange gains of RMB104.7 million recorded during the year.

Administrative Expenses

For the year ended 31 December 2020, our administrative expenses amounted to RMB322.9 million, representing a decrease of 11.9% as compared with RMB366.6 million for the same period in 2019. Such decrease was primarily due to the decrease in staff costs because of the decrease in number of employees, and the social security relief and deferred payment policies implemented by the country due to the COVID-19 epidemic.

Finance Costs

Finance costs increased by RMB82.7 million (or 32.3%) from RMB256.4 million for the year ended 31 December 2019 to RMB339.1 million for the year. The increase in finance cost was mainly due to an increase in our average outstanding balance of bank loans and other facilities.

Profit Before Tax

Profit before tax decreased by RMB83.4 million (or 6.5%) from RMB1,287.1 million for the year ended 31 December 2019 to RMB1,203.7 million for the year.

Income Tax Expense

Income tax expense decreased by RMB99.6 million (or 21.7%) from RMB458.7 million for the year ended 31 December 2019 to RMB359.1 million for the year, which was primarily due to a decrease in profit before tax and deferred tax for the year ended 31 December 2020.

Profit

As a result of the foregoing factors, the net profit of the Group increased by RMB16.2 million (or 2.0%) from RMB828.4 million for the year ended 31 December 2019 to RMB844.6 million for the year.

Pledge of Assets

Certain assets of the Group have been pledged to the banks, trust fund companies and other financial institutions to secure certain loans and banking facilities granted to the Group.

Liquidity and Financial Resources

The Group's principal financial instruments are comprised of bank and other borrowings, convertible bonds, notes, senior notes and bank balances and cash. The main objective for the use of these financial instruments is to maintain a continuity of funding and flexibility at the lowest cost possible.

As at 31 December 2020, bank balances and cash and restricted bank deposits were RMB1,256.1 million, among which RMB1,210.0 million was denominated in Renminbi, RMB41.8 million in USD and RMB4.3 million in HKD.

As at 31 December 2020, our total bank and other borrowings were RMB4,707.3 million, among which RMB4,693.4 million was denominated in Renminbi and RMB13.9 million in HKD, with maturity terms as follows:

	31 December 2020 (RMB million)
Within 1 year	2,222.5
1 to 2 years	859.7
2 to 5 years	1,106.1
Over 5 years	519.0
	<hr/> 4,707.3 <hr/>

Among the RMB4,707.3 million of bank and other borrowings, RMB1,430.8 million was borrowed at a floating rate, whereas RMB3,276.5 million was borrowed at a fixed rate.

As at 31 December 2020, the Group's gearing ratio (total liabilities to total assets) was 57.7%. The Group will continue to adopt more conservative financial policies and control its gearing ratio at the industry average level.

Convertible Bonds, Notes and Senior Notes

The Group issued convertible bonds and notes amounting to USD50 million and USD110 million respectively on 9 January 2018. The terms of convertible bonds and notes are 3 years and 1 to 3 years respectively. The coupon rates of both are 6% with interest payable semi-annually. The convertible bonds can be converted to the shares of the Company at the initial conversion price of HKD4.75 per share before maturity. The conversion price is subject to adjustments according to terms of the agreement. The prevailing conversion price as at 31 December 2020 is HKD3.97 per share. As of 31 December 2020, the Group redeemed notes of USD64 million.

On 8 January 2021, the Company and the initial investor entered into the deed of amendment to extend the maturity date of the convertible bonds and the remaining outstanding notes to 10 January 2022 and amend certain terms of the subscription agreement, the terms of the convertible bonds and the notes, and other relevant transaction documents. The conversion price of the convertible bonds was revised to HK\$3.54 per share (subject to adjustment).

Additionally, the Group issued senior notes of USD180 million with a term of two years on 28 June 2019. The coupon rate is 13% with interest payable semi-annually.

Foreign Currency Risk

The Group's business is principally denominated in Renminbi. Apart from certain cash, bank deposits, amounts due from/to related parties, bank and other borrowings, convertible bonds, notes and senior notes which are denominated in foreign currencies, the Group is not subject to any significant risk from fluctuations in exchange rates. No currency hedging arrangement had been made by the Group during the year. The Group will closely monitor and manage its exposure to fluctuations in foreign exchange rates.

Significant Investments, Acquisitions and Disposals

The Group entered into equity transfer agreements with independent third parties in respect of the acquisition of the entire equity of two subsidiaries at a total consideration of RMB77.2 million for the year ended 31 December 2020. In addition, the Group entered into equity transfer agreements with independent third parties in respect of the disposals of the entire equity of four subsidiaries at a total consideration of RMB9.5 million for the year ended 31 December 2020. The Group recognised a gain from such disposals of RMB2.1 million in the profit and loss.

Saved as disclosed above, the Group did not make any material acquisition or disposal of subsidiaries and associated companies and significant investments during the year ended 31 December 2020.

EMPLOYEE REMUNERATION AND RELATIONS

As at 31 December 2020, the Group had a total of 838 employees (31 December 2019: 938 employees). The Group provides employees with competitive remuneration and benefits, and the remuneration policy will be reviewed on a regular basis based on the performance and contribution of the employees and the industry remuneration level. In addition, the Group also provides various training courses to enhance the employees' skills and capabilities in all aspects.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the period.

DIVIDEND

The Board has proposed to recommend the payment of a final dividend of HK\$0.18 per share in cash to the shareholders of the Company for the year ended 31 December 2020, representing a total payment of approximately HK\$297,223,000. The final dividend is subject to approval of the shareholders at the forthcoming annual general meeting ("AGM") of the Company proposed to be held on 24 June 2021.

Upon shareholders' approval to be obtained at the AGM, the annual dividend will be payable on or around 27 October 2021 to the shareholders of the Company whose names appear on the register of members of the Company at the close of business on 12 October 2021.

CLOSURE OF REGISTER OF MEMBERS AND RECORD DATE

The register of members of the Company will be closed from 21 June 2021 to 24 June 2021, both days inclusive, during which period no transfer of shares of the Company will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfers of shares of the Company accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 18 June 2021.

The period of closure of the register of members of the Company for the purpose of determining shareholders' entitlements to the final dividend is from 13 October 2021 to 18 October 2021 (both days inclusive), and during such period, no transfer of shares of the Company will be registered. In order to qualify for the entitlement of the final dividend, all transfers of shares of the Company accompanied by the relevant share certificates and appropriate transfer forms must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on 12 October 2021.

ANNUAL GENERAL MEETING

It is proposed that the AGM of the Company will be held on 24 June 2021. Notice of the AGM will be published and dispatched to the shareholders of the Company in due course, and in any event not later than 20 clear business days before the AGM.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to ensuring a high standard of corporate governance practices and continues to closely monitor the compliance with the applicable requirements. For the year ended 31 December 2020, the Company has complied with all the applicable code provisions set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Listing Rules except for the following deviation:

Code provision A.2.1 of the Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wang Jianjun has been assuming the roles of both the chairman of the Board and the president of the Company since the listing of the Company's shares on 25 August 2014. The Board believes that resting the roles of both the chairman and the president in the same person has the benefit of ensuring consistent leadership within the Group and enables more effective and efficient overall strategic planning for the Group. Although these two roles are performed by the same individual, certain responsibilities are shared with executive directors to balance the power and authority. In addition, all major decisions are made in consultation with members of the board as well as senior management. The Board has three independent non-executive directors who offer different independent perspectives. Therefore, the Board is of the view that there are adequate balances of power and safeguards in place. The Board would review and monitor the situation on a regular basis and would ensure that the present structure would not impair the balance of power in the Group.

In respect of code provision A.1.3 of the Code, notice of at least 14 days should be given of the regular board meeting to give all directors an opportunity to attend. During the year ended 31 December 2020, one Board meeting was convened with less than 14 days' notice to enable the Board members to react timely and make expeditious decision making in respect of transactions which were of significance to the Group's business. As a result, the aforesaid regular Board meeting was held with a shorter notice period than required with the consent of all the Directors for that time being. The Board will do its best endeavours to meet the requirement of code provision A.1.3 of the Code in the future.

Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders.

Due to other pre-arranged business commitments which must be attended, Ms. Zhao Ying, being a non-executive director of the Company, was not present at the annual general meeting of the Company held on 2 June 2020 (the “AGM”). However, Dr. Wong Wing Kuen, Albert, Ms. Hsieh Yafang and Professor Wang Yijiang, being independent non-executive directors and members of the audit committee of the Company, were present at the AGM to ensure an effective communication with the shareholders thereat.

Code provision E.1.2 provides that the chairman of the board should attend the annual general meeting. Mr. Wang Jianjun, the Chairman of the Board, was unable to attend the AGM due to other pre-arranged business commitments which must be attended. Mr. Huang Peikun, an executive director and the chief financial officer of the Company who took the chair of the AGM, together with other members of the Board who attended the AGM, were of sufficient calibre for answering questions at the AGM and had answered questions at the AGM competently.

AUDIT COMMITTEE

The Audit Committee of the Company, consisting of three independent non-executive directors, namely Dr. Wong Wing Kuen, Albert (Chairman), Ms. Hsieh Yafang and Professor Wang Yijiang, has discussed with the independent auditor of the Company, Deloitte Touche Tohmatsu, and reviewed the Group’s consolidated financial statements of the year ended 31 December 2020, including the accounting principles and practices adopted by the Group.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group’s auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu 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 Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as the guidelines for the directors’ dealings in the securities of the Company.

Specific enquiry has been made to all directors of the Company and all directors have confirmed that they have complied with the applicable standards set out in the Model Code throughout year ended 31 December 2020.

FORWARD LOOKING STATEMENTS

This announcement includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believe”, “estimate”, “anticipate”, “expect”, “intend”, “may”, “will” or “should” or, in each case, their negative, or other variations or similar terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding our intentions, beliefs or current expectations concerning, among other things, results of operations, financial condition, liquidity, prospects and growth strategies of the Group, and the industry in which the Group operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which the Group operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this announcement. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which the Group operates are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.vastiud.com) and the 2020 annual report of the Company will be dispatched to the shareholders and published on the Company's and the Stock Exchange's websites in due course.

By Order of the Board
China VAST Industrial Urban Development Company Limited
Wang Jianjun
Chairman

Hong Kong, 31 March 2021

As at the date of this announcement, the executive directors of the Company are Mr. WANG Jianjun, Mr. YANG Yun, Mr. WANG Yagang, Mr. HUANG Peikun and Ms. WANG Wei; the non-executive director is Ms. ZHAO Ying; and the independent non-executive directors are Dr. WONG Wing Kuen, Albert, Ms. HSIEH Yafang and Professor WANG Yijiang.