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AGILE GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3383)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

HIGHLIGHTS

| Financial Highlights | For the year ended 31 December | | |
|--|--------------------------------|-------------|---------------|
| | <u>2020</u> | <u>2019</u> | <u>Change</u> |
| Revenue (RMB million) | 80,245 | 60,239 | +33.2% |
| Gross profit (RMB million) | 24,102 | 18,358 | +31.3% |
| Net profit (RMB million) | 12,249 | 9,233 | +32.7% |
| Core net profit* (RMB million) | 11,120 | 8,478 | +31.2% |
| Profit attributable to shareholders of the Company (RMB million) | 9,475 | 7,512 | +26.1% |
| Core net profit attributable to shareholders of the Company* (RMB million) | 8,346 | 6,769 | +23.3% |
| Basic earnings per share (RMB) | 2.440 | 1.935 | +26.1% |
| Distributed interim dividend per ordinary share (HK cents) | 50.0 | 60.0 | -16.7% |
| Proposed final dividend per ordinary share (HK cents) | 60.0 | 40.0 | +50.0% |
| Full year dividend per ordinary share (HK cents) | 110.0 | 100.0 | +10.0% |

* excluding fair value gains on investment properties, net exchange differences, fair value gains or losses on derivative financial instruments and gains or losses on financial assets/liabilities at fair value through profit or loss ("FVPL") and the related tax effect

Operational Highlights

For the year ended 31 December 2020:

- the aggregated pre-sale value of the Group, together with the joint ventures and associates of the Group as well as property projects carrying “Agile” brand name managed by the Group reached a record high of RMB138.19 billion, representing an increase of 17.1% when compared with last year;
- the Group’s revenue and gross profit were RMB80,245 million and RMB24,102 million respectively, representing an increase of 33.2% and increase of 31.3% when compared with last year;
- profit attributable to shareholders of the Company and core net profit attributable to shareholders of the Company were RMB9,475 million and RMB8,346 million respectively, representing an increase of 26.1% and increase of 23.3% when compared with last year;
- revenue from property management and environmental protection were RMB7,853 million and RMB2,289 million respectively, representing an increase of 119.5% and increase of 51.6% when compared with last year;
- revenue from property development business and diversified businesses accounted for 86.7% and 13.3% respectively. The proportion of revenue from diversified businesses increased by 3.2 percentage points when compared with last year;
- as at 31 December 2020, the total cash and bank balances of the Group were RMB 50,865 million;
- the Board proposed to declare a final dividend of HK60.0 cents per ordinary share for the year ended 31 December 2020, representing an increase of 50.0% when compared with last year.

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to report the audited consolidated results of Agile Group Holdings Limited (“**Agile**” or the “**Company**”) and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020 as follows:

Results and Dividends

During the year, the revenue of the Group amounted to RMB80,245 million, representing an increase of 33.2% when compared with last year. Gross profit amounted to RMB24,102 million, representing an increase of 31.3% when compared with last year. The Group’s overall gross profit margin was 30.0%, comparable with last year. During the year, core net profit of the Group and core net profit attributable to shareholders of the Company were RMB11,120 million and RMB8,346 million respectively, representing an increase of 31.2% and 23.3% when compared with last year. The margin of core net profit of the Group and the margin of core net profit attributable to shareholders of the Company were 13.9% and 10.4% respectively. Profit attributable to shareholders of the Company amounted to RMB9,475 million, representing an increase of 26.1% when compared with last year.

During the year, revenue from recognised sales of property development was RMB69,547 million, representing an increase of 28.4% when compared with last year. Revenue from property development business and diversified businesses accounted for 86.7% and 13.3% respectively. The proportion of revenue from diversified businesses increased by 3.2 percentage points when compared with last year. The rise reflects the sustained effectiveness of the Group’s operating model of “focusing on property development, supported by a synergy of diversified businesses”. During the year, property management and environmental protection recorded revenue growth of 119.5% and 51.6% respectively, continuing to provide solid revenue to the Group.

Taking into account the Group’s business development needs and shareholders’ investment returns, the board of directors of the Company (the “**Board**”) has proposed the declaration of a final dividend of HK60.0 cents per ordinary share for the year ended 31 December 2020. Together with the interim dividend of HK50.0 cents per ordinary share paid in 2020, the total dividend of 2020 will be HK110.0 cents per ordinary share, representing an increase of 10.0% when compared with last year.

Market Review

The year 2020 was an unusual year. Under the influence of the novel coronavirus (“**COVID-19**”), countries affected by the pandemic took measures including border closure, travel restrictions and lockdown of affected areas in order to contain the spread of the COVID-19. The pandemic caused an economic blow to global industries including the airline industry, the tourism industry, the retail industry and the import and export trade. However, governments around the world took actions promptly to respond to the impact of the pandemic and implemented various relief measures such as easing fiscal and monetary policies, increasing medical expenditure and providing immediate financial assistance to mitigate the economic loss of various industries.

In respect of China’s real estate market, sales nationwide saw a steep fall at the beginning of the year due to the impact of the pandemic. However, with the pandemic under control in the second quarter, China’s real estate market experienced months of continuous recovery. In August, the year-on-year growth rate in nationwide accumulated sales of commercial housing returned to positive for the first time during the year. Eventually, the nationwide accumulated sales of commercial housing in 2020 exceeded RMB17.1 trillion, reaching a new record high.

In the 14th Five-Year Plan, the Central Government reiterated the adherence to the positioning “houses are for living in, not for speculation”, the adherence to the exclusion of real estate as a short-term economic stimulus, and the adherence to the goal of “stabilising land prices, housing prices and expectations”, setting a keynote for the regulation of the real estate industry in China for the next five years. The Group capitalised on the opportunities in the steady development of China’s real estate market while upholding and implementing the operating model of “focusing on property development, supported by a synergy of diversified businesses”.

Pre-sale Value Rising 17.1% Year on Year, Reached a Record High

During the year, the aggregated pre-sale value of the Group, together with the joint ventures and associates of the Group as well as property projects carrying “Agile” brand name managed by the Group amounted to RMB138.19 billion, representing an increase of 17.1% when compared with last year and reached a record high. The accumulated gross floor area (“**GFA**”) presold was 10.25 million sq.m., representing an increase of 15.0% when compared with last year, while the average selling price was RMB13,482 per sq.m.. During the year, the completion rate of pre-sale value target reached 115.2%.

The Group continued to drive regional diversified online and offline sales strategies. Meanwhile, the Group accelerated the resumption of project construction after the pandemic came under control in each region, while adjusting the saleable resources in each region where appropriate. During the year, the Group achieved satisfactory pre-sale results in Southern China, Eastern China, Hainan and Yunnan and Northern China regions. The value of saleable resources was approximately RMB220 billion for the full year, with 216 projects for sale including 46 newly launched projects.

Diversified Land Acquisition Approaches and Focus on the Greater Bay Area and the Yangtze River Delta with Prudent Expansion in Overseas Markets

During the year, the Group continued to implement diversified land acquisition approaches to further strengthen its business presence. The Group strategically obtained 40 new high-quality projects through tender, auction, listing-for-sale, land application and equity acquisitions. The total planned GFA of the new projects amounted to 8.361 million sq.m.. The total consideration of the new projects was RMB35.701 billion, with an average land cost of RMB4,270 per sq.m.. The total consideration attributable to the Group was RMB23.385 billion. As at 31 December 2020, the Group had a land bank with total planned GFA of 53.01 million sq.m. in a total of 84 cities, among which, 6 markets were newly explored during the year.

The Group held approximately 13.54 million sq.m. of land bank, which accounted for 25.5% of its total land bank, in the Guangdong-Hong Kong-Macao Greater Bay Area (the “**Greater Bay Area**”). Following the Central Government’s announcement of implementation opinions and action plans related to the development of the Greater Bay Area, the Group remains ideally positioned to benefit from the enormous potential for future development. In addition, the Group held 6.94 million sq.m. of land bank in the Yangtze River Delta, which accounted for 13.1% of its total land bank, with the accumulated number of development projects exceeding 50. The Group will continue to expand its market share in the Yangtze River Delta, thereby generating stable long-term revenue streams for the Group. The Group has two high-quality property projects in Hong Kong, including Hong Kong King’s Road & Mount Parker Road Project and Kowloon Tong Eastbourne Road Project.

In addition, the Group has developed a total of 5 projects in overseas. In Malaysia, the Group has developed 3 high-quality property projects in Kuala Lumpur, including Agile Mont Kiara Kuala Lumpur that was sold out in 2020, and on sale projects, Agile Bukit Bintang Kuala Lumpur and Agile Embassy Garden Kuala Lumpur. In Cambodia, Agile Sky Residence Phnom Penh is the Group’s first development project in Phnom Penh. In San Francisco, United States, the Group acquired San Francisco Project 88 during the year. The project has been capped and is planned to be launched in the third quarter of 2021. As at 31 December 2020, the Group held approximately 0.36 million sq.m. of land bank, which accounted for 0.7% of its total land bank in overseas. The Group adopts a prudent yet proactive development strategy with China property market as the main development position, with prudent expansion in overseas markets.

Working Together to Achieve Joint Success through Diversification

In respect of diversified businesses, the Group’s property management, environmental protection, A-City Group Limited (“**A-City**”), urban renewal, real estate construction management and commercial continued to generate synergies. During the year, the Group’s property management and environmental protection recorded a year-on-year revenue growth of 119.5% and 51.6% respectively, continuing to provide solid revenue to the Group.

Renaming of A-Living and Completion of Acquisition of CMIG PM

During the Year, “A-Living Smart City Services Co., Ltd.” (“**A-Living**”) forged ahead to seize the trend of industry upgrading and transformation, and comprehensively upgraded itself to a smart city service platform. A-Living officially changed its company name from “A-Living Services Co., Ltd.” to “A-Living Smart City Services Co., Ltd.” with an aim to break through the service boundaries and establish a strong foothold in the blue ocean market with a market size exceeding trillions of yuan.

As at 31 December 2020, the GFA under management and contracted GFA of A-Living (excluding GFA of consultant projects and its associates) were 374.8 million sq.m. and 522.6 million sq.m., respectively. Among which, the contracted GFA from Agile and Greenland Holdings Group Company Limited amounted to 82.1 million sq.m. and 53.1 million sq.m., respectively, representing an increase of 6.5% and 32.5% as compared with that as at 31 December 2019. The contracted GFA from third-party projects amounted to 387.4 million sq.m.. The newly obtained contracted GFA exceeded 205.7 million sq.m., representing a significant increase of 113.2% compared with that as at 31 December 2019, and accounting for 74.1% of the total contracted GFA. The proportion of the contracted GFA from third-party projects increased significantly.

With its comprehensive strengths and brand influence, A-Living leaped to the 4th of the “2020 Top 100 Property Management Companies in China” and was included in the Hang Seng Composite Index, and eligible stocks for Shenzhen-Hong Kong Stock Connect, etc. during the year.

Proposed Spin-off and Listing of Two Businesses of A-City

The Group proposed the spin-off and separate listing of the shares of A-City Group Limited (“**A-City**”), a subsidiary of the Company, on the main board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). Upon completion of the proposed spin-off and listing, the Company is expected to have an interest of not less than 50% in A-City and A-City will remain as a subsidiary of the Company.

In August 2020, the Group held a brand launch with the theme of “Beauty of Smart Home” for the brand new of A-City, releasing a new brand philosophy and a new vision. Looking forward, as a leading “Ecological Habitat Service Provider”, A-City will focus on two business segments including ecological landscaping service and intelligent home and decoration services in line with its brand mission of “Building Smart Spaces”. As at 31 December 2020, A-City had spanned 203 cities in 31 provinces in China, with long-standing stable cooperation with the leading property developers in China.

The Development Strategy of “1 Core, 4 Drivers and N Wings” for the Environmental Protection Business

During the year, following the development strategy of “1 Core, 4 Drivers and N Wings”, the environmental protection business of the Group focused on hazardous waste treatment while engaging in selective projects of energy and power generation, ecological industrial parks, environmental protection water treatment and ecological restoration. As at 31 December 2020, the environmental protection business had a total of 48 projects, including 32 hazardous waste treatment projects, 7 domestic waste-to-energy projects, 4 integrated industrial park projects and 5 water treatment projects. During the year, revenue generated from the environmental protection business amounted to RMB2,289 million, representing an increase of 51.6% when compared with last year. The revenue growth led the industry. The Group was honoured as a “leading enterprise in the field of hazardous waste” for three consecutive years.

Further Expansion of the Real Estate Construction Management Business

During the year, the Group further expanded its real estate construction management business in core urban clusters including the Yangtze River Delta, the Pearl River Delta and Chengyu, with 18 newly contracted agent construction projects and an accumulated value of saleable resources exceeding RMB110.0 billion. With its comprehensive strength, the real estate construction management business was honoured as a “Leading Enterprise in Real Estate Project Management Operation (TOP2)” by China Real Estate Top 10 Research Team and China Index Academy during the year.

The Urban Renewal Business Focusing on the Greater Bay Area While Further Expanding into Northern China Region and Central China Region

The Group has been developing its urban renewal business since 2017 and expanding related developments such as old village redevelopment, old factory redevelopment, urban redevelopment and shanty town redevelopment. In June 2020, the Group formally established the Urban Renewal Group. Adhering to its positioning as an “Integrated Urban Renewal Operator”, the Urban Renewal Group strived to achieve a harmonious development of the city, where residents can enjoy life, and all parties have a sustainable and mutually beneficial future. During the year, the Group successfully transformed an urban renewal project located in Taiyuan City, Shanxi Province into part of its land bank, consisting of an estimated aggregate planned GFA of approximately 340,000 sq.m..

As at 31 December 2020, the urban renewal had signed 18 cooperation agreements, with businesses covering 5 provinces across China. The Group focused on the Greater Bay Area while further expanding into Northern China Region and Central China Region, and had locked-in planned GFA of 11.50 million sq.m., with a locked-in saleable resources of nearly RMB360.0 billion.

Steady Development of the Commercial Business

During the year, the Group's commercial business continued its stable development. The total number of projects under management exceeded 170. These business segments covered more than 50 cities throughout China, with GFA under management of nearly 5.60 million sq.m.. In August 2020, the Flower Ridge in Agile Eden Yunnan became the second national AAAA-rated tourist attraction under the Group following Hainan Clearwater Bay. Separately, the Group has signed a brand upgrade cooperation agreement with Marriott International Group on 26 October 2020, and Shanghai Marriott Hotel City Centre will become the first "Marriott Marquis" brand hotel in China and the ninth in the world.

Optimisation of Onshore and Offshore Debt Structures

Sound financial position has been a vital pillar supporting the Group's business development. Therefore, the Group made efforts to accelerate its cash collection from pre-sale, strengthen capital and budget management as well as optimising cost and expense control. The Group also optimised its onshore and offshore debt structures through the diversification of financing channels. During the year, the Group issued USD500 million 5.75% senior notes due 2025 and USD483 million 6.05% senior notes due 2025 on the offshore front. The Group was also granted a 36-month term loan facility of HKD3.242 billion (with a greenshoe option). Separately, the Company issued RMB3 billion 6.2% non-public corporate bonds due 2022 on the onshore front. As at 31 December 2020, the Group's total cash and bank balances amounted to RMB50,865 million.

Maintaining Good Corporate Governance and Performing Corporate Social Responsibilities

The Group upholds the concept of “mutual communication for a win-win situation”. Subject to the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and relevant laws, the Group maintains effective mutual communications and builds good relationships with commercial and investment banks, rating agencies, investors and analysts, thereby improving its corporate transparency on an on-going basis.

Following the outbreak of the COVID-19 pandemic, the Group donated RMB30 million immediately to set up a special relief fund, and all business arms of the Group were involved in the combat against the pandemic. The Group received a number of awards including “Anti-Epidemic Pioneer Enterprise”, “Award for Enterprise of Special Contribution to Anti-Epidemic Efforts” and “Best Social Responsibility Award 2020”, in recognition of its outstanding contribution to the combat against the pandemic.

The Group makes active efforts to fulfil its corporate social responsibilities. Adhering to the brand philosophy of “Lifestyle of a Lifetime”, the Group is determined to build ties and foster empathy with the communities. In delivering these promises, great importance is placed on supplier management, with a view to ensuring the provision of high-quality product and service. The Group is also playing its part in environment protection and cares about the well-being of staff. Specific good corporate citizenship efforts also include promoting sustainable development in communities through supporting and participating in charity and community activities across areas such as environmental protection, medical care, education, culture and sports.

Prospects and Strategy

Entering 2021, as many countries around the world have progressively vaccinated their citizens, the economic activities of the countries around the world and all walks of life are expected to return to normal gradually.

In respect of China, according to the 14th Five-Year Plan, China will accelerate the establishment of a long-term control mechanism for the real estate industry. As supporting policies are implemented, the effect of such policies will show gradually. Accordingly, the real estate market is expected to continue to grow at a steady pace in 2021.

The Group firmly believes in adhering to the business model of “focusing on property development, supported by a synergy of diversified businesses”. Through the efforts of all employees, the overall business will develop steadily, and further increase the brand awareness of Agile across the nation and maintain its position in the competitive market. Meanwhile, the Group will continue to uphold its promise in corporate social responsibilities by making contribution to society through participating in charitable activities.

Acknowledgement

On behalf of the Board, I would like to extend our heartfelt gratitude to our shareholders, customers, staff and other stakeholders for their unwavering support and dedication in contributing and sustaining steady growth of the Group.

CHEN Zhuo Lin

Chairman and President

Hong Kong, 23 March 2021

CONSOLIDATED INCOME STATEMENT

| | Note | Year ended 31 December | |
|--|------|--------------------------|---------------------|
| | | 2020 (RMB'000) | 2019 (RMB'000) |
| Operation | | | |
| Revenue | 2 | 80,245,252 | 60,239,097 |
| Cost of sales | | <u>(56,142,868)</u> | <u>(41,881,111)</u> |
| Gross profit | | 24,102,384 | 18,357,986 |
| Selling and marketing costs | | (2,384,710) | (2,026,178) |
| Administrative expenses | | (5,234,723) | (3,998,883) |
| Net impairment losses on financial and contract assets | | (566,679) | (149,574) |
| Other gains, net | 3 | 3,740,426 | 4,802,164 |
| Other income | 4 | 1,669,854 | 1,282,537 |
| Other expenses | | <u>(400,044)</u> | <u>(228,300)</u> |
| Operating profit | | 20,926,508 | 18,039,752 |
| Finance costs, net | 5 | (1,040,210) | (2,529,824) |
| Share of post-tax profits of investments accounted for using the equity method | | <u>1,585,630</u> | <u>1,086,246</u> |
| Profit before income tax | | 21,471,928 | 16,596,174 |
| Income tax expenses | 6 | <u>(9,223,051)</u> | <u>(7,362,928)</u> |
| Profit for the year | | <u>12,248,877</u> | <u>9,233,246</u> |
| Profit attributable to: | | | |
| Shareholders of the Company | | 9,474,597 | 7,511,794 |
| Holders of Perpetual Capital Securities | | 1,083,780 | 850,225 |
| Non-controlling interests | | <u>1,690,500</u> | <u>871,227</u> |
| | | <u>12,248,877</u> | <u>9,233,246</u> |
| Earnings per share from continuing operations attributable to shareholders of the Company for the year (expressed in Renminbi per share) | | | |
| - Basic | 7 | <u>2.440</u> | <u>1.935</u> |
| - Diluted | 7 | <u>2.440</u> | <u>1.935</u> |

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Year ended 31 December | |
|---|---------------------------------|---------------------------------|
| | 2020 <i>(RMB'000)</i> | 2019 <i>(RMB'000)</i> |
| Profit for the year | 12,248,877 | 9,233,246 |
| Other comprehensive income | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | |
| - Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax | 110,369 | 21,857 |
| - Revaluation gains arising from property, plant and equipment transferred to investment properties, net of tax | 5,651 | - |
| <i>Items that may be reclassified to profit or loss</i> | | |
| - Currency translation differences | (9,342) | 1,147 |
| Other comprehensive income for the year, net of tax | 106,678 | 23,004 |
| Total comprehensive income for the year | 12,355,555 | 9,256,250 |
| Attributable to: | | |
| - Shareholders of the Company | 9,598,779 | 7,532,534 |
| - Holders of the Perpetual Capital Securities | 1,083,780 | 850,225 |
| - Non-controlling interests | 1,672,996 | 873,491 |
| | 12,355,555 | 9,256,250 |

CONSOLIDATED BALANCE SHEET

| | | As at 31 December 2020 (RMB'000) | As at 31 December 2019 (RMB'000) |
|---|----|---|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 12,080,847 | 11,701,956 |
| Investment properties | 9 | 10,849,449 | 8,495,950 |
| Right-of-use assets | | 3,376,304 | 3,077,209 |
| Goodwill | | 4,264,614 | 3,897,055 |
| Other intangible assets | | 3,576,350 | 1,578,192 |
| Investments accounted for using the equity method | | 18,179,155 | 14,711,189 |
| Prepayments for acquisition of equity interests | | 523,321 | 468,000 |
| Prepayments for acquisition of land use rights | | 34,285 | - |
| Properties under development | | 30,973,623 | 31,742,993 |
| Other receivables | 10 | 7,508,793 | 5,182,026 |
| Financial assets at fair value through other comprehensive income | | 510,639 | 262,036 |
| Deferred income tax assets | | 1,392,281 | 1,350,770 |
| | | 93,269,661 | 82,467,376 |
| Current assets | | | |
| Completed properties held for sale | | 19,092,671 | 13,447,730 |
| Inventories | | 248,325 | 343,029 |
| Prepayments for acquisition of land use rights | | 8,311,775 | 10,669,360 |
| Contract assets | | 3,204,597 | 1,379,556 |
| Properties under development | | 82,148,512 | 79,622,115 |
| Trade and other receivables | 10 | 50,021,335 | 35,360,168 |
| Prepaid income taxes | | 5,355,663 | 6,077,471 |
| Financial assets at fair value through profit or loss | | 1,247,819 | 1,008,031 |
| Assets held for sale | | - | 302,108 |
| Restricted cash | | 8,938,792 | 9,003,578 |
| Cash and cash equivalents | | 41,925,908 | 33,551,303 |
| | | 220,495,397 | 190,764,449 |
| Total assets | | 313,765,058 | 273,231,825 |

CONSOLIDATED BALANCE SHEET (Continued)

| | As at 31 December 2020 | As at 31 December 2019 |
|---|----------------------------------|----------------------------------|
| <i>Note</i> | <i>(RMB'000)</i> | <i>(RMB'000)</i> |
| EQUITY | | |
| Capital and reserves attributable to the shareholders of the Company | | |
| Share capital and premium | 3,421,883 | 3,421,883 |
| Shares held for Share Award Scheme | (156,588) | (156,588) |
| Other reserves | 3,416,513 | 2,931,267 |
| Retained earnings | <u>44,133,820</u> | <u>38,277,061</u> |
| | 50,815,628 | 44,473,623 |
| Perpetual Capital Securities | 13,637,493 | 13,566,867 |
| Non-controlling interests | <u>12,516,601</u> | <u>7,295,986</u> |
| Total equity | <u><u>76,969,722</u></u> | <u><u>65,336,476</u></u> |
| LIABILITIES | | |
| Non-current liabilities | | |
| Borrowings | 59,243,748 | 54,372,620 |
| Other payables | 11 4,284,452 | 2,201,976 |
| Financial liabilities at fair value through profit or loss | 101,235 | 83,092 |
| Contract liabilities | 75,271 | - |
| Lease liabilities | 392,927 | 390,326 |
| Deferred income tax liabilities | <u>4,087,131</u> | <u>3,179,780</u> |
| | <u>68,184,764</u> | <u>60,227,794</u> |
| Current liabilities | | |
| Borrowings | 38,569,018 | 42,297,082 |
| Trade and other payables | 11 75,229,690 | 53,917,720 |
| Financial liabilities at fair value through profit or loss | 1,004,423 | 53,684 |
| Contract liabilities | 36,306,083 | 33,653,950 |
| Lease liabilities | 244,011 | 182,411 |
| Current income tax liabilities | <u>17,257,347</u> | <u>17,562,708</u> |
| | <u>168,610,572</u> | <u>147,667,555</u> |
| Total liabilities | <u>236,795,336</u> | <u>207,895,349</u> |
| Total equity and liabilities | <u><u>313,765,058</u></u> | <u><u>273,231,825</u></u> |

Notes:

1. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the “**HKFRS**”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss (“**FVPL**”), financial liabilities at FVPL and, financial assets at fair value through other comprehensive income (“**FVOCI**”) which are carried at fair value.

The preparation of consolidated financial statements in conformity with the HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

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

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

- Definition of Material – amendments to HKAS 1 and HKAS 8
- Definition of a Business – amendments to HKFRS 3
- Interest Rate Benchmark Reform – amendments to HKFRS 9, HKAS 39 and HKFRS 7
- Revised Conceptual Framework for Financial Reporting
- Annual Improvements to HKFRS Standards 2018-2020 Cycle
- Lease - COVID-19 Related Rent Concessions – amendments to HKFRS 16

The amendments listed above did not have significant impact on the amounts recognised in the current or prior periods and is not likely to affect future periods.

(b) *The following new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 January 2020 and have not been early adopted:*

| | | Effective for annual periods beginning on or after |
|----------------------------------|---|---|
| Amendments to HKAS 1 | Presentation of financial statements - classification of liabilities | 1 January 2023 |
| Amendments to HKFRS 3 | Business combinations | 1 January 2022 |
| Amendments to HKAS 16 | Property, plant and equipment | 1 January 2022 |
| Amendments to HKAS 37 | Provisions, contingent liabilities and contingent assets | 1 January 2022 |
| Annual improvements to HKFRS 9 | Financial instruments | 1 January 2022 |
| HKFRS 17 | Insurance contract | 1 January 2023 |
| HKFRS 10 and HKAS 28 (Amendment) | Sale or contribution of assets between an investor and its associate or joint venture | To be determined |

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group’s operations, and not expected to have a material impact on the entity in the current or future reporting period.

2. Segment information

The executive directors of the Company, which are the chief operating decision-makers of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors of the Company that are used to make strategy decision.

The Group is organised into four business segments: property development, property management, commercial management and environmental protection. The associates and joint ventures of the Group are principally engaged in property development, property management and environmental protection and are included in the property development, property management and environmental protection segment respectively. As the executive directors of the Company consider most of the Group's consolidated revenue and results are attributable from the market in the PRC. Most of the non-current assets are located in the PRC, and less than 10% of the Group's consolidated assets are located outside the PRC, geographical segment information is not considered necessary.

The executive directors of the Company assess the performance of the operating segments based on a measure of segment results, being profit before income tax before deducting finance costs.

The Group has a large number of customers, none of whom contributed 5% or more of the Group's revenue.

Analysis of revenue from external customers by the category for the years ended 31 December 2020 and 2019 is as follows:

| | 2020 (RMB'000) | 2019 (RMB'000) |
|-------------------------------------|-------------------|-------------------|
| Revenue: | | |
| - Sales of developed properties | 69,547,382 | 54,177,160 |
| - Property management services | 7,852,687 | 3,577,311 |
| - Commercial management | 555,980 | 974,372 |
| - Environmental protection services | 2,289,203 | 1,510,254 |
| | 80,245,252 | 60,239,097 |

2. Segment information (continued)

Segment information provided to the executive directors of the Company for the reporting segments for the years ended 31 December 2020 and 2019 are as follows:

Year ended 31 December 2020

| | <u>Property development</u> <i>(RMB'000)</i> | <u>Property management</u> <i>(RMB'000)</i> | <u>Commercial management</u> <i>(RMB'000)</i> | <u>Environmental protection</u> <i>(RMB'000)</i> | <u>Group</u> <i>(RMB'000)</i> |
|--|--|---|---|--|---|
| Gross segment sales | 69,547,382 | 10,026,147 | 555,980 | 2,289,203 | 82,418,712 |
| Inter-segment sales | - | (2,173,460) | - | - | (2,173,460) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Sales to external customers | 69,547,382 | 7,852,687 | 555,980 | 2,289,203 | 80,245,252 |
| Timing of revenue recognition | | | | | |
| - At a point in time | 63,478,904 | 123,478 | - | 647,718 | 64,250,100 |
| - Over time | 6,068,478 | 7,729,209 | 555,980 | 1,641,485 | 15,995,152 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Fair value gains on investment properties (note 9) | - | - | 196,906 | - | 196,906 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Operating profit/(loss) | 19,234,425 | 1,841,720 | 244,456 | (394,093) | 20,926,508 |
| Share of post-tax profit of investments accounted for using the equity method | 1,520,383 | 62,261 | - | 2,986 | 1,585,630 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Segment result | 20,754,808 | 1,903,981 | 244,456 | (391,107) | 22,512,138 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Finance costs, net (note 5) | | | | | (1,040,210) |
| | | | | | <hr/> |
| Profit before income tax | | | | | 21,471,928 |
| Income tax expenses (note 6) | | | | | (9,223,051) |
| | | | | | <hr/> |
| Profit for the year | | | | | 12,248,877 |
| | | | | | <hr/> <hr/> |
| Depreciation | 390,370 | 66,257 | 270,343 | 213,101 | 940,071 |
| Amortisation of right-of-use assets and intangible assets | 161,134 | 115,088 | 763 | 95,572 | 372,557 |
| Write-down of properties under development, completed properties held for sale and property, plant and equipment | 423,124 | - | 9,511 | 32,727 | 465,362 |
| Impairment of goodwill | - | - | - | 723,802 | 723,802 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

2. Segment information (continued)

Year ended 31 December 2019

| | Property development <i>(RMB'000)</i> | Property management <i>(RMB'000)</i> | Commercial management <i>(RMB'000)</i> | Environmental protection <i>(RMB'000)</i> | Group <i>(RMB'000)</i> |
|--|---|--|--|---|----------------------------------|
| Gross segment sales | 54,177,160 | 5,127,293 | 974,372 | 1,510,254 | 61,789,079 |
| Inter-segment sales | - | (1,549,982) | - | - | (1,549,982) |
| Sales to external customers | 54,177,160 | 3,577,311 | 974,372 | 1,510,254 | 60,239,097 |
| Timing of revenue recognition | | | | | |
| - At a point in time | 50,808,866 | 11,179 | - | 33,406 | 50,853,451 |
| - Over time | 3,368,294 | 3,566,132 | 974,372 | 1,476,848 | 9,385,646 |
| Fair value gains on investment properties (note 9) | - | - | 117,070 | - | 117,070 |
| Operating profit/(loss) | 16,491,288 | 1,385,038 | (171,357) | 334,783 | 18,039,752 |
| Share of post-tax profit of investments accounted for using the equity method | 1,053,637 | 22,635 | - | 9,974 | 1,086,246 |
| Segment result | 17,544,925 | 1,407,673 | (171,357) | 344,757 | 19,125,998 |
| Finance costs, net (note 5) | | | | | (2,529,824) |
| Profit before income tax | | | | | 16,596,174 |
| Income tax expenses (note 6) | | | | | (7,362,928) |
| Profit for the year | | | | | 9,233,246 |
| Depreciation | 336,392 | 37,899 | 306,130 | 90,340 | 770,761 |
| Amortisation of right-of-use assets and intangible assets | 12,294 | 48,433 | 880 | 33,998 | 95,605 |
| Write-down of properties under development, completed properties held for sale and property, plant and equipment | 325,505 | - | 154,376 | - | 479,881 |

2. Segment information (continued)

Segment assets and liabilities and capital expenditure as at 31 December 2020 are as follow:

| | Property development <i>(RMB'000)</i> | Property management <i>(RMB'000)</i> | Commercial management <i>(RMB'000)</i> | Environmental protection <i>(RMB'000)</i> | Elimination <i>(RMB'000)</i> | Group <i>(RMB'000)</i> |
|---|---|--|--|---|--|----------------------------------|
| Segment assets | 259,712,640 | 13,651,068 | 18,813,021 | 17,586,114 | (4,504,187) | 305,258,656 |
| Unallocated assets | | | | | | 8,506,402 |
| Total assets | | | | | | 313,765,058 |
| Segment assets include: Investments accounted for using the equity method | 16,863,326 | 1,102,792 | - | 213,037 | - | 18,179,155 |
| Segment liabilities | 100,480,715 | 4,710,237 | 4,066,954 | 11,778,715 | (4,504,187) | 116,532,434 |
| Unallocated liabilities | | | | | | 120,262,902 |
| Total liabilities | | | | | | 236,795,336 |
| Capital expenditure | 609,384 | 902,356 | 7,308 | 4,475,499 | - | 5,994,547 |

Segment assets and liabilities and capital expenditure as at 31 December 2019 are as follow:

| | Property development <i>(RMB'000)</i> | Property management <i>(RMB'000)</i> | Commercial management <i>(RMB'000)</i> | Environmental protection <i>(RMB'000)</i> | Elimination <i>(RMB'000)</i> | Group <i>(RMB'000)</i> |
|---|---|--|--|---|--|----------------------------------|
| Segment assets | 224,299,039 | 8,618,143 | 19,971,275 | 17,433,296 | (5,788,236) | 264,533,517 |
| Unallocated assets | | | | | | 8,698,308 |
| Total assets | | | | | | 273,231,825 |
| Segment assets include: Investments accounted for using the equity method | 13,907,604 | 583,634 | - | 219,951 | - | 14,711,189 |
| Segment liabilities | 75,791,172 | 2,479,562 | 4,076,883 | 13,787,002 | (5,788,236) | 90,346,383 |
| Unallocated liabilities | | | | | | 117,548,966 |
| Total liabilities | | | | | | 207,895,349 |
| Capital expenditure | 1,007,291 | 718,523 | 420,580 | 4,218,372 | - | 6,364,766 |

2. Segment information (continued)

Segment assets and liabilities are reconciled to total assets and liabilities as at 31 December 2020 as follows:

| | <u>Assets</u> (RMB'000) | <u>Liabilities</u> (RMB'000) |
|--------------------------------|----------------------------|---------------------------------|
| Segment assets/liabilities | 305,258,656 | 116,532,434 |
| Unallocated: | | |
| Deferred income taxes | 1,392,281 | 4,087,131 |
| Prepaid income taxes | 5,355,663 | - |
| Financial assets at FVPL | 1,247,819 | - |
| Financial assets at FVOCI | 510,639 | - |
| Financial liabilities at FVPL | - | 1,105,658 |
| Current income tax liabilities | - | 17,257,347 |
| Current borrowings | - | 39,449,018 |
| Non-current borrowings | - | 58,363,748 |
| | <hr/> | <hr/> |
| Total | <u>313,765,058</u> | <u>236,795,336</u> |

Segment assets and liabilities are reconciled to total assets and liabilities as at 31 December 2019 as follows:

| | <u>Assets</u> (RMB'000) | <u>Liabilities</u> (RMB'000) |
|--------------------------------|----------------------------|---------------------------------|
| Segment assets/liabilities | 264,533,517 | 90,346,383 |
| Unallocated: | | |
| Deferred income taxes | 1,350,770 | 3,179,780 |
| Prepaid income taxes | 6,077,471 | - |
| Financial assets at FVPL | 1,008,031 | - |
| Financial assets at FVOCI | 262,036 | - |
| Financial liabilities at FVPL | - | 136,776 |
| Current income tax liabilities | - | 17,562,708 |
| Current borrowings | - | 42,297,082 |
| Non-current borrowings | - | 54,372,620 |
| | <hr/> | <hr/> |
| Total | <u>273,231,825</u> | <u>207,895,349</u> |

Inter-segment transfers or transactions are entered into at terms and conditions agreed upon by respective parties.

Eliminations comprise inter-segment trade and non-trade balances.

Pricing policy for inter-segment transactions is determined by reference to market price.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, intangible assets, properties under development, completed properties held for sale, investment properties, receivables, contract assets and cash balances. Unallocated assets comprise deferred income tax assets, prepaid income taxes, financial assets at FVOCI and financial assets at FVPL. Segment liabilities comprise operating liabilities. Unallocated liabilities comprise taxation, borrowings and financial liabilities at FVPL.

Capital expenditure comprises additions to property, plant and equipment, land use rights, right-of-use assets, investment properties and intangible assets.

3 Other gains, net

| | 2020 (RMB'000) | 2019 (RMB'000) |
|--|-------------------|-------------------|
| Gain from disposal of subsidiaries | 2,425,511 | 2,988,981 |
| Remeasurement gain resulting from joint ventures and an associate transferred to subsidiaries | 819,891 | 579,449 |
| Fair value (losses)/gains on financial assets at FVPL | (4,981) | 999,715 |
| Fair value losses on put options written on non- controlling interests | (8,214) | - |
| Gains on disposal of financial assets at FVPL | 61,640 | - |
| Gains from disposal of joint ventures and associates | 226,314 | - |
| Fair value gains on investment properties | 196,906 | 117,070 |
| Exchange (losses)/gains, net (note (a)) | (56,174) | 85,975 |
| Gains on disposal of property, plant and equipment and investment properties | 45,396 | 6,682 |
| Miscellaneous | 34,137 | 24,292 |
| | <u>3,740,426</u> | <u>4,802,164</u> |

Note:

- (a) Amount mainly represents the gains or losses of translation of financial assets and liabilities, which are denominated in foreign currency into RMB at the prevailing period-end exchange rate. It does not include the exchange gain or loss related to borrowings which are included in the “finance costs, net” (note 5).

4 Other income

| | 2020 (RMB'000) | 2019 (RMB'000) |
|---|-------------------|-------------------|
| Interest income | 855,231 | 654,422 |
| Interest income from related parties | 442,261 | 354,619 |
| Government grants | 264,321 | 137,660 |
| Dividend income from financial assets at FVPL | 4,177 | 66,904 |
| Penalty income | 70,545 | 37,413 |
| Miscellaneous | 33,319 | 31,519 |
| | <u>1,669,854</u> | <u>1,282,537</u> |

5 Finance costs, net

| | 2020 (RMB'000) | 2019 (RMB'000) |
|--|-------------------|-------------------|
| Interest expense: | | |
| - Bank borrowings, syndicated loans and other borrowings | 5,339,273 | 4,965,759 |
| - Senior notes | 1,203,299 | 1,244,227 |
| - PRC Corporate Bonds, Asset-Backed Securities and Commercial Mortgage Backed Securities | 793,759 | 868,948 |
| - Lease liabilities | 39,426 | 37,006 |
| Less: interest and exchange losses capitalised | (5,299,929) | (5,240,078) |
| Exchange (gains)/losses from borrowings | (2,684,273) | 854,174 |
| Changes in fair value of derivative financial instruments | 1,648,655 | (200,212) |
| | <u>1,040,210</u> | <u>2,529,824</u> |

6 Income tax expenses

| | 2020 (RMB'000) | 2019 (RMB'000) |
|------------------------------|-------------------|-------------------|
| Current income tax | | |
| - PRC corporate income tax | 4,606,185 | 3,219,748 |
| - PRC land appreciation tax | 4,139,808 | 3,875,741 |
| - PRC withholding income tax | 315,098 | 37,652 |
| Deferred income tax | | |
| - PRC corporate income tax | 161,960 | 244,663 |
| - Hong Kong profits tax | - | (14,876) |
| | <u>9,223,051</u> | <u>7,362,928</u> |

PRC land appreciation tax

PRC land appreciation tax is levied at progressive rate ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land use rights and expenditures directly related to property development activities.

PRC corporate income tax

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

The corporate income tax rate applicable to the group entities located in Mainland China is 25% according to the Corporate Income Tax Law of the People's Republic of China (the "CIT Law") effective on 1 January 2008.

Certain subsidiaries of the Group obtained the Certificate of High-New Technical Enterprise. According to the corporation Income Tax Law of the PRC, corporations which obtain the Certificate of High-New Technical Enterprise are entitled to enjoy additional tax deduction for research and development costs and a preferential corporate income tax rate of 15%. The tax rate applicable to these companies during the year ended 31 December 2020 was 15% (year ended 31 December 2019: 15%).

6 Income tax expenses (continued)

PRC corporate income tax (continued)

A subsidiary of the Group has enjoyed a preferential policy in Zhuhai Hengqin (Free Trade Area) with an enterprise income tax rate of 15% during the year ended 31 December 2020. Certain subsidiaries of the Group in the PRC are located in western cities, and they are subject to a preferential income tax rate of 15% in certain years.

Certain subsidiaries of the Group in the PRC provide environmental protection services and these companies enjoy the policy of “Three exemption and three half corporate income tax”. Certain subsidiaries of the Group in the PRC are located in Hainan Free Trade Port and subject to a preferential income tax rate of 15% in certain years (year ended 31 December 2019: 25%).

PRC withholding income tax

According to the CIT Law, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower of 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty arrangements between the PRC and Hong Kong.

During the year ended 31 December 2020, certain immediate holding companies of the PRC subsidiaries of the Group became qualified as Hong Kong resident enterprises and fulfil the requirements under the tax treaty arrangements between the PRC and Hong Kong. Therefore 5% withholding tax rate has been applied.

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. Group entities in the British Virgin Islands were incorporated either under the BVI Business Companies Act or were automatically re-registered under the same act on 1 January 2007 and, accordingly, are exempted from British Virgin Islands income tax.

Hong Kong profits tax

Except for provision for the fair value gains of financial assets at FVPL which subject to the income tax rate of 16.5%, no other provision for Hong Kong profits tax has been made in the consolidated financial statements. The remaining profit of the group entities in Hong Kong is mainly derived from dividend income and interest income of bank deposits, which are not subject to Hong Kong profits tax.

7 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year less shares held for Share Award Scheme.

| | 2020 | 2019 |
|--|-------------------------|------------------|
| Profit attributable to shareholders of the Company (<i>RMB '000</i>) | 9,474,597 | 7,511,794 |
| Weighted average number of ordinary shares in issue less shares held for Share Award Scheme (<i>thousands</i>) | <u>3,882,578</u> | <u>3,882,578</u> |
| Basic earnings per share (<i>RMB per share</i>) | <u>2.440</u> | <u>1.935</u> |

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the years ended 31 December 2020 and 2019, there was no diluted potential ordinary share, diluted earnings per share equally to basic earnings per share.

8 Dividends

| | 2020 (<i>RMB '000</i>) | 2019 (<i>RMB '000</i>) |
|--|--------------------------------|-----------------------------|
| Interim dividend paid of HK\$0.50 (2019: HK\$0.60) per ordinary share (note (a)) | 1,731,773 | 2,124,946 |
| Less: Dividend for shares held for Share Award Scheme | <u>(15,240)</u> | <u>(18,700)</u> |
| | <u>1,716,533</u> | <u>2,106,246</u> |
| Proposed final dividend of HK\$0.60 (2019: HK\$0.40) per ordinary share (note (b)) | 1,972,664 | 1,428,594 |
| Less: Dividend for Shares held for Share Award Scheme | <u>(17,359)</u> | <u>(12,463)</u> |
| | <u><u>1,955,305</u></u> | <u><u>1,416,131</u></u> |

Notes:

- (a) An interim dividend in respect of the six months ended 30 June 2020 of HK\$0.50 per ordinary share, approximately HK\$1,958,524,000 (equivalent to RMB1,731,773,000) was declared by the Board of Directors of the Company (2019: HK\$2,350,229,000 equivalent to RMB2,124,946,000).
- (b) A final dividend in respect of 2019 of HK\$0.40 per ordinary share approximately HK\$1,566,819,000 (equivalent to RMB1,428,594,000) was declared at the Annual General Meeting of the Company on 11 May 2020, of which HK\$13,788,000 (equivalent to RMB12,463,000) was declared for shares held by Share Award Scheme. The final dividend has been distributed out of the Company's retained earnings.

A final dividend in respect of 2020 of HK\$0.60 per ordinary share have been proposed by the Board of Directors of the Company and are subject to the approval of the shareholders at the Annual General Meeting to be held on 12 May 2021. The final dividend will be distributed out of the Company's retained earnings. These consolidated financial statements have not reflected these dividends payable.

9 Investment properties

| | 2020 (RMB'000) | 2019 (RMB'000) |
|---|-------------------|-------------------|
| Opening net book amount | 8,495,950 | 8,804,220 |
| Capitalised subsequent expenditure | - | 52,430 |
| Transfer from completed properties held for sale | 284,593 | - |
| Transfer from property, plant and equipment | 1,841,745 | - |
| Transfer from land use rights | 88,255 | - |
| Transfer to property, plant and equipment | (25,000) | (420,000) |
| Revaluation gains recognised in the consolidated income statement | 196,906 | 117,070 |
| Disposals | (33,000) | (57,770) |
| | <u>10,849,449</u> | <u>8,495,950</u> |
| Closing net book amount | <u>10,849,449</u> | <u>8,495,950</u> |
| Investment properties: | | |
| - Completed investment properties | 9,542,549 | 7,205,050 |
| - Investment properties under construction | 1,306,900 | 1,290,900 |
| | <u>10,849,449</u> | <u>8,495,950</u> |

Notes:

- (a) The investment properties are located in the PRC and are held on lease of between 40 to 70 years.
- (b) As at 31 December 2020, investment properties of RMB5,436,175,000 (31 December 2019: RMB5,388,000,000) and certain rights of receiving rental income were pledged as collateral for the Group's bank borrowings.

10 Trade and other receivables

| | 2020 (RMB'000) | 2019 (RMB'000) |
|--|--------------------------|--------------------------|
| Trade receivables (note (a)) | | |
| - Third parties | 10,252,982 | 7,211,910 |
| - Joint ventures | 1,518,844 | 548,298 |
| - Associates | 36,620 | 41,829 |
| Gross trade receivables | <u>11,808,446</u> | <u>7,802,037</u> |
| Less: allowance for impairment of trade receivables | <u>(442,004)</u> | <u>(73,440)</u> |
| Total trade receivables | <u>11,366,442</u> | <u>7,728,597</u> |
| Other receivables due from: | | |
| - Third parties | 17,897,815 | 12,173,705 |
| - Joint ventures | 14,666,332 | 9,793,586 |
| - Associates | 619,764 | 1,284,290 |
| - Other related parties | 493,892 | 193,728 |
| - Non-controlling interests | 1,957,925 | 1,633,207 |
| Loan and interest receivables due from related parties | 5,390,261 | 3,232,359 |
| Prepaid value added taxes and other taxes | 3,668,692 | 2,843,320 |
| Deposits for acquisition of land use rights | 837,000 | 844,197 |
| Prepayments | <u>1,088,577</u> | <u>1,033,784</u> |
| Gross other receivables | <u>46,620,258</u> | <u>33,032,176</u> |
| Less: allowance for impairment of other receivables | <u>(456,572)</u> | <u>(218,579)</u> |
| Total other receivables | <u>46,163,686</u> | <u>32,813,597</u> |
| Less: other receivables - non-current portion | <u>(7,508,793)</u> | <u>(5,182,026)</u> |
| Other receivables-current portion | <u>38,654,893</u> | <u>27,631,571</u> |
| Trade and other receivable-current portion | <u>50,021,335</u> | <u>35,360,168</u> |

As at 31 December 2020, the fair value of remaining trade and other receivables approximated their carrying amounts.

Note:

- (a) Trade receivables mainly arose from sales of properties, provision of property management services, provision of construction services and provision of environmental protection services. Trade receivables are settled in accordance with the terms stipulated respective in the property sale and purchase agreements or service agreements. As at 31 December 2020 and 2019, the ageing analysis of the trade receivables based on invoice date is as follows:

| | 2020 (RMB'000) | 2019 (RMB'000) |
|----------------------------------|-------------------|-------------------|
| Within 90 days | 7,227,242 | 4,803,143 |
| Over 90 days and within 365 days | 3,225,970 | 2,283,793 |
| Over 365 days | 1,355,234 | 715,101 |
| | <u>11,808,446</u> | <u>7,802,037</u> |

11 Trade and other payables

| | 2020 (RMB'000) | 2019 (RMB'000) |
|---|-----------------------|-----------------------|
| Trade payables (note (a)) | 24,819,387 | 21,276,425 |
| Other payables due to: | | |
| - Third parties | 20,327,349 | 13,935,941 |
| - Related parties | 12,914,816 | 8,193,454 |
| - Non-controlling interests | 5,445,480 | 3,200,722 |
| Staff welfare benefit payable | 1,588,807 | 1,073,575 |
| Accruals | 1,441,036 | 1,433,623 |
| Advances from disposal of equity interests | 7,050,760 | 2,681,106 |
| Other taxes payable | 5,926,507 | 4,324,850 |
| Total trade and other payables | <u>79,514,142</u> | <u>56,119,696</u> |
| Less: other payables - non-current portion | <u>(4,284,452)</u> | <u>(2,201,976)</u> |
| Trade and other payable - current portion | <u>75,229,690</u> | <u>53,917,720</u> |

Note:

- (a) The ageing analysis of trade payables of the Group based on invoice date as at 31 December 2020 and 2019 is as follows:

| | 2020 (RMB'000) | 2019 (RMB'000) |
|-----------------------------------|-------------------|-------------------|
| Within 90 days | 15,796,936 | 13,440,152 |
| Over 90 days and within 180 days | 7,400,392 | 6,265,677 |
| Over 180 days and within 365 days | 982,715 | 966,394 |
| Over 365 days | 639,344 | 604,202 |
| | <u>24,819,387</u> | <u>21,276,425</u> |

MANAGEMENT DISCUSSION AND ANALYSIS

Overall performance

During the year, the Group's revenue was RMB80,245 million (2019: RMB60,239 million), representing an increase of 33.2% over 2019. The Group's operating profit was RMB20,927 million (2019: RMB18,040 million), representing an increase of 16.0% over 2019.

The Group's net profit for the year and core net profit for the year (excluding fair value gains on investment properties, net exchange differences, fair value gains or losses on derivative financial instruments and gains or losses on financial assets/liabilities at FVPL and the related tax effect) were RMB12,249 million and RMB11,120 million, representing an increase of 32.7% and 31.2% when compared with RMB9,233 million and RMB8,478 million in 2019 respectively.

Profit attributable to shareholders of the Company and the core net profit attributable to shareholders of the Company were RMB9,475 million and RMB8,346 million respectively, representing an increase of 26.1% and 23.3% when compared with RMB7,512 million and RMB6,769 million in 2019 respectively.

Basic earnings per share was RMB2.440 for the year ended 31 December 2020 (2019: RMB1.935).

Land bank

The Group continued to adopt proactive yet prudent land replenishment strategy in response to the market conditions. As at 31 December 2020, the Group had a land bank with a total planned GFA of 53.01 million sq.m. in 84 cities located in Southern China Region, Eastern China Region, Western China Region, Central China Region, Hainan and Yunnan Region, Northeast China Region, Northern China Region, Hong Kong and Overseas. The average land cost was RMB3,627 per sq.m., which was competitive.

During the year, the Group was dedicated to expanding its nationwide presence through strategically acquiring 40 new land parcels by means of tender, auction, listing-for-sale, land application and equity acquisitions, in which, Baoji, Guiyang, Qidong, Taixing, Taiyuan and Zhaoqing were the Group's newly explored markets. The total planned GFA of the newly acquired projects was 8.361 million sq.m., of which the Group's total attributable planned GFA was 6.368 million sq.m.. The total consideration attributable to the Group was RMB23.385 billion.

The following table sets forth the details of the newly acquired land parcels:

| Location (City) of Projects | No. of Projects | Total Planned GFA (sq.m.) | Total Planned GFA (Attributable) (sq.m.) | Total Land Costs (Attributable) (RMB billion) |
|--------------------------------|--------------------|---------------------------------|---|--|
| Southern China Region | | | | |
| Guangzhou | 3 | 474,546 | 326,705 | 2.752 |
| Zhongshan | 1 | 919,016 | 597,360 | 2.522 |
| Zhaoqing | 1 | 700,758 | 700,758 | 1.293 |
| Heyuan | 1 | 151,760 | 77,398 | 0.208 |
| Beihai | 1 | 300,058 | 300,058 | 0.238 |

The following table sets forth the details of the newly acquired land parcels: (Continued)

| Location (City) of Projects | No. of Projects | Total Planned GFA (sq.m.) | Total Planned GFA (Attributable) (sq.m.) | Total Land Costs (Attributable) (RMB billion) |
|--|----------------------------|--|---|--|
| Eastern China Region | | | | |
| Nanjing | 1 | 98,162 | 33,375 | 0.581 |
| Xuzhou | 1 | 97,100 | 29,130 | 0.218 |
| Hefei | 1 | 118,336 | 53,251 | 0.334 |
| Jiaxing | 2 | 139,296 | 62,792 | 0.346 |
| Changzhou | 4 | 609,751 | 440,323 | 1.994 |
| Taixing | 1 | 124,588 | 124,588 | 0.025 |
| Wuxi | 2 | 339,316 | 169,658 | 2.023 |
| Nantong | 1 | 95,566 | 95,566 | 0.188 |
| Qidong | 1 | 124,343 | 62,171 | 0.325 |
| Changshu | 1 | 102,002 | 102,002 | 1.102 |
| Fuzhou | 1 | 42,015 | 42,015 | 0.427 |
| Weihai | 1 | 272,147 | 176,351 | 0.114 |
| Western China Region | | | | |
| Chengdu | 2 | 714,975 | 313,397 | 1.032 |
| Xi'an | 1 | 256,174 | 130,649 | 0.401 |
| Chongqing | 1 | 400,867 | 400,867 | 0.424 |
| Taiyuan | 1 | 340,480 | 340,480 | 0.473 |
| Baoji | 1 | 105,800 | 53,958 | 0.039 |
| Central China Region | | | | |
| Xuchang | 1 | 481,319 | 481,319 | 0.624 |
| Zhengzhou | 1 | 108,512 | 78,129 | 0.164 |
| Hainan Region | | | | |
| Haikou | 1 | 92,359 | 92,359 | 0.438 |
| Wanning | 1 | 45,992 | 45,992 | 0.267 |
| Yunnan Region | | | | |
| Ruili | 1 | 145,849 | 145,849 | 0.107 |
| Kunming | 1 | 366,300 | 366,300 | 2.196 |
| Guiyang | 1 | 72,760 | 37,108 | 0.093 |
| Northern China Region | | | | |
| Tianjin | 1 | 496,212 | 476,363 | 1.386 |
| Hong Kong | | | | |
| Hong Kong | 1 | 13,674 | 6,703 | 0.854 |
| Overseas | | | | |
| San Francisco | 1 | 10,674 | 5,337 | 0.197 |
| Total | 40 | 8,360,707 | 6,368,311 | 23.385 |

Property development and sales

During the year, revenue from recognised sales of property development of the Group was RMB69,547 million, representing an increase of 28.4% when compared with RMB54,177 million in 2019. The increase was mainly attributable to higher recognised average selling price and recognised GFA sold. The recognised average selling price increased to RMB14,099 per sq.m. in 2020, representing an increase of 17.9% when compared with RMB11,957 per sq.m. in 2019. The total recognised GFA sold was 4.93 million sq.m., representing an increase of 8.9% when compared with 2019.

Property management

During the year, revenue from property management of the Group was RMB7,853 million, representing an increase of 119.5% when compared with RMB3,577 million in 2019. Operating profit from property management was RMB1,842 million, representing an increase of 33.0% which compared with RMB1,385 million in 2019. The growth was mainly attributable to an increase in the total GFA under management to 374.8 million sq.m. (2019: 176.6 million sq.m.), which in turn was principally due to business growth and the effect of the acquisition of CMIG Futurelife Property Management Limited.

Commercial management

During the year, revenue from commercial business of the Group (including hotel operations and investment in properties) amounted to RMB556 million, representing a decrease of 42.9% as compared with RMB974 million in 2019. The decrease was mainly attributable to the impact of the COVID-19 pandemic.

Environmental Protection

During the year, revenue from environmental protection of the Group was RMB2,289 million, representing an increase of 51.6% when compared with RMB1,510 million in 2019. During the year, the Group recorded an operating loss from environmental protection was RMB394 million, representing a decrease of 217.7% as compared with the operating profit from environmental protection of RMB335 million in 2019. The decrease was mainly due to an impairment of goodwill of RMB724 million in the environmental business.

Due to the impact of the COVID-19 pandemic, some upstream enterprises shut down their production and demand for waste treatment dropped during the year, resulting in a below expectation waste production. In addition, increased competition among business rivals and declining unit prices for hazardous waste collection and storage have led to unstable operating conditions in our environmental protection business. In response, the Group engaged independent appraisers to conduct an impairment assessment of goodwill for the environmental protection business. According to the results of the assessment, the Group recorded goodwill impairment of RMB724 million for 8 of the environmental protection projects during the year, mainly because (i) environmental protection projects are highly geographical in nature and in 2020, some regional governments have relaxed the approval for the construction of environmental protection industries and the market competition in the project sites is intense; (ii) some environmental protection projects under construction are expected to take longer time to commence production due to the impact of the pandemic, which will affect the future cash inflow of the projects; and (iii) some of the environmental projects already in production are expected to be affected by the pandemic, which will reduce the production and discharge pollution producing industries. The treatment amount of hazardous waste of these environmental protection projects is expected to be affected.

Excluding the impairment provisions, the operating profit from environmental protection of the Group for the year would have been RMB330 million, representing a decrease of RMB5 million and 1.5% as compared with RMB335 million in 2019.

Cost of sales

Cost of sales of the Group mainly refers to the costs incurred directly from its property development activities and property management activities, including cost of construction, fitting-out and design, land use rights, capitalised interest, employee benefit expenses, cleaning expenses, security expenses, tax surcharge and others.

During the year, cost of sales of the Group was RMB56,143 million, representing an increase of 34.1% when compared with RMB41,881 million in 2019. The increase was mainly due to the increase of both recognised GFA sold and land cost and construction cost. The total recognised GFA sold increased by 8.9% to 4.93 million sq.m. in 2020 when compared with last year, whilst the average land cost and construction cost increased by 18.2% compared to 2019.

Gross profit

During the year, gross profit of the Group was RMB24,102 million, representing an increase of 31.3% when compared with RMB18,358 million in 2019. During the year, gross profit margin of the Group was 30.0%, representing a decrease of 0.5 percentage points when compared with 30.5% in 2019, no significant change overall.

Other gains, net

During the year, other gains, net of the Group was RMB3,740 million, representing a decrease of 22.1% when compared with RMB4,802 million in 2019. The decrease was mainly due to (i) the Group recorded a loss on fair value of financial assets at FVPL of RMB5 million during the year, representing a decrease of 100.5% when compared with a gain of RMB1,000 million in 2019; (ii) the Group recorded a gain on disposal of certain subsidiaries of RMB2,426 million in 2020, representing a decrease of 18.9% when compared with RMB2,989 million in 2019; and (iii) the Group recorded a gain on disposal of joint ventures and associates of RMB226 million during the year and there was no such gain on disposal in 2019.

Other income

During the year, the Group's other income amounted to RMB1,670 million, representing an increase of 30.2% when compared with RMB1,283 million in 2019. The increase was mainly attributable to interest income of RMB1,297 million, representing an increase of 28.6% when compared with RMB1,009 million in 2019, and government grants of RMB264 million, representing an increase of 92.0% when compared with RMB138 million in 2019.

Selling and marketing costs

During the year, the Group's selling and marketing costs amounted to RMB2,385 million, representing an increase of 17.7% when compared with RMB2,026 million in 2019, which was in line with the trend of 33.2% increase in the Group's turnover during the year, but the increment was much lower than that of the turnover, reflecting the cost of selling and marketing was well under control.

Administrative expenses

During the year, the Group's administrative expenses amounted to RMB5,235 million, representing an increase of 30.9% when compared with RMB3,999 million in 2019, which was mainly due to (i) the impairment of goodwill on environmental protection projects of RMB724 million during the year (for details, please refer to the description of environmental protection segment set out in "Management Discussion and Analysis"), while there was no such expense in 2019; (ii) the Group's wages and salaries and welfare expenses was RMB1,611 million representing an increase of 10.6% when compared with RMB1,457 million in 2019, the increase was primarily due to acquisition of CMIG Futurelife Property Management Limited and its subsidiaries during the year, resulting an increase of staff correspondingly.

Other expenses

During the year, other expenses of the Group was RMB400 million, representing an increase of 75.2% when compared with RMB228 million in 2019. The increase was mainly attributable to compensation expenses increased by 142.5% from RMB79 million in 2019 to RMB191 million in 2020, and charitable donations increased by 41.5% from RMB116 million in 2019 to RMB165 million in 2020.

Finance costs, net

The Group's finance costs mainly consist of interest expenses on bank borrowings, syndicated loans, other borrowings, senior notes, PRC corporate bonds, Commercial Mortgage Backed Securities ("CMBS"), Asset-Backed Securities ("ABS") and lease liabilities, less capitalised interests, exchange gains or losses on foreign currency denominated borrowings and changes in fair value of derivative financial instruments. Interest on borrowings relating to project development is capitalised to the extent that directly attributable to a particular project and used to finance the development of that project.

During the year, finance costs, net of the Group was RMB1,040 million, representing a decrease of 58.9% when compared with RMB2,530 million in 2019. The decrease was mainly attributable to the increase of RMB3,538 million in exchange gains from foreign currency denominated borrowings, and offset by the decrease of RMB1,849 million in changes in fair value of derivative financial instruments.

Exchange gains from foreign currency denominated borrowings arising from translation of the Group's borrowings denominated in foreign currencies was increased by 414.3% from losses of RMB854 million in 2019 to gains of RMB2,684 million in 2020, which was resulting from the appreciation of Renminbi against United States dollars, Hong Kong dollars and Macau Pataca .

Fair value of derivative financial instruments represents the fair value of forward foreign exchange contracts carried out by the Group, and its changes in fair value decreased by 923.5% from gains of RMB200 million to losses of RMB1,649 million, which was resulting from the appreciation of Renminbi against United States dollars.

Share of post-tax profits of investments accounted for using the equity method

During the year, the share of post-tax profits of investments accounted for using the equity method comprises share of post-tax profits of joint ventures and share of post-tax profits of associates, which amounted to RMB1,586 million, representing an increase of 46.0% when compared with RMB1,086 million in 2019. The increase was mainly attributable to an increase in the share of post-tax profits of joint ventures to RMB1,161 million in 2020 from RMB1,102 million in 2019, and an increase in share of post-tax profits of associates of RMB425 million in 2020 from losses of RMB16 million in 2019.

Profit attributable to shareholders

Profit attributable to shareholders of the Company and core net profit attributable to shareholders of the Company were RMB9,475 million and RMB8,346 million respectively for the year ended 31 December 2020, representing an increase of 26.1% and 23.3% when compared with RMB7,512 million and RMB6,769 million respectively for the year ended 31 December 2019.

Liquidity, financial and capital resources

Cash position and fund available

As at 31 December 2020, the total cash and bank balances of the Group were RMB50,865 million (31 December 2019: RMB42,555 million), of which RMB41,926 million (31 December 2019: RMB33,551 million) was cash and cash equivalents and RMB8,939 million (31 December 2019: RMB9,004 million) was restricted cash.

Some of the Group's project companies are required to place a certain amount of pre-sale proceeds in designated bank accounts as guarantee deposits for construction of the relevant properties.

As at 31 December 2020, the Group's undrawn borrowing facilities were RMB4,141 million (31 December 2019: RMB6,404 million).

Borrowings

As at 31 December 2020, the Group's total borrowings amounted to RMB97,813 million, of which bank borrowings and other borrowings, senior notes, PRC Corporate Bonds, CMBS and ABS amounted to RMB70,139 million, RMB14,831 million and RMB12,843 million respectively.

| | As at 31 December 2020 (RMB million) | As at 31 December 2019 (RMB million) |
|---|---|---|
| Repayment schedule | | |
| Bank borrowings and other borrowings | | |
| Within 1 year | 29,107 | 31,180 |
| Over 1 year and within 2 years | 20,739 | 16,728 |
| Over 2 years and within 5 years | 16,515 | 16,272 |
| Over 5 years | 3,778 | 3,682 |
| Subtotal | 70,139 | 67,862 |
| Senior notes | | |
| Within 1 year | 3,907 | 6,243 |
| Over 1 year and within 2 years | 4,547 | 4,163 |
| Over 2 years and within 5 years | 6,377 | 4,846 |
| Subtotal | 14,831 | 15,252 |
| PRC Corporate Bonds, CMBS and ABS | | |
| Within 1 year | 5,555 | 4,874 |
| Over 1 year and within 2 years | 3,943 | 8,682 |
| Over 2 years and within 5 years | 3,345 | - |
| Subtotal | 12,843 | 13,556 |
| Total | 97,813 | 96,670 |

As at 31 December 2020, the Group's bank borrowings (including syndicated loans) of RMB42,518 million (31 December 2019: RMB40,348 million) and other borrowings of RMB11,283 million (31 December 2019: RMB13,582 million) were secured by its cash, land use rights, self-used properties, completed properties held for sale, properties under development, investment properties, the shares of certain subsidiaries and equity interest.

The senior notes were guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares. The net assets of these subsidiaries were RMB2,957 million as at 31 December 2020 (31 December 2019: RMB4,394 million).

The ABS and CMBS of RMB1,154 million (31 December 2019: RMB904 million) and RMB4,095 million (31 December 2019: RMB4,084 million) were secured by its trade receivables and land use rights, self-used properties and investment properties.

The gearing ratio is the ratio of net borrowings (total borrowings less total cash and cash equivalents and restricted cash) to total equity. As at 31 December 2020, the gearing ratio was 61.0% (31 December 2019: 82.8%).

Currency risk

The Group conducts its business primarily in Renminbi. Certain bank deposits, financial assets at FVPL, syndicated loans and bank borrowings were denominated in Hong Kong dollars, United States dollars and Macau Pataca, and the Group's senior notes were all denominated in United States dollars. Since early 2016, the Group has adopted a hedging policy and entered into capped forward contracts with certain work to mitigate certain of its foreign currency exposure in United States dollars denominated indebtedness and achieve better management over foreign exchange risk. The objective of the arrangement is to minimise the volatility of the RMB cost of highly probable forecast repayments of debts. Other than those disclosed, the Group does not have any material exposures to foreign exchange fluctuations.

As at 31 December 2020, the Group had capped forward contracts of USD2,400 million. During the year, the Group recorded RMB1,649 million fair value losses (2019: RMB200 million fair value gains) in derivative financial instruments.

Cost of borrowings

In 2020, the total cost of borrowings (not including the interest expense of lease liabilities) of the Group was RMB7,336 million, representing an increase of 3.6% when compared with RMB7,079 million in 2019. The increase was mainly attributable to higher average balance of borrowings in 2020. Regardless of exchange differences arising from foreign currencies borrowings, the Group's effective borrowing rate for the year was 6.56 % (2019: 7.10%).

Financial guarantee

The Group is in cooperation with certain financial institutions for the provision of mortgage loan facility for its purchasers of property and has provided guarantees to secure repayment obligations by such purchasers. As at 31 December 2020, the outstanding guarantees were RMB51,378 million (31 December 2019: RMB38,294 million). Such guarantees shall terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year after taking over of the possession of the relevant property by the purchasers; or (ii) the satisfaction of relevant mortgage loans by the purchasers.

The Group's proportionate interest in financial guarantee of mortgage facilities for certain purchasers relating to the associates and joint ventures as at 31 December 2020 was RMB2,785 million (2019: RMB3,100 million) and RMB11,853 million (2019: RMB13,308 million) respectively.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interests and penalties owed by the defaulted purchasers to the financial institutions, and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee starts from the dates the mortgagees grant the mortgage loans. No provision has been made for the guarantees as the management is of the view that the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties in case of default in payments.

Several subsidiaries of the Group and associates counter parties have provided certain guarantees in proportion of their shareholding in certain associates in respect of loan facilities amounting to RMB2,243 million (2019: RMB2,844 million). As at 31 December 2020, the Group's share of the guarantees amounted to RMB1,109 million (2019: RMB1,096 million).

Several subsidiaries of the Group and joint venture counter parties have provided certain guarantees in proportion to their shareholdings in certain joint ventures in respect of loan facilities amounting to RMB10,390 million (2019: RMB12,423 million). As at 31 December 2020, the Group's share of the guarantees amounted to RMB5,111 million (2019: RMB5,832 million).

As at 31 December 2020, the Group provided certain guarantees to certain independent third parties in respect of loan facilities amounting to RMB1,677 million (2019: RMB1,487 million).

Commitments

As at 31 December 2020, the capital commitments of the Group in connection with the property development activities were RMB23,314 million (31 December 2019: RMB16,406 million). The Group has also committed to pay outstanding land premium resulting from land acquisitions in the amount of RMB8,244 million (31 December 2019: RMB10,020 million). Additionally, the Group's capital commitments in respect of purchases of property, plant, equipment amounted to RMB829 million (31 December 2019: RMB813 million).

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets

On 24 June 2020, A-City submitted a listing application form (Form A1) to the Stock Exchange to apply for the listing of, and permission to deal in, the A-City shares (ordinary shares of HK\$0.01 each) on the main board of the Stock Exchange. It is intended that A-City will conduct an offering of its new shares in connection with the Listing. It is intended that qualifying shareholders will be provided with an assured entitlement to the A-City Shares under the share offer of the proposed spin-off, subject to certain conditions. Details of such assured entitlement have not yet been finalised and the Company will make further announcement(s) in this regard as and when appropriate. Upon completion of the proposed spin-off and listing, the Company is expected to have an interest of not less than 50% in A-City and A-City will remain as a subsidiary of the Company. For details, please refer to announcement of the Company dated 24 June 2020.

On 24 December 2020, pursuant to certain agreements entered into by independent third-party acquirers (the “**Acquirers**”), the relevant subsidiaries of the Company and the relevant project companies of the Company, the Acquirers and the Company jointly invested in certain relevant project companies. The Acquirers agreed to pay an aggregate of approximately RMB7,050,760,000 to the Company as earnest monies for their respective acquisition of equity interest. Up to the reporting date, the transaction has not been completed. For details of the transaction, please refer to the announcement of the Company dated 24 December 2020.

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

Events after the Balance Sheet Date

Pursuant to several agreements entered into by independent third party acquirers (the “**Acquirers**”), and relevant subsidiaries of the Company (“**Agile Relevant Shareholders**”) in December 2020 and February 2021, it was agreed that the Acquirer and Agile Relevant Shareholders would jointly invest and develop several relevant project companies in the agreed proportion. The Acquirers have paid a total of approximately RMB7,050,760,000 to the Agile Relevant Shareholders as earnest monies for their respective acquisition of equity interests, and treated as advanced payment for disposal of equity interests in December 2020, which was recorded in trade and other payables in the consolidated balance sheet. Up to the day of announcement, the transactions has not been completed.

Save as disclosed above, the Group did not have any other material event after the Balance Sheet Date.

Employees and remuneration policy

As at 31 December 2020, the Group had a total of 63,275 employees, among which 510 were senior management and 1,962 were middle management. By geographical locations, there were 63,119 employees in Mainland China and 156 employees in Hong Kong, Malaysia and Vietnam. For the year ended 31 December 2020, the total remuneration costs, including directors' remuneration, were RMB7,679 million (2019: RMB4,953 million).

The Group remunerates its employees in reference to the market levels, individual performance and contributions. Bonuses are also distributed based on the performance of employees. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to the employees' needs.

The impact of the outbreak of COVID-19

At the beginning of 2020, the rapid outbreak of the novel coronavirus in different cities has put the global economy to a major test. With the effective control measures taken by the Chinese government, the outbreak in the PRC had been gradually brought under control. To fully support the relevant prevention and control efforts and effectively cut off the transmission of the virus, the Group had carried out a comprehensive assessment of the impact on sales and construction in all projects.

In the second half of 2020, with the pandemic largely under control in the PRC, the Group's main business segment in real estate sales and property management business had gradually resumed normal operations.

Property development pre-sale

Real estate sales were reduced in the first half of 2020 due to the impact of the social distancing measures, with some projects experiencing reduced on-site marketing activity, but recovered after the pandemic eased. During the second half of 2020, the aggregated pre-sale value of the Group, together with the joint ventures and associates of the Group as well as property projects carrying "Agile" brand name managed by the Group reached amounted to RMB83.1 billion, representing an increase of RMB23.3 billion as compared to RMB59.8 billion for the corresponding period in 2019, and during the year, the aggregated pre-sale value of the Group, together with the joint ventures and associates of the Group as well as property projects carrying "Agile" brand name managed by the Group reached amounted to RMB138.19 billion, representing an increase of RMB117.97 billion as compared to RMB20.22 billion with last year. The pandemic is not expected to have a significant impact on the Group's growth and its impact can be reduced through reasonable adjustments to sales plans and work arrangements.

Property management

In response to the pandemic, A-Living has strengthened the management of its properties under management. Its main measures include the enhanced management of entrances and exits and sanitisation of property projects under management. Therefore, a slight increase in the related costs and expenses of the Group is expected. At the same time, due to the important role played by the property management industry in the prevention and control of the pandemic, it has received positive comments from the community and the capital market, which will have a positive impact on the Group's future performance in the capital market and enhance its reputation.

Outlook

The Group firmly believes in adhering to the business model of “focusing on property development, supported by a synergy of diversified businesses”. Through the efforts of all employees, the overall business will develop steadily, and further increase the brand awareness of Agile across the nation and maintain its position in the competitive market. Meanwhile, the Group will continue to uphold its promise in corporate social responsibilities by making contribution to society through participating in charitable activities.

DIVIDENDS

During the year, the Company declared and paid an interim dividend of HK50.0 cents (2019: HK60.0 cents) per ordinary share to the shareholders. The Board has proposed the declaration of a final dividend of HK60.0 cents (2019: HK40.0 cents) per ordinary share to the shareholders. Subject to the approval by the shareholders at the annual general meeting of the Company to be held on Wednesday, 12 May 2021 (“AGM”), the proposed final dividend is expected to be paid on or about Monday, 31 May 2021 to shareholders whose names appear on the register of members of the Company on Monday, 24 May 2021.

CLOSURE OF REGISTER OF MEMBERS

To determine the identity of shareholders who are entitled to attend and vote at the AGM

Latest time for lodging transfer : 4:30 p.m. on Thursday, 6 May 2021
documents of shares
Period of closure of register of : Friday, 7 May 2021 to Wednesday, 12 May 2021
members (both dates inclusive)
Record date : Wednesday, 12 May 2021

To determine the shareholders' entitlement to the final dividend

Ex-entitlement date for final : Monday, 17 May 2021
dividend
Latest time for lodging transfer : 4:30 p.m. on Tuesday, 18 May 2021
documents of shares
Period of closure of register of : Thursday, 20 May 2021 to Monday, 24 May 2021
members (both dates inclusive)
Record date : Monday, 24 May 2021

To qualify for attending and voting at the AGM and/or entitlement to the final dividend, all properly completed transfer forms accompanied by the share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than the corresponding latest time for lodging transfer documents of shares.

NOTICE OF ANNUAL GENERAL MEETING

Notice of AGM will be published on the respective website of the Company at www.agile.com.cn and the Stock Exchange at www.hkex.com.hk and will be dispatched to the shareholders of the Company within the prescribed time and in such manner as required under the Listing Rules. A copy of the said notice will also be published on the website of Singapore Exchange Securities Trading Limited (“SGX”) at www.sgx.com.

AUDIT COMMITTEE

The audit committee of the Company had reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2020, and reviewed the accounting principles and practices adopted by the Group with the Group's management, and discussed the internal controls and financial reporting matters with them.

PUBLIC FLOAT

From information that is publicly available to the Company and within the knowledge of its Directors for the year ended 31 December 2020 and as at the date of this announcement, at least 25% of the Company's total issued share capital is held by the public.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code for securities transactions by directors ("**Securities Dealing Code for Directors**"), which is on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. After enquiry, each of the Directors of the Company has confirmed to the Company that he or she had fully complied with the Securities Dealing Code for Directors during the year ended 31 December 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the year ended 31 December 2020, the Company has complied with all code provisions of the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 to the Listing Rules ("**CG Code**") except for the deviation as specified with considered reasons below.

The code provision A.2.1 of the CG Code requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, in view of the present composition of the Board, Chen Zhuo Lin's in-depth knowledge of the operations of the Group and of the industry, his extensive business network and connections in the sector and the scope of operations of the Group, the Board believes that Chen Zhuo Lin, in his dual capacity as the Chairman of the Board and President, will provide strong and consistent leadership for the development of the Group. The Board also believes that this structure is in the best interest of the Company and will not impair the balance of power and authority of the Board and such arrangement will be subject to review from time to time.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

On 21 May 2020, the Company redeemed all its outstanding 9.0% senior notes due 2020 in an aggregate principal amount of US\$500,000,000 at the redemption price equal to 100% of the principal amount plus accrued and unpaid interest.

On 13 July 2020, the Company redeemed all its outstanding domestic non-public corporate bonds in an aggregate principal amount of RMB3,000,000,000 (the "**Domestic Bonds I**") due 2020 with an initial coupon rate of 6.98% at the redemption price of RMB100 each, being the face value of the Domestic Bonds I, plus accrued and unpaid interest.

On 29 July 2020, the Company redeemed all its outstanding domestic non-public corporate bonds in an aggregate principal amount of RMB970,000,000 (the "**Domestic Bonds II**") due 2020 with an initial coupon rate of 4.98% at the redemption price of RMB100 each, being the face value of the Domestic Bonds II, plus accrued and unpaid interest.

On 12 October 2020, the Company repurchased its outstanding domestic non-public corporate bonds in an aggregate principal amount of RMB608,000,000 (the “**Repurchased Bonds**”) out of RMB1,800,000,000 (the “**Domestic Bonds III**”) due 2021 with an initial coupon rate of 4.6% at the repurchase price of RMB100 each, being the face value of the Domestic Bonds III. Following the completion of the said repurchase, the Company has resold such Repurchased Bonds.

On 23 November 2020, the Company redeemed all its outstanding 9.5% senior notes due 2020 in an aggregate principal amount of US\$400,000,000 at the redemption price equal to 100% of the principal amount plus accrued and unpaid interest.

Save as above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2020.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE COMPANY, THE STOCK EXCHANGE AND SGX

This announcement is published on the respective website of the Company at www.agile.com.cn, the Stock Exchange at www.hkex.com.hk and SGX at www.sgx.com. The annual report of the Company for the year ended 31 December 2020 containing all the information required under the Listing Rules will be dispatched to the Company’s shareholders and will be posted on the above websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the Board comprises twelve members, being Mr. Chen Zhuo Lin* (Chairman and President), Mr. Chan Cheuk Yin** (Vice Chairperson), Madam Luk Sin Fong, Fion** (Vice Chairperson), Mr. Chan Cheuk Hung*, Mr. Huang Fengchao*, Mr. Chen Zhongqi*, Mr. Chan Cheuk Hei**, Mr. Chan Cheuk Nam**, Dr. Cheng Hon Kwan#, Mr. Kwong Che Keung, Gordon#, Mr. Hui Chiu Chung, Stephen# and Mr. Wong Shiu Hoi, Peter#.

* *Executive Directors*

** *Non-executive Directors*

Independent Non-executive Directors

By Order of the Board
Agile Group Holdings Limited
CHEN Zhuo Lin
Chairman and President

Hong Kong, 23 March 2021

Scope of work of PricewaterhouseCoopers

The figures in respect of the Group’s consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited 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.