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LONGFOR GROUP HOLDINGS LIMITED

龍湖集團控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 960)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2020

FINANCIAL SUMMARY

- Contracted sales increased by 11.6% to RMB270.61 billion as compared with that of last year.
- Revenue increased by 22.2% to RMB184.55 billion as compared with that of last year, of which the rental income from the property investment business increased by 30.9% to RMB7.58 billion.
- Profit attributable to shareholders was RMB20.00 billion. Excluding effects of fair value changes, core net profit attributable to shareholders increased by 20.2% to RMB18.69 billion as compared with that of last year. Gross profit increased by 6.4% year-on-year to RMB54.03 billion, gross profit margin was 29.3%. Core net profit margin was 14.7%, and core net profit margin attributable to shareholders was 10.1%.
- The net debt to equity ratio (net debt divided by total equity) was 46.5%. Cash in hand was RMB77.83 billion.
- Consolidated total borrowing was RMB167.37 billion and average cost of borrowing was 4.39% per annum. Average maturity period of loan was 6.59 years.
- Basic earnings per share were RMB3.408. Excluding effects of fair value changes, core basic earnings per share increased by 19.9% to RMB3.184 as compared with that of last year. The Board recommends a final dividend of RMB1.03 per share. Together with the interim dividend of RMB0.40 per share, the total dividend increased by 19.2% year-on-year to RMB1.43 per share.

ANNUAL RESULTS

The Board of Directors (the “Board”) of Longfor Group Holdings Limited (“Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended December 31, 2020 with comparative figures for the preceding financial year, are follow:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

	<i>NOTES</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue	2	184,547,296	151,026,432
Cost of sales		<u>(130,516,775)</u>	<u>(100,229,340)</u>
Gross profit		54,030,521	50,797,092
Other income	3	1,466,409	1,166,687
Other gains and losses	4	455,306	(233,730)
Lease liability charges		(725,940)	(576,455)
Fair value (loss) gain upon transfer to investment properties		(41,995)	141,256
Change in fair value of investment properties		2,351,050	3,593,396
Change in fair value of other derivative financial instruments		(13,532)	353,110
Selling and marketing expenses		(5,033,937)	(4,034,477)
Administrative expenses		(7,294,236)	(6,520,928)
Finance costs	5	(105,970)	(76,759)
Share of results of associates		691,264	585,822
Share of results of joint ventures		<u>590,803</u>	<u>766,200</u>
Profit before taxation		46,369,743	45,961,214
Income tax expense	6	<u>(17,529,431)</u>	<u>(19,408,749)</u>
Profit for the year	7	<u>28,840,312</u>	<u>26,552,465</u>
Profit attributable to:			
Owners of the Company		20,002,025	18,336,577
Non-controlling interests		<u>8,838,287</u>	<u>8,215,888</u>
		<u>28,840,312</u>	<u>26,552,465</u>

	<i>NOTE</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Profit for the year		<u>28,840,312</u>	<u>26,552,465</u>
Other comprehensive income (expense):			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value gain on investments in equity instruments at fair value through other comprehensive income		<u>1,145,616</u>	<u>–</u>
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Net fair value (loss) gain on hedging instruments		(1,058,580)	500,072
Gain (loss) on hedging instruments reclassified to profit or loss		<u>1,561,136</u>	<u>(340,525)</u>
		<u>502,556</u>	<u>159,547</u>
Total comprehensive income for the year		<u>30,488,484</u>	<u>26,712,012</u>
Total comprehensive income attributable to:			
Owners of the Company		21,650,197	18,496,124
Non-controlling interests		<u>8,838,287</u>	<u>8,215,888</u>
		<u>30,488,484</u>	<u>26,712,012</u>
Earnings per share, in RMB			
Basic	9	<u>3.41</u>	<u>3.13</u>
Diluted	9	<u>3.34</u>	<u>3.07</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2020

	<i>NOTE</i>	2020	2019
		<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Investment properties		152,485,798	130,804,011
Property, plant and equipment		2,808,526	1,982,193
Right-of-use assets		1,529,334	535,160
Goodwill		275,976	–
Intangible assets		213,848	66,710
Interests in associates		10,565,712	8,235,167
Interests in joint ventures		7,569,592	6,570,314
Equity instruments at fair value through other comprehensive income		3,781,062	1,420,202
Derivative financial instruments		286,089	644,113
Deferred taxation assets		8,866,713	6,725,593
		<u>188,382,650</u>	<u>156,983,463</u>
CURRENT ASSETS			
Inventories of properties		375,139,846	331,391,372
Other inventories		483,111	581,456
Deposits paid for acquisition of properties held for development		6,152,572	5,200,886
Accounts and other receivables, deposits and prepayments	<i>10</i>	30,739,772	28,691,884
Amounts due from non-controlling interests		60,349,738	43,881,834
Amounts due from associates		9,125,446	9,070,311
Amounts due from joint ventures		10,167,763	10,450,049
Taxation recoverable		6,350,307	4,591,727
Financial assets at fair value through profit or loss		440,000	450,000
Pledged bank deposits		821,790	169,491
Bank balances and cash		77,005,830	60,782,375
		<u>576,776,175</u>	<u>495,261,385</u>

	<i>NOTE</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
CURRENT LIABILITIES			
Accounts and bills payables, other payables and accrued charges	<i>11</i>	113,216,036	91,973,602
Contract liabilities		182,388,939	155,155,691
Amounts due to non-controlling interests		36,262,798	27,729,998
Amounts due to associates		7,363,712	6,990,797
Amounts due to joint ventures		7,310,672	8,845,022
Taxation payable		33,352,975	28,288,145
Lease liabilities		1,272,830	1,009,463
Bank and other borrowings - due within one year		18,338,133	13,927,462
Other derivative financial instruments		2,120	–
		<u>399,508,215</u>	<u>333,920,180</u>
NET CURRENT ASSETS		<u>177,267,960</u>	<u>161,341,205</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>365,650,610</u>	<u>318,324,668</u>
CAPITAL AND RESERVES			
Share capital		527,214	520,725
Reserves		107,816,716	93,435,586
Equity attributable to owners of the Company		108,343,930	93,956,311
Non-controlling interests		84,380,223	72,721,445
TOTAL EQUITY		<u>192,724,153</u>	<u>166,677,756</u>
NON-CURRENT LIABILITIES			
Lease liabilities		12,439,194	10,246,579
Bank and other borrowings - due after one year		130,996,474	117,378,159
Senior notes - due after one year		18,032,587	14,693,411
Derivative financial instruments		864,522	68,883
Other derivative financial instruments		30,299	14,780
Deferred taxation liabilities		10,563,381	9,245,100
		<u>172,926,457</u>	<u>151,646,912</u>
		<u>365,650,610</u>	<u>318,324,668</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

1. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

Amendments to IFRSs that are mandatorily effective for the current year

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

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

The application of the Amendments to References to the Conceptual Framework in IFRS Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements. The impacts of the application of the amendments to IFRSs are set out below.

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

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

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

1.2 *Impacts on application of Amendments to IFRS 3 Definition of a Business*

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

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

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

The amendments had no impact on the consolidated financial statements of the Group in the current year as the Group did not elect to apply the optional concentration test on the acquisition of the companies but may impact future periods should the Group make any acquisition.

1.3 Impacts on application of Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform

The Group has applied the amendments for the first time in the current year. The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform. The amendments are relevant to the Group given that it applies hedge accounting to its benchmark interest rate exposures.

The Group has floating rate debts, linked to Hong Kong Interbank Offered Rate, which the Group cash flow hedges using cross currency interest rate swaps and interest rate swaps. The amendments permit the continuation of hedge accounting even though there is uncertainty about the timing and amount of the hedged cash flows due to the interest rate benchmark reforms.

2. SEGMENT INFORMATION

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (“CODM”) (i.e., the executive directors of the Company) in order to allocate resources to the segment and to assess its performance.

The Group is organised into business units based on their types of activities, based on which information is prepared and reported to the Group’s CODM for the purposes of resource allocation and assessment of performance. The Group’s operating segments under IFRS 8 *Operating Segments* are identified as three main operations:

- Property development: this segment represents the development and sales of office and commercial premises and residential properties. All of the Group’s activities in this regard are carried out in the PRC.
- Property investment: this segment represents the lease of investment properties, which are self-developed or under subleases by the Group to generate rental income and to gain from the appreciation in the properties’ values in the long term. Currently the Group’s investment property portfolio mainly comprises shopping malls and rental housing and are all located in the PRC.
- Property management and related services and others: this segment mainly represents the income generated from property management and related services, hotel operation and others. Currently the Group’s activities in this regard are carried out in the PRC.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Company's executive directors monitor the revenue, results, assets and liabilities attributable to each operating segment on the following bases:

Segment assets include all tangible assets, intangible assets and current assets directly attributable to each segment with the exception of deposits paid for acquisition of properties held for development, interests in associates and joint ventures, equity instruments at fair value through other comprehensive income ("FVTOCI"), deferred taxation assets, taxation recoverable, derivative financial instruments, financial assets at fair value through profit or loss ("FVTPL") and other corporate assets. Other corporate assets are not allocated to the operating segments because they are head office assets or assets which are managed centrally by the Group. The investment properties included in segment assets are stated at cost when assessed by the CODM.

Segment liabilities include accounts and bills payables and accrued expenditure on construction, lease liabilities and contract liabilities but exclude taxation payable, deferred taxation liabilities, bank and other borrowings, senior notes, derivative financial instruments, other derivative financial instruments and other corporate liabilities. Other corporate liabilities are not allocated to the operating segment because they are head office liabilities or liabilities which are managed on a group basis.

Revenue and expenses are allocated to the operating segments with reference to sales generated by those segments and the expenses incurred by those segments. Segment profit does not include the Group's share of results arising from the activities of the Group's associates and joint ventures.

The measure used for reporting segment profit is adjusted earnings before interest, other income, other gains and losses, taxes, depreciation and amortisation, share of results of associates and joint ventures, change in fair value of investment properties and upon transfer to investment properties, change in fair value of other derivative financial instruments and finance costs ("Adjusted Earnings"), where "interest" includes investment income and "depreciation" includes impairment losses on non-current assets. To arrive at Adjusted Earnings of each segment, the segment earnings are further adjusted for items not specifically attributed to individual segments, such as directors' emoluments, auditor's remuneration and other head office or corporate administration costs.

For the measurement of segment assets and results, property, plant and equipment and certain right-of-use assets are allocated to segments while their corresponding depreciation and amortisation are not allocated to segments.

In addition to receiving segment information concerning segment profit, management is provided with segment information concerning revenue (including inter-segment sales) and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar service.

Information regarding the Group's operating and reportable segments is set out below.

	Year ended December 31, 2020			Total RMB'000
	Property development RMB'000	Property investment RMB'000	Property management and related services and others RMB'000	
Revenue from external customers				
Recognised at a point in time	156,206,825	–	–	156,206,825
Recognised over time	14,774,416	7,576,110	5,989,945	28,340,471
Inter-segment revenue	–	–	1,906,791	1,906,791
Segment revenue	<u>170,981,241</u>	<u>7,576,110</u>	<u>7,896,736</u>	<u>186,454,087</u>
Segment profit (Adjusted Earnings)	<u>41,400,941</u>	<u>4,987,239</u>	<u>1,882,464</u>	<u>48,270,644</u>
	Year ended December 31, 2019			
	Property development RMB'000	Property investment RMB'000	Property management and related services and others RMB'000	Total RMB'000
Revenue from external customers				
Recognised at a point in time	120,539,767	–	–	120,539,767
Recognised over time	20,253,469	5,789,150	4,444,046	30,486,665
Inter-segment revenue	–	–	715,165	715,165
Segment revenue	<u>140,793,236</u>	<u>5,789,150</u>	<u>5,159,211</u>	<u>151,741,597</u>
Segment profit (Adjusted Earnings)	<u>40,997,197</u>	<u>3,838,157</u>	<u>1,350,806</u>	<u>46,186,160</u>

Other segment information

In addition to receiving segment information concerning segment profit, the chief operating decision maker is provided with information concerning the Group's consolidated amount of interests in associates and related share of results, interests in joint ventures and related share of results, change in fair value of investment properties and upon transfer to investment properties, change in fair value of other derivative financial instruments, other income, other gains and losses, finance costs from borrowings, depreciation and amortisation and impairment losses (if any) which are not allocated to operating segments.

(b) Reconciliations of segment revenues, profit or loss, assets and liabilities

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue		
Segment revenue	186,454,087	151,741,597
Elimination of inter-segment revenue	<u>(1,906,791)</u>	<u>(715,165)</u>
Consolidated revenue	<u>184,547,296</u>	<u>151,026,432</u>
Profit		
Segment profit	48,270,644	46,186,160
Other income	1,466,409	1,166,687
Other gains and losses	455,306	(233,730)
Fair value (loss) gain upon transfer to investment properties	(41,995)	141,256
Change in fair value of investment properties	2,351,050	3,593,396
Change in fair value of other derivative financial instruments	(13,532)	353,110
Finance costs	(105,970)	(76,759)
Share of results of associates	691,264	585,822
Share of results of joint ventures	590,803	766,200
Depreciation and amortisation	(258,116)	(142,321)
Unallocated expenses	<u>(7,036,120)</u>	<u>(6,378,607)</u>
Consolidated profit before taxation	<u>46,369,743</u>	<u>45,961,214</u>
Assets		
Segment assets	526,546,019	460,251,844
Cumulative change in fair value of investment properties	36,109,997	33,800,942
Interests in associates	10,565,712	8,235,167
Interests in joint ventures	7,569,592	6,570,314
Equity instruments at FVTOCI	3,781,062	1,420,202
Deposits paid for acquisition of properties held for development	6,152,572	5,200,886
Deferred taxation assets	8,866,713	6,725,593
Derivative financial instruments	286,089	644,113
Taxation recoverable	6,350,307	4,591,727
Financial assets at FVTPL	440,000	450,000
Unallocated head office and other assets	<u>158,490,762</u>	<u>124,354,060</u>
Consolidated total assets	<u>765,158,825</u>	<u>652,244,848</u>
Liabilities		
Segment liabilities	286,105,977	240,599,213
Taxation payable	33,352,975	28,288,145
Deferred taxation liabilities	10,563,381	9,245,100
Bank and other borrowings	149,334,607	131,305,621
Senior notes	18,032,587	14,693,411
Derivative financial instruments	864,522	68,883
Other derivative financial instruments	32,419	14,780
Unallocated head office and other liabilities	<u>74,148,204</u>	<u>61,351,939</u>
Consolidated total liabilities	<u>572,434,672</u>	<u>485,567,092</u>

(c) **Revenue from major product and services**

The following is an analysis of the Group's revenue from its properties sold, properties self-developed or under subleases for investment and services provided:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Sales of properties		
Recognised at a point in time	156,206,825	120,539,767
Recognised over time	14,774,416	20,253,469
Property development segment	170,981,241	140,793,236
Revenue from property management and related services and others - recognised over time	5,989,945	4,444,046
Revenue from contract with customers	176,971,186	145,237,282
Rental income	7,576,110	5,789,150
Total revenue	184,547,296	151,026,432

(d) **Leases**

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
For operating leases:		
Lease payments that are fixed (including those under subleases)	7,252,159	5,433,808
Variable lease payments that do not depend on an index or a rate	323,951	355,342
Total revenue arising from leases	7,576,110	5,789,150

(e) **Geographical information**

The following table sets out information about the Group's revenue from external customers by cities in the PRC, based on the location at which the properties are sold, properties are invested or under subleases and services are provided. Information about its non-current assets is analysed by geographical location of assets.

	Revenue from external customers		Non-current assets	
	2020	2019	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Beijing	4,276,253	5,564,861	19,708,539	14,767,340
Chengdu	15,338,435	13,476,132	20,082,649	17,655,927
Chongqing	29,085,889	30,052,573	32,254,928	27,686,139
Hangzhou	15,943,072	12,182,167	17,209,050	16,431,695
Jinan	9,393,998	13,928,125	652,273	68,631
Ningbo	11,217,699	5,699,706	1,295,353	930,000
Qingdao	5,595,008	8,541,821	1,380,821	984,547
Shanghai	11,759,954	3,975,358	16,901,555	14,644,518
Shenyang	9,344,402	6,403,504	593,613	5,791
Sunan	5,851,121	6,913,374	1,104,959	1,132,986
Xiamen	4,379,801	6,032,060	2,377,111	2,413,117
Xian	8,925,161	3,117,919	2,253,192	1,847,721
Other cities in the PRC	53,436,503	35,138,832	59,634,743	49,625,143
	<u>184,547,296</u>	<u>151,026,432</u>	<u>175,448,786</u>	<u>148,193,555</u>

Note: Non-current assets excluded financial instruments and deferred taxation assets.

No revenue from transaction with a single external customer amounts to 10% or more of the Group's revenue.

3. OTHER INCOME

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest income	823,215	709,372
Government subsidies (<i>Note a</i>)	83,986	46,330
Penalty income (<i>Note b</i>)	183,555	97,571
Consultancy income (<i>Note c</i>)	211,714	152,360
Sundry income	<u>163,939</u>	<u>161,054</u>
Total	<u><u>1,466,409</u></u>	<u><u>1,166,687</u></u>

Notes:

- (a) The amount represents the grants received from the relevant PRC government to encourage the investments in specific regions and COVID-19-related subsidies. The subsidies are unconditional and granted on a discretionary basis to the Group during the year.
- (b) It represents penalty received from property buyers who did not execute sales and purchase agreements on property sales and from tenants who early terminated tenancy agreements.
- (c) The amount represents the consultancy services provided to the Group's joint ventures and associates and independent third parties in relation to the property development projects.

4. OTHER GAINS AND LOSSES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Gain (loss) on disposal of property, plant and equipment	2,713	(4,873)
Net exchange gain (loss) (<i>Note</i>)	2,014,327	(568,875)
Reclassification of fair value (loss) gain of hedging instruments from hedging reserve	(1,561,136)	340,525
Others	<u>(598)</u>	<u>(507)</u>
	<u><u>455,306</u></u>	<u><u>(233,730)</u></u>

Note: It represents exchange difference arising from the translation of bank balances, bank borrowings and senior notes denominated in foreign currencies of Hong Kong Dollar (“HKD”) or United States Dollar (“USD”).

5. FINANCE COSTS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest on bank and other borrowings		
Wholly repayable within five years	(5,646,818)	(5,046,349)
Not wholly repayable within five years	(1,575,213)	(1,099,163)
Interest expense on senior notes	<u>(756,528)</u>	<u>(442,283)</u>
	(7,978,559)	(6,587,795)
Less: Amount capitalised to properties under development for sales and investment properties under development	<u>7,872,589</u>	<u>6,511,036</u>
	<u>(105,970)</u>	<u>(76,759)</u>

Borrowing costs capitalised arose on the general borrowing pool of the Group and were calculated by applying a capitalisation rate of 4.48% (2019: 4.70%) per annum for the year ended December 31, 2020, to expenditure on the qualifying assets.

6. INCOME TAX EXPENSE

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current tax		
PRC Enterprise Income Tax (“EIT”)	(10,696,401)	(10,163,110)
Withholding tax on distributed earnings	(319,693)	(588,423)
Land Appreciation Tax (“LAT”)	<u>(8,591,298)</u>	<u>(10,325,402)</u>
	(19,607,392)	(21,076,935)
Overprovision in prior years:		
EIT	453,914	125,258
LAT	<u>869,022</u>	<u>636,100</u>
	1,322,936	761,358
Deferred taxation		
Current year	<u>755,025</u>	<u>906,828</u>
	<u>(17,529,431)</u>	<u>(19,408,749)</u>

No provision for Hong Kong Profits Tax has been made as the Group does not have income which arises in, or is derived from, Hong Kong.

Under the Law of the PRC on EIT (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Certain of the Company’s subsidiaries operating in the PRC are eligible for exemption from PRC EIT for both years.

7. PROFIT FOR THE YEAR

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Profit for the year has been arrived at after charging (crediting):		
Auditor’s remuneration	8,144	7,807
Cost of property inventories included in cost of sales	124,289,330	95,649,911
Depreciation of property, plant and equipment	160,965	130,758
Depreciation of right-of-use assets	78,871	11,563
Amortisation of intangible assets	18,280	–
Staff costs		
Directors’ emoluments (including equity-settled share-based payments)	186,356	124,521
Other staff costs		
Retirement benefit contributions	432,146	555,496
Equity-settled share-based payments	404,250	253,504
Other staff costs	5,797,438	4,748,679
Total staff costs	6,820,190	5,682,200
Less: Amount capitalised to properties under development for sales and investment properties under development	(1,517,342)	(1,431,688)
	<u>5,302,848</u>	<u>4,250,512</u>
Minimum lease income from investment properties	(7,252,159)	(5,433,808)
Contingent rental income	(323,951)	(355,342)
Less: direct expenses that generated rental income	1,671,657	1,303,672
	<u>(5,904,453)</u>	<u>(4,485,478)</u>

8. DIVIDENDS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Dividends recognised as distribution during the year:		
Interim dividend recognised in respect of 2020 of RMB0.40 (2019: RMB0.36) per share	2,423,341	2,145,338
Final dividend paid in respect of 2019 of RMB0.84 (2019: in respect of 2018 of RMB0.69) per share	<u>5,035,456</u>	<u>4,111,731</u>
	<u>7,458,797</u>	<u>6,257,069</u>

Subsequent to the end of the reporting period, a final dividend of RMB6,240,269,000, representing RMB1.03 per share, based on the number of shares in issue as at December 31, 2020, in respect of the year ended December 31, 2020 (2019: final dividend of RMB5,025,813,000, representing RMB0.84 per share, in respect of the year ended December 31, 2019) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming Annual General Meeting.

9. EARNINGS PER SHARE

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Earnings attributable to the owners of the Company for the purposes of calculation of basic and diluted earnings per share	<u>20,002,025</u>	<u>18,336,577</u>
	2020 '000	2019 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of calculation of basic earnings per share	5,869,386	5,859,146
Effect of dilutive potential ordinary shares in respect of – Share options and share awards	<u>112,087</u>	<u>119,677</u>
Weighted average number of ordinary shares for the purpose of calculation of diluted earnings per share	<u>5,981,473</u>	<u>5,978,823</u>

The weighted average number of ordinary shares adopted in the calculation of basic and diluted earnings per share for both years have been arrived at after deducting the shares held in trust for the Company by an independent trustee under the share award scheme of the Company.

10. ACCOUNTS AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade receivables (<i>Note a</i>)		
– Contract with customers	2,534,201	3,052,232
– Rental	96,415	67,340
	<u>2,630,616</u>	<u>3,119,572</u>
Other receivables, net of allowance for doubtful debts (<i>Note b</i>)	6,962,012	8,290,142
Advances to contractors	2,608,750	2,333,881
Prepaid value added tax and other taxes	16,637,315	13,657,455
Prepayments and utilities deposits (<i>Note c</i>)	1,901,079	1,290,834
	<u>30,739,772</u>	<u>28,691,884</u>

Notes:

- (a) Trade receivables are mainly arisen from sales of properties and properties investment. Considerations in respect of sales of properties are paid by customers in accordance with the terms of the related sales and purchase agreements. For properties investment, rental income are paid by tenants within two months from invoice date in accordance with the terms in the tenancy agreements.

As at January 1, 2019, trade receivables from contract with customers amount to RMB2,477,415,000.

The following is an aged analysis of trade receivables presented based on dates of delivery of goods and dates of rendering of services:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 60 days	2,254,739	2,902,868
61 – 180 days	88,033	28,343
181 – 365 days	278,477	183,650
1 – 2 years	9,367	4,711
	<u>2,630,616</u>	<u>3,119,572</u>

As at December 31, 2020, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB2,570,411,000 (2019: RMB3,002,560,000) which are past due as at the reporting date. Out of the past due balances, RMB375,877,000 (2019: RMB216,704,000) had been past due 90 days or more and are not considered as in default as those balances are mainly with those banks with good credit quality and pending for completing their mortgage procedures.

- (b) Other receivables mainly comprise rental deposits, receivables of refund of the deposits for land auction, deposits for construction work, temporary payments and miscellaneous project-related deposits paid which are refundable within one year.

- (c) Included in the prepayments and utilities deposits, there are payment mainly for the properties held for development amounting to RMB1,850,406,000 (2019: RMB1,282,355,000) which are paid on behalf of certain entities which the Group potentially invests in them (“potential investees”). In the opinion of the directors, such payments are prepayment for property development projects for those potential investees.

11. ACCOUNTS AND BILLS PAYABLES, OTHER PAYABLES AND ACCRUED CHARGES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade payables and accrued expenditure on construction (<i>Note a</i>)	89,886,799	73,576,157
Bills payables (<i>Note a</i>)	<u>118,215</u>	<u>611,323</u>
	90,005,014	74,187,480
Dividend payables	2,423,341	2,145,338
Other payables and accrued charges (<i>Note b</i>)	12,714,377	10,739,300
Value added tax payables	7,607,242	4,861,484
Consideration payable within 1 year for acquisition of assets and liabilities through acquisition of subsidiaries	414,757	40,000
Consideration payable for business combinations	<u>51,305</u>	<u>–</u>
	<u>113,216,036</u>	<u>91,973,602</u>

Notes:

- (a) Trade and bills payables and accrued expenditure on construction comprise construction costs and other project-related expenses which are payable based on project progress certified by the Group. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

The following is an aged analysis of trade and bills payables, based on the invoice date and issuance date of each bill, at the end of the reporting period:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 60 days	32,070,812	24,400,737
61 – 180 days	23,106,270	19,090,592
181 – 365 days	16,691,969	15,180,713
1 – 2 years	3,175,846	2,897,771
2 – 3 years	1,063,962	645,589
Over 3 years	<u>259,089</u>	<u>211,014</u>
	<u>76,367,948</u>	<u>62,426,416</u>

- (b) Other payables and accrued charges comprise mainly tax received and payable to the government on behalf of customers, receipt on behalf of certain entities from potential investment partners, accrued salaries and accrued staff welfare.

CHAIRPERSON’S STATEMENT

It is my pleasure to present to the shareholders the business review and outlook of Longfor Group Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) for the year ended December 31, 2020.

When looking back on 2020, it has witnessed a dramatic change in the business environment and development landscape due to the global outbreak of COVID-19 pandemic, which has remained unabated. Thanks to the effective epidemic prevention and control in China, national life and production have rapidly recovered, and China was the world’s only major economy that has registered positive economic growth in 2020. The real estate industry’s contribution to overall economic growth remained steady, with resilient investment and sales performance and an annual commodity housing sales value exceeding RMB17 trillion¹. Faced with a market full of challenges and uncertainties, the Group was committed to and firmly implemented its strategies, and steadily achieved total contracted sales of RMB270.6 billion in 2020, with a year-on-year increase of 11.6%.

A series of real estate administrative measures and policies for financial risk control were introduced in 2020, which we believe are targeted, flexible and effective, and represent comprehensive management under the overarching theme of “houses are built to be inhabited, not for speculation”. While the differentiation of industry participants is accelerating, we see a clearer path towards a healthy and sustainable development of the real estate industry. With a high degree of self-discipline and restraint, the average financing cost of the Group was further reduced to 4.39% per annum, the net debt to equity ratio remained at a low level of 46.5%, with the cash to short-term debt ratio stayed at 4.24 times. The Group always regards safety and stability as the foundation of development, with consecutive upgrades for its “full investment grade” credit ratings, providing a strategic margin to the development of core businesses:

The Group rolled out its annual investment as planned in an orderly manner, with a concentration in high-tier cities and appropriately entered city clusters within metropolitan circles. In 2020, the Group has acquired 121 new projects with total GFA of 25.7 million square meters, and ventured into 8 new cities. The Group has pursued an in-depth and focused development in 63 cities with the strongest economic vitality and demographic profile, strictly followed its investment disciplines and return thresholds, laying the foundation for continued sustainable profit growth.

¹ Data Source: National Bureau of Statistics of China

Thanks to its solid operation capabilities and swift responses to the challenges brought by the pandemic, the commercial property division of the Group has successfully opened 10 new shopping malls in Nanjing, Chengdu, Suzhou, Xi'an, Jinan, and Chongqing on schedule in 2020. The division rode on the trend of offline consumption recovery, leveraged innovative models, broke the space boundary, and worked closely with tenants to create diversified scenes for differentiated experiences, which led to the rapid recovery of foot fall traffic and sales value. The occupancy rate reached 97% at the end of the year, and the rental income increased by 23% to RMB5.8 billion. After 20 years of development and improvement, the Group can now enjoy this steady income stream despite cyclical industry fluctuations, which is exactly what the commercial property business has been striving for since its establishment.

Goyoo, the brand of our rental housing, provides a place for the new generation of young people to live and pursue their dreams in the city with its ingenious quality and warm-hearted service. In recent years, with steady development in scale and improvement in operation, the brand influence of Goyoo ranks among the top 3 in the industry, and its annual rental income reached RMB 1.8 billion in 2020, which has become a stable contribution to the Group's operating income.

Over the years, Longfor Smart Service has been committed to providing customers with "Satisfaction + Surprise". Together with other core businesses, the Smart Service business impresses home owners with its refined and intelligent management and provides them with "Longfor-style happiness". Revenue from Smart Service has reached RMB 5.8 billion in 2020. The Smart Service is oriented towards customer needs. At the same time of expanding its business scale with quality, it has extended its service boundary from communities to urban operations, such as commercial and offices, schools, transportation hubs, etc. Our traditional property management is now releasing more energy and imagination.

The brand-new life service brand "Gannet", which represents housing agency service and housing decoration, has been upgraded to core businesses of the Group, as additional demands deriving from basic living needs create new growth opportunities. The Group not only respects the commercial model and operation, of each core business but also focuses on the synergies brought by full cohesion and coordination of all our core businesses.

The Group deeply understands that continuous practice of environmental, social, and governance (ESG) is an eternal theme for enterprise sustainable development. In 2020, the ESG Committee and the working group, composed of members from various departments, actively promoted the solid fulfillment of our commitment to the society and the environment. For instance, in November 2020, Longfor Foundation was officially registered and established. In December 2020, the Group's Green Finance Framework was established. For the year of 2020, Longfor Group will publish its first independent ESG report in order to continuously improve the disclosure practice. The philosophy of interdependence with the environment and mutual benefits with its stakeholders has become part of Longfor's gene. Hence, the Group will better fulfill its responsibility as a corporate citizen.

Scientific and technological innovation has created new consumer demand, and the deep integration of the Internet of Things, big data, artificial intelligence, with the service industry has injected new vitality into sustained economic growth. Longfor adheres to the strategy of "SaaS, Space as a Service". With the empowerment of science and technology, the role and development of space operator are being redefined. In the past few years, Longfor has firmly promoted the establishment of platform digitalization, and therefore has been able to respond to today's ever-changing environment with agility and flexibility, to promote service upgrade and organizational iteration, and to keep pace with the times.

On March 15, 2021, Longfor was officially added into Hang Seng Index, which demonstrates further recognition from the capital market on the steady progress of the Group over the years. Longfor will always be grateful, determined, and down-to-earth. The Group will accumulate long-term value through continuous growth, make plans based on the situation, and take credible actions to make steady progress and seek greater success.

Finally, on behalf of the Board of the Group, I would like to express my sincere gratitude to shareholders, customers, and all sectors of society for their support!

Wu Yajun

Chairperson

LONGFOR GROUP HOLDINGS LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT

In 2020, revenue from property development business of the Group was RMB170.98 billion, representing an increase of 21.4% as compared to last year. The Group delivered 12.01 million square meters of property in gross floor area (GFA) terms. The gross profit margin of the overall property development business was 27.3%. Recognized average selling price was RMB14,235 per square meter in 2020.

Table 1: Breakdown of property development revenue of the Group in 2020

* Amount excluding tax

City	Revenue		Total GFA	
	2020 RMB million	2019 RMB million	2020 '000 Sqm	2019 '000 Sqm
Chongqing	24,906	26,602	2,121	2,247
Chengdu	13,835	12,396	836	901
Ningbo	11,137	5,653	700	434
Jinan	9,294	13,840	718	1,203
Shenyang	9,154	6,307	711	632
Nantong	8,357	480	586	32
Hefei	7,453	3,154	519	213
Nanjing	6,810	5,464	260	278
Hangzhou	6,431	7,230	356	312
Xi'an	5,805	2,664	493	182
Fuzhou	5,558	1,474	357	152
Qingdao	5,438	8,421	465	741
Wuxi	4,954	4,369	315	300
Dalian	4,687	3,192	286	178
Suzhou	4,594	1,965	235	77
Shaoxing	3,819	643	192	27
Guangzhou	3,572	4,686	135	208
Changsha	3,357	4,456	272	443
Xiamen	2,718	1,160	147	69
Xianyang	2,692	108	306	12
Wuhan	2,578	2,832	155	195
Jiaxing	2,436	3,163	183	219
Beijing	2,334	2,908	96	144
Tianjin	2,315	2,074	139	163
Shanghai	2,270	2,708	104	125
Yantai	1,864	2,506	199	264
Zhuhai	1,803	759	79	30
Nanchang	1,468	–	135	–
Quanzhou	1,466	4,736	142	554
Wenzhou	1,347	–	83	–
Kunming	1,342	342	115	29
Changde	1,238	–	180	–

City	Revenue		Total GFA	
	2020	2019	2020	2019
	RMB million	RMB million	'000 Sqm	'000 Sqm
Guiyang	1,016	–	96	–
Yuxi	605	92	49	7
Ganzhou	602	–	78	–
Changzhou	566	2,263	63	133
Baoding	496	1,273	41	104
Shijiazhuang	350	775	38	56
Zhengzhou	196	–	12	–
Weihai	72	62	5	4
Foshan	26	36	8	8
Yangzhou	20	–	1	–
Total	170,981	140,793	12,011	10,676

In 2020, the Group achieved contracted sales of RMB270.61 billion, representing an increase of 11.6% as compared to last year. The Group sold 16.16 million square meters in total GFA, representing an increase of 13.5% as compared to last year. Average selling price of GFA sold was RMB16,744 per square meter, representing a decrease of 1.7% as compared to last year. Contracted sales from Yangtze River Delta, western China, Pan Bohai Rim, southern China and central China were RMB84.39 billion, RMB66.78 billion, RMB61.30 billion, RMB41.06 billion and RMB17.08 billion respectively, accounting for 31.1%, 24.7%, 22.7%, 15.2% and 6.3% of the contracted sales of the Group, respectively.

Table 2: Details of contracted sales of the Group in 2020

* Amount including tax

City	Contracted sales		Total GFA	
	2020	2019	2020	2019
	RMB million	RMB million	'000 Sqm	'000 Sqm
Chongqing	26,411	28,719	2,090	2,190
Chengdu	22,542	17,933	1,221	1,092
Beijing	15,800	10,878	530	313
Hangzhou	15,138	22,626	517	758
Suzhou	14,352	3,600	607	145
Qingdao	12,266	10,299	1,123	852
Shenyang	12,144	9,733	892	822
Guangzhou	9,641	7,443	286	262
Hefei	9,491	4,754	657	297
Ningbo	9,053	8,738	402	579
Fuzhou	8,627	5,263	560	342
Nanjing	7,853	17,009	372	568
Wuhan	7,612	10,354	421	566
Jinan	7,360	7,211	517	470
Wenzhou	6,431	1,415	269	73
Xi'an	5,335	7,611	325	489

City	Contracted sales		Total GFA	
	2020	2019	2020	2019
	<i>RMB million</i>	<i>RMB million</i>	<i>'000 Sqm</i>	<i>'000 Sqm</i>
Kunming	5,218	1,231	346	91
Shanghai	5,126	3,414	168	161
Jiaxing	4,928	2,038	345	135
Changzhou	4,482	1,289	221	89
Shaoxing	4,428	3,754	248	156
Changsha	4,389	9,259	386	713
Tianjin	3,432	4,073	200	244
Xianyang	3,350	1,991	356	207
Guiyang	3,350	730	289	58
Huizhou	3,134	–	286	–
Nanning	2,826	550	230	62
Zhengzhou	2,815	595	182	67
Shenzhen	2,716	592	43	10
Dalian	2,529	5,206	172	270
Quanzhou	2,386	1,567	216	159
Xiamen	2,122	1,293	73	63
Yantai	2,033	2,489	206	241
Hong Kong	2,024	3,707	7	15
Shijiazhuang	1,891	655	137	52
Zhuhai	1,478	2,823	66	114
Haikou	1,428	–	59	–
Wuxi	1,349	6,231	96	360
Dongguan	1,228	714	57	48
Nanchang	1,203	756	85	59
Tangshan	1,143	–	99	–
Changchun	928	–	70	–
Weihai	824	717	68	65
Zhongshan	810	980	61	61
Zhangzhou	810	910	52	59
Putian	795	–	80	–
Taiyuan	788	401	68	37
Yangzhou	658	–	42	–
Changde	616	805	82	108
Yuxi	569	985	47	70
Nantong	553	7,519	24	468
Xuzhou	551	–	34	–
Ganzhou	445	595	51	107
Jiangmen	417	–	46	–
Foshan	361	380	22	20
Maoming	167	81	23	9
Zhaoqing	87	–	12	–
Jinzhong	85	–	8	–
Baoding	81	588	10	42
Total	270,609	242,504	16,162	14,238

As at December 31, 2020, the Group had sold but unrecognized contracted sales of RMB310.70 billion (with an area of around 18.00 million square meters), which formed a solid basis for the Group's sustainable and stable growth in the core net profit in the future.

PROPERTY INVESTMENT

The Group maintains a prudent property investment strategy. Currently, investment properties of the Group are mainly shopping malls under three major product series, namely Paradise Walk series, which are one-stop experiencing shopping malls, Starry Street series, which are community shopping malls, and MOCO, which are mid to high-end household and lifestyle shopping centers. In addition to the shopping malls, our rental housing properties, known as Goyoo (“Goyoo”), which provide new generations with comprehensive rental housing services, have gradually commenced operation in several Tier-1 and Tier-2 cities such as Beijing, Shanghai, Shenzhen, Hangzhou, Chengdu, Nanjing and Chongqing.

In 2020, the rental income, net of tax, of the Group’s property investment business was RMB7.58 billion[#], representing an increase of 30.9% as compared to last year. Shopping malls, rental housing and others accounted for 75.2%[#], 23.9% and 0.9% of the total rental income respectively. As at December 31, 2020, the Group has shopping malls of 4.81 million square meters (6.15 million square meters in GFA with parking space included) which have commenced operation with an occupancy rate of 96.9%. 90,000 apartments of Goyoo have commenced operation with the occupancy rate of 88.5%, boasting a leading position in the industry in terms of its scales. The occupancy rate of the portions of Goyoo which have commenced operation for more than six months was 93.3%.

[#] excluding Beijing Chang’an Paradise Walk etc.

Table 3: Breakdown of rental income of Shopping malls of the Group in 2020^{##}

* Amount excluding tax

	2020				2019			Change of Rental income
	GFA sqm	Rental income RMB’000	% of Rental	Occupancy	Rental income RMB’000	% of Rental	Occupancy	
Chongqing North Paradise Walk	120,778	492,691	8.4%	100.0%	501,773	10.6%	100.0%	-1.8%
Chongqing West Paradise Walk	76,031	143,331	2.5%	95.0%	166,982	3.5%	98.6%	-14.2%
Chongqing Time Paradise Walk Phase I	160,168	395,360	6.7%	98.4%	393,055	8.3%	99.0%	0.6%
Chongqing Time Paradise Walk Phase II	154,460	247,903	4.2%	95.7%	239,747	5.0%	97.6%	3.4%
Chongqing Time Paradise Walk Phase III	73,774	90,940	1.6%	94.8%	96,897	2.0%	98.7%	-6.1%
Chengdu Three Thousand Paradise Walk	38,043	35,023	0.6%	93.2%	44,809	0.9%	97.2%	-21.8%
Chengdu North Paradise Walk	215,536	169,697	2.9%	89.5%	179,785	3.8%	96.8%	-5.6%
Chengdu Time Paradise Walk Phase I	61,989	50,487	0.9%	98.1%	52,388	1.1%	100.0%	-3.6%
Beijing Changying Paradise Walk	221,286	451,022	7.7%	98.8%	455,744	9.6%	98.7%	-1.0%
Hangzhou Jinsha Paradise Walk	151,135	260,653	4.5%	99.5%	259,638	5.5%	98.8%	0.4%
Chengdu Jinnan Paradise Walk	91,638	131,133	2.3%	99.1%	137,210	2.8%	100.0%	-4.4%
Beijing Daxing Paradise Walk	144,565	209,566	3.6%	98.5%	212,095	4.5%	100.0%	-1.2%
Shanghai Hongqiao Paradise Walk	170,450	144,457	2.5%	92.1%	152,472	3.2%	97.6%	-5.3%
Chongqing U-City Paradise Walk Phase I	15,516	17,288	0.3%	100.0%	16,040	0.3%	98.6%	7.8%
Chongqing U-City Paradise Walk Phase II	96,411	121,861	2.1%	98.6%	111,388	2.3%	99.3%	9.4%

	2020				2019			Change of Rental income
	GFA sqm	Rental income RMB'000	% of Rental	Occupancy	Rental income RMB'000	% of Rental	Occupancy	
Chongqing Hometown Paradise Walk	93,152	127,233	2.2%	99.7%	112,906	2.4%	99.4%	12.7%
Hangzhou Binjiang Paradise Walk Phase I	158,067	282,085	4.8%	98.9%	274,324	5.8%	98.9%	2.8%
Suzhou Shishan Paradise Walk	197,466	289,581	5.0%	96.2%	274,375	5.8%	98.6%	5.5%
Shanghai Baoshan Paradise Walk	98,339	206,049	3.5%	99.4%	195,246	4.1%	98.7%	5.5%
Changzhou Longcheng Paradise Walk	119,328	93,680	1.6%	96.7%	107,156	2.3%	94.4%	-12.6%
Beijing Fangshan Paradise Walk	103,688	166,450	2.9%	99.0%	180,917	3.8%	100.0%	-8.0%
Chengdu Xichen Paradise Walk	152,639	142,628	2.5%	93.6%	155,511	3.3%	96.5%	-8.3%
Chengdu Binjiang Paradise Walk	140,000	134,294	2.3%	96.5%	8,221	0.2%	99.7%	1,533.5%
Hangzhou Binjiang Paradise Walk Phase II	22,627	33,567	0.6%	98.5%	11,083	0.2%	100.0%	202.9%
Hangzhou Xixi Paradise Walk	130,063	204,311	3.5%	97.4%	22,627	0.5%	100.0%	803.0%
Hangzhou Zijing Paradise Walk	83,000	121,863	2.1%	96.7%	8,776	0.2%	100.0%	1,288.6%
Shanghai Huajing Paradise Walk	42,253	70,698	1.2%	93.4%	20,981	0.4%	100.0%	237.0%
Shanghai Minhang Paradise Walk	94,859	148,928	2.6%	99.1%	8,676	0.2%	94.7%	1,616.6%
Hefei Yaohai Paradise Walk	98,320	71,132	1.2%	90.4%	7,704	0.2%	98.5%	823.3%
Nanjing Liuhe Paradise Walk	108,000	89,675	1.5%	92.9%	7,709	0.2%	98.2%	1,063.3%
Beijing Chang'an Paradise Walk	52,563	86,069	1.5%	99.5%	15,620	0.3%	99.1%	451.0%
Nanjing Longwan Paradise Walk	120,367	100,662	1.7%	100.0%	-	-	-	-
Nanjing Jiangbei Paradise Walk	146,286	53,325	0.9%	98.6%	-	-	-	-
Xi'an Xiangti Paradise Walk	78,962	6,150	0.1%	99.6%	-	-	-	-
Chongqing Jinsha Paradise Walk	204,113	15,272	0.3%	98.6%	-	-	-	-
Chengdu Shangcheng Paradise Walk	114,227	43,721	0.8%	99.7%	-	-	-	-
Chengdu Time Paradise Walk Phase II	63,183	16,387	0.3%	98.9%	-	-	-	-
Suzhou Xinghu Paradise Walk	112,537	26,405	0.5%	97.0%	-	-	-	-
Chongqing Lijia Paradise Walk	110,508	10,444	0.2%	97.1%	-	-	-	-
Jinan Aoti Paradise Walk	77,571	7,179	0.1%	100.0%	-	-	-	-
Paradise Walk Subtotal	4,513,898	5,509,200	94.7%	97.0%	4,431,855	93.3%	98.5%	24.3%
Chongqing Crystal Castle	16,161	22,318	0.4%	99.8%	22,094	0.5%	100.0%	1.0%
Chongqing Chunsen Starry Street	54,618	36,892	0.7%	92.3%	35,176	0.7%	97.1%	4.9%
Chongqing Fairy Castle	29,413	12,333	0.2%	100.0%	20,081	0.4%	100.0%	-38.6%
Beijing Summer Palace Starry Street	6,320	24,753	0.4%	100.0%	26,716	0.6%	100.0%	-7.3%
Xi'an Daxing Starry Street	44,227	57,481	1.0%	96.6%	58,191	1.2%	97.6%	-1.2%
Xi'an Qujiang Starry Street	63,206	71,159	1.2%	96.5%	74,988	1.6%	100.0%	-5.1%
Shanghai Minhang Starry Street	24,740	30,125	0.5%	86.5%	17,152	0.4%	98.6%	75.6%
Chengdu Wuhou Starry Street	31,168	3,362	0.1%	100.0%	-	-	-	-
Others	-	18,346	0.3%	N/A	25,668	0.5%	N/A	-28.5%
Starry Street Subtotal	269,853	276,769	4.8%	96.3%	280,066	5.9%	98.8%	-1.2%
Chongqing MOCO	29,104	31,764	0.5%	91.8%	35,919	0.8%	100.0%	-11.6%
MOCO Subtotal	29,104	31,764	0.5%	91.8%	35,919	0.8%	100.0%	-11.6%
Total for projects that had commenced operation	4,812,855	5,817,733	100.0%	96.9%	4,747,840	100.0%	98.5%	22.5%

In 2020, the total retail sales of shopping malls were RMB30.5 billion, representing an increase of 14% year-on-year. Annual average daily foot traffic was 1.51 million, representing a decrease of 2% year-on-year.

The Group currently has the following major investment properties under construction:

Table 4: The major investment properties under construction of the Group

	Estimated Commencement of Operation	Planned GFA Sqm
Suzhou Dongwu Paradise Walk	2021	114,200
Nanjing Hexi Paradise Walk	2021	112,358
Chengdu Jinchen Paradise Walk	2021	83,000
Hangzhou Jiangdong Paradise Walk	2021	107,125
Changsha Yanghu Paradise Walk	2021	101,993
Wuhan Jiangchen Paradise Walk	2021	138,559
Chongqing Park Paradise Walk	2021	138,034
Hangzhou Dingqiao Paradise Walk	2021	117,944
Qingdao Jiaozhou Paradise Walk	2022 and hereafter	81,463
Shanghai Fengxian Paradise Walk	2022 and hereafter	104,163
Nanchang Qingshanhu Paradise Walk	2022 and hereafter	95,400
Ningbo Yinzhou Paradise Walk	2022 and hereafter	106,065
Chongqing Time Paradise Walk Phase IV	2022 and hereafter	74,725
Beijing Yizhuang Paradise Walk	2022 and hereafter	107,201
Shanghai Jinhui Paradise Walk	2022 and hereafter	72,559
Wuhan Baisha Paradise Walk	2022 and hereafter	35,963
Shenyang Hunnan Paradise Walk	2022 and hereafter	81,000
Nanning Qingxiu Paradise Walk	2022 and hereafter	111,709
Wuhan Fengsheng Road Paradise Walk	2022 and hereafter	101,008
Chongqing Longxing Core District Paradise Walk	2022 and hereafter	75,652
Chongqing La Defense	2022 and hereafter	118,642
Kunming Chuncheng Avenue Paradise Walk	2022 and hereafter	110,000
Chengdu Pidu Paradise Walk	2022 and hereafter	122,854
Haikou TOD Paradise Walk	2022 and hereafter	222,193

Due to the rental increase of shopping malls in operation, continuous investments in projects under construction and the development of rental housing Goyoo, the valuation gain of investment properties of the Group amounted to RMB2.31 billion in 2020.

INCOME FROM DIGITAL TECHNOLOGY SERVICES

In 2020, the total income generated from Digital Technology Services of the Group was RMB1.10 billion, which demonstrates a steady growth compared to last year. The Group will continue to provide digital technology services to each of its six core businesses for operation management and procedure innovation. Further, the Group will continue to expand various external business scopes, including the membership points management of customers, the electronic coupon business of shopping mall tenants, intelligent parking system services as well as cooperative project management to expand digital business scale and improve the service capacity.

COST CONTROL

In 2020, benefiting from the Group's excellent performance on acquisition of projects and sales in Tier-1 and Tier-2 cities, as well as its focus on high quality talents and organization efficiency improvement, the Group's share of general and administrative expenses to the total contracted sales was 2.7%, remaining stable as compared to last year. Meanwhile, as the Group has increased its marketing expenses to strengthen its brand influence, the selling expenses to the total contracted sales increased by 0.2% to 1.9% as compared to last year.

SHARE OF RESULTS OF JOINT VENTURES

In 2020, the contribution of joint ventures was mainly from the Group's 49.0%-owned Nanjing Bamboo Grove Project. The attributable profit after tax of the Group in joint ventures was RMB591 million.

SHARE OF RESULTS OF ASSOCIATES

In 2020, the contribution of associates was mainly from the Group's 25.1%-owned Qingdao Hai Jing Project. The attributable profit after tax of the Group in associates was RMB691 million.

INCOME TAX EXPENSE

Income tax expenses comprises PRC enterprise income tax and land appreciation tax. In 2020, the enterprise income tax expense and the land appreciation tax of the Group were RMB9.81 billion and RMB7.72 billion, respectively. The total income tax expenses for the period amounted to RMB17.53 billion.

PROFITABILITY

In 2020, the Group's core net profit margin was 14.7%, while that of last year was 15.5%; and the core net profit margin attributable to shareholders was 10.1%, while that of last year was 10.3%. The above is mainly due to the increase in revenue during the current year and the combined effects of expenses, share of results of joint ventures and associates and the changes in income tax expenses.

LAND BANK REPLENISHMENT

As at December 31, 2020, the Group's total land bank was 74.00 million square meters or 52.79 million square meters on an attributable basis. The average unit land cost was RMB5,569 per square meter, accounting for 33.3% of unit price of current contracted sales. In terms of regional breakdown, land bank in Pan Bohai Rim, western China, Yangtze River Delta, southern China, central China and Hong Kong China accounted for 36.1%, 25.8%, 16.0%, 11.6%, 10.4% and 0.1% of the total land bank, respectively.

In 2020, the Group acquired new land bank with total GFA of 25.67 million square meters or 18.47 million square meters on an attributable basis. Average cost of acquisition on an attributable basis was RMB5,687 per square meter. In terms of regional breakdown, the newly acquired area of Pan Bohai Rim, western China, Yangtze River Delta, southern China and central China accounted for 32.5%, 24.5%, 17.5%, 15.3% and 10.2% of the total GFA of the newly acquired land bank.

Subsequent to the end of the reporting period[#], the Group acquired new land bank with total GFA of 0.81 million square meters or 0.59 million square meters on an attributable basis. In terms of regional breakdown, land bank newly acquired subsequent to the end of the reporting period in western China and Yangtze River Delta accounted for 63.2% and 36.8% of the total GFA of the land bank acquired subsequent to the end of the reporting period, respectively.

Currently, there are 63 cities covered by the Group[#]. In addition to focusing on the Tier-1 and Tier-2 cities, we also made appropriate investment in projects located in city clusters within metropolitan circles. The project size was also controlled at an appropriate level, which laid a well foundation for improving the turnover cycle of the Group's properties available for sale.

[#] As of February 28, 2021

The geographic spread of the land bank of the Group was as follows:

Table 5: Breakdown of land bank of the Group

Region	City	Total GFA Sqm	% Of Total	Attributable GFA Sqm	% Of Total
Pan Bohai Rim	Beijing	2,697,679	3.7%	974,811	1.8%
	Shenyang	3,486,780	4.7%	2,627,237	5.0%
	Qingdao	3,899,323	5.3%	2,566,210	4.9%
	Yantai	7,278,870	9.8%	7,210,954	13.7%
	Jinan	3,421,857	4.6%	2,539,254	4.8%
	Dalian	346,919	0.5%	210,641	0.4%
	Tianjin	1,277,248	1.7%	1,052,497	2.0%
	Baoding	539,712	0.7%	377,798	0.7%
	Shijiazhuang	883,475	1.2%	602,443	1.1%
	Weihai	430,698	0.6%	277,087	0.5%
	Taiyuan	532,005	0.7%	532,005	1.0%
	Changchun	1,309,978	1.8%	1,195,658	2.3%
	Tangshan	387,548	0.5%	250,225	0.5%
	Jinzhong	185,774	0.3%	185,774	0.3%
	Subtotal	26,677,866	36.1%	20,602,594	39.0%
Central China	Changsha	1,963,915	2.6%	1,399,512	2.6%
	Wuhan	4,382,547	5.9%	2,095,016	4.0%
	Nanchang	437,889	0.6%	373,151	0.7%
	Zhengzhou	648,455	0.9%	447,929	0.8%
	Changde	150,261	0.2%	150,261	0.3%
	Ganzhou	118,610	0.2%	42,700	0.1%
	Subtotal	7,701,677	10.4%	4,508,569	8.5%
Western China	Chongqing	7,148,861	9.7%	5,219,868	9.9%
	Chengdu	3,267,297	4.4%	2,133,001	4.0%
	Xi'an	1,397,418	1.9%	827,450	1.6%
	Yuxi	741,147	1.0%	741,147	1.4%
	Guiyang	2,396,773	3.2%	1,476,914	2.8%
	Kunming	2,108,295	2.8%	1,177,776	2.2%
	Xianyang	1,863,169	2.5%	1,095,521	2.1%
	Lanzhou	187,377	0.3%	131,164	0.3%
	Subtotal	19,110,337	25.8%	12,802,841	24.3%

Region	City	Total GFA <i>Sqm</i>	% Of Total	Attributable GFA <i>Sqm</i>	% Of Total
Yangtze River Delta	Shanghai	1,024,523	1.4%	609,199	1.2%
	Wuxi	558,367	0.7%	398,029	0.7%
	Changzhou	614,256	0.8%	614,256	1.2%
	Hangzhou	1,844,228	2.5%	1,159,315	2.2%
	Nantong	122,992	0.2%	86,094	0.2%
	Shaoxing	746,736	1.0%	396,977	0.8%
	Wenzhou	772,874	1.0%	682,255	1.3%
	Ningbo	848,029	1.1%	795,992	1.5%
	Suzhou	1,151,194	1.6%	784,483	1.5%
	Nanjing	1,174,749	1.6%	965,077	1.8%
	Hefei	2,157,597	2.9%	1,939,255	3.7%
	Jiaxing	325,655	0.4%	162,828	0.3%
	Xuzhou	39,454	0.1%	20,121	0.0%
	Yangzhou	214,206	0.3%	214,206	0.4%
	Taizhou	266,052	0.4%	186,236	0.4%
		Subtotal	11,860,912	16.0%	9,014,323
Southern China	Xiamen	943,595	1.3%	483,767	0.9%
	Quanzhou	131,318	0.2%	131,318	0.2%
	Guangzhou	987,686	1.3%	726,528	1.4%
	Shenzhen	123,085	0.2%	117,899	0.2%
	Fuzhou	1,758,429	2.4%	1,119,616	2.1%
	Foshan	324,764	0.4%	254,689	0.5%
	Zhuhai	201,228	0.3%	100,614	0.2%
	Dongguan	686,607	0.9%	430,864	0.8%
	Nanning	836,319	1.1%	444,852	0.8%
	Zhongshan	39,264	0.1%	39,264	0.1%
	Maoming	98,053	0.1%	98,053	0.2%
	Huizhou	720,793	1.0%	485,472	0.9%
	Haikou	813,871	1.1%	813,871	1.5%
	Jiangmen	290,376	0.4%	145,188	0.3%
	Zhaoqing	235,482	0.3%	164,838	0.3%
	Qingyuan	115,666	0.2%	57,949	0.1%
	Putian	186,735	0.2%	112,041	0.2%
	Sanya	103,164	0.1%	103,164	0.2%
	Subtotal	8,596,435	11.6%	5,829,987	10.9%
Hong Kong China	Hong Kong	54,459	0.1%	27,229	0.1%
	Subtotal	54,459	0.1%	27,229	0.1%
	Total	74,001,686	100.0%	52,785,543	100.0%

Table 6: Land acquisition in 2020

Region	Project	City	Attributable Interest %	Total GFA Sqm	Attributable GFA Sqm
Pan Bohai Rim	Honorable Mansion	Beijing	50.0%	132,392	66,196
	Elegant Mansion	Beijing	29.6%	202,032	59,842
	Xiaoyan Bay Plot	Dalian	51.0%	75,568	38,540
	No.2 Haiko Road Plot	Dalian	70.0%	125,330	87,731
	Longfor Mansion	Jinan	35.0%	34,542	12,090
	Longfor Origin	Jinan	100.0%	509,184	509,184
	Dazhong News Plot	Jinan	95.0%	276,228	262,417
	Longfor Faerie	Jinzhong	100.0%	185,774	185,774
	The Light Year	Qingdao	75.0%	150,902	113,177
	Fairy Castle	Qingdao	70.0%	403,026	282,118
	Chun Jiang City	Qingdao	40.0%	57,239	22,896
	Glorious City	Qingdao	70.0%	148,143	103,700
	Glorious City Phase II	Qingdao	70.0%	243,062	170,143
	Blue Coast City	Qingdao	51.0%	328,985	167,782
	Scholar's Mansion	Qingdao	35.0%	286,022	100,108
	Glorious Mansion	Qingdao	35.0%	149,582	52,354
	Humanism Mansion	Shenyang	70.0%	325,692	227,984
	Fragrant Garden	Shenyang	100.0%	82,126	82,126
	Glorious Palace	Shenyang	51.0%	165,196	84,250
	Cloud Valley	Shenyang	70.0%	383,939	268,757
	Putian Reli Project	Shenyang	50.0%	158,906	79,453
	Light Mansion	Shenyang	50.0%	28,512	14,256
	Yuhong New City Plot	Shenyang	70.0%	168,759	118,131
	Zhongfa No. 2 Project	Shenyang	35.0%	143,791	50,327
	Shangyuan Road Plot	Shenyang	70.0%	60,676	42,473
	Yuhong Huayi Project	Shenyang	35.0%	332,189	116,266
	Jasper Sky Phase II	Shijiazhuang	51.0%	46,501	23,716
	Longfor Mansion	Shijiazhuang	70.0%	467,116	326,981
	Chang'an District Plot	Shijiazhuang	100.0%	126,574	126,574
	Longfor Mansion	Tangshan	85.0%	161,287	137,094
	Longfor Mansion Phase II	Tangshan	50.0%	226,261	113,131
	Longfor Mansion	Tianjin	100.0%	251,751	251,751
Longshui Garden	Tianjin	51.0%	60,148	30,675	
Jizhuangzi Plot	Tianjin	100.0%	298,398	298,398	

Region	Project	City	Attributable Interest %	Total GFA Sqm	Attributable GFA Sqm
	Glorious Mansion	Yantai	100.0%	199,268	199,268
	Longfor Mansion	Yantai	100.0%	171,587	171,587
	Glorious City	Changchun	51.0%	114,187	58,235
	Grand of Woods	Changchun	100.0%	288,955	288,955
	Glorious City II	Changchun	49.0%	114,448	56,080
	Weishan Road North Plot	Changchun	100.0%	271,261	271,261
	Kai Xuan Mansion Plot	Changchun	100.0%	162,907	162,907
	Jingyue Hefu Plot	Changchun	100.0%	222,286	222,286
	Subtotal			8,340,732	6,056,974
Western China	Xiyue Jincheng	Chengdu	30.0%	127,210	38,163
	Linyun Mansion	Chengdu	35.0%	102,679	35,937
	Xifu Langyue	Chengdu	70.0%	219,405	153,584
	Chunyu Mansion	Chengdu	50.0%	70,340	35,170
	Shuxin Momentos	Chengdu	100.0%	189,311	189,311
	Waterfront City	Chengdu	80.0%	59,604	47,683
	River Palace	Chengdu	80.0%	196,781	157,425
	Longfor Mansion	Chengdu	100.0%	158,454	158,454
	Grand of Woods	Chengdu	70.0%	354,569	248,198
	Longfor Origin	Guiyang	90.0%	559,806	503,826
	Great Mansion	Kunming	55.0%	415,143	228,329
	Longfor Mansion	Kunming	80.0%	47,882	38,306
	Pengjiaping Project	Lanzhou	70.0%	187,377	131,164
	Glorious Mansion	Xi'an	40.0%	38,532	15,413
	For River Master	Xi'an	55.0%	99,076	54,492
	Longfor Origin	Xi'an	49.0%	426,917	209,189
	Glorious Mansion	Xi'an	45.0%	150,518	67,733
	Star Atlas	Xi'an	100.0%	90,031	90,031
	Longfor Central	Xianyang	55.0%	1,332,998	733,149
	Caotang Main Street Plot	Xianyang	51.0%	150,070	76,536
	Dingsheng Center	Chongqing	50.0%	68,386	34,193
	Forest City	Chongqing	51.0%	158,385	80,776
	Ba'nán Jieshi Plot	Chongqing	70.0%	276,171	193,320
	Bay City	Chongqing	60.0%	330,684	198,410
	Science Mansion	Chongqing	51.0%	271,254	138,340
	Nanping Bus Station Plot	Chongqing	100.0%	196,214	196,214
	Subtotal			6,277,797	4,053,346

Region	Project	City	Attributable Interest %	Total GFA Sqm	Attributable GFA Sqm
Yangtze River Delta	Longfor Origin	Hangzhou	100.0%	495,216	495,216
	Spring Whisper	Hangzhou	22.0%	144,959	31,891
	Glorious Mansion	Hefei	70.0%	92,804	64,963
	Longfor Mansion	Hefei	70.0%	113,782	79,648
	Glorious Mansion	Hefei	70.0%	174,537	122,176
	The Light Year	Hefei	100.0%	866,438	866,438
	Beautiful Mansion	Jiaxing	50.0%	134,862	67,431
	Qiaolin Street Plot	Nanjing	70.0%	53,253	37,277
	Yuanlin West Road Plot	Nanjing	70.0%	83,131	58,192
	High-speed Rail	Nantong	70.0%	122,992	86,094
	Longfor Paradise	Ningbo	100.0%	302,829	302,829
	Gucun Community Plot	Shanghai	100.0%	52,004	52,004
	Longfor Fusion	Shaoxing	50.0%	510,647	255,323
	Xiangshan Road Plot	Suzhou	100.0%	172,852	172,852
	Lake City Mansion	Taizhou	70.0%	266,052	186,236
	Glorious City	Wenzhou	100.0%	200,090	200,090
	Origin	Wenzhou	100.0%	327,690	327,690
	Glorious Mansion	Wuxi	60.0%	119,635	71,781
	Shuofang Middle School East Project	Wuxi	40.0%	187,472	74,989
	Jiajia Garden East Plot	Yangzhou	100.0%	81,604	81,604
	Subtotal			4,502,849	3,634,724
Central China	Longfor Palace	Nanchang	80.0%	72,038	57,630
	Longfor Mansion	Wuhan	40.0%	269,262	107,705
	Binjiang TOD Plot	Wuhan	50.0%	623,289	311,645
	Longfor Central	Wuhan	100.0%	249,961	249,961
	Grand Mansion	Changsha	51.0%	115,413	58,861
	Glorious Mansion	Changsha	100.0%	628,545	628,545
	Chunjiang Central	Changsha	100.0%	294,311	294,311
	Longfor Mansion	Zhengzhou	51.0%	218,041	111,201
	Longfor Mansion	Zhengzhou	40.8%	158,253	64,567
	Subtotal		2,629,113	1,884,426	
Southern China	Dongguan TOD Plot I	Dongguan	51.0%	333,328	169,997
	Dongguan TOD Plot II	Dongguan	100.0%	229,898	229,898
	River City	Foshan	80.0%	307,100	245,680
	Violet Castle Garden	Fuzhou	51.0%	63,993	32,636
	Chunjiang City	Fuzhou	70.0%	128,716	90,101
	Jiuxu Mansion	Fuzhou	70.0%	179,243	125,470
	City Garden	Fuzhou	70.0%	241,506	169,054
	Longfor Mansion	Fuzhou	70.0%	49,243	34,470

Region	Project	City	Attributable Interest %	Total GFA Sqm	Attributable GFA Sqm
	Pearl Cloud Mansion	Fuzhou	30.0%	161,874	48,562
	Longfor Mansion	Fuzhou	60.0%	152,012	91,207
	Chun Jiang City	Fuzhou	60.0%	142,118	85,271
	Cangshan Shang Du Plot	Fuzhou	70.0%	104,114	72,880
	Xiushan Village Plot	Fuzhou	100.0%	29,612	29,612
	Panyu Coach Terminal Plot	Guangzhou	100.0%	346,343	346,343
	The sky Legend	Huizhou	95.0%	334,129	317,423
	Chenjiang Project	Huizhou	100.0%	26,834	26,834
	Bamboo Grove	Nanning	49.0%	25,788	12,636
	Longfor Skyline	Nanning	60.0%	292,697	175,618
	Ying Hua Road Plot	Nanning	80.0%	31,418	25,134
	Jiuxu Mansion	Putian	60.0%	186,735	112,041
	Yinzhan Plot	Qingyuan	50.1%	115,666	57,949
	Sapphire Time	Sanya	100.0%	103,164	103,164
	Chunjiang Central	Zhaoqing	70.0%	235,482	164,838
	Longshan Park Project	Zhongshan	100.0%	39,264	39,264
	The Skyline	Zhuhai	50.0%	60,585	30,293
	Subtotal			3,920,862	2,836,375
	Total			25,671,353	18,465,845

Details of the land bank acquired by the Group subsequent to the end of the reporting period[#] are as follows:

Table 7: Land acquisition subsequent to the end of the reporting period[#]

Region	Project	City	Attributable Interest %	Expected GFA Sqm	Attributable GFA Sqm
Western China	Yuren North Road Plot	Chengdu	100.0%	19,802	19,802
	Dafeng Street Plot	Chengdu	100.0%	55,218	55,218
	Lanshanyue Project	Chongqing	50.0%	439,760	219,880
	Subtotal			514,780	294,900
Yangtze River Delta	Jiangpu Street Block	Nanjing	100.0%	299,262	299,262
	Subtotal			299,262	299,262
	Total			814,042	594,162

[#] As of February 28, 2021

FINANCIAL POSITION

As at December 31, 2020, the Group's consolidated borrowings amounted to RMB167.37 billion. The net debt to equity ratio (net debt divided by total equity) of the Group was 46.5%. Cash in hand reached RMB77.83 billion. The credit rating of the Group was BBB by Standard & Poor, Baa2 by Moody's, BBB by Fitch, and AAA by Dagong International*, CCXR* and Shanghai Brilliance, with positive outlook from Fitch and stable outlook from others.

* *The ratings of Dagong International and CCXR were reviewed on Chongqing Longhu Development Co., Ltd., a major subsidiary of the Company in Mainland China.*

Approximately 71% of the Group's total borrowings were denominated in RMB, while 29% were denominated in foreign currencies. The Group continues to maintain its borrowings in foreign currencies in a low proportion with a certain amount of exchange rate swap so as to minimise the risk in exchange losses.

Approximately RMB76.99 billion of the Group's consolidated borrowings were with fixed interest rates ranging from 3.30% per annum to 5.60% per annum, depending on the terms of the loans, and the other loans carried interest at floating rates. As of December 31, 2020, the proportion of fixed interest debt was 46% (December 31, 2019: 37%) of the total debt.

The Group's average cost of borrowing was 4.39% per annum. The average maturity period of loan was 6.59 years. The proportion of unsecured debt was 71% of the total debt. The debt due within one year was RMB18.34 billion, accounting for 11.0% of the total debt. Cash to short-term debt ratio (cash in hand divided by debt due within one year) was 4.24X.

In 2020, the Group successfully issued corporate bonds of RMB5.8 billion and rental housing special bonds of RMB3.0 billion and medium-term notes of RMB1.7 billion in the domestic capital market, at a coupon rate ranging from 3.55% to 4.50% per annum and terms ranging from three years to seven years in 2020, the Group also successfully issued senior notes of US\$650 million in the international capital market, at a coupon rate ranging from 3.375% to 3.85% per annum and terms ranging from seven years and three month to twelve years.

Subsequent to the end of the reporting period, in January 2021, the Group successfully issued corporate bonds of RMB3.0 billion in the domestic capital market, at a coupon rate ranging from 3.95% to 4.40% per annum with terms ranging from five years to seven years.

EMPLOYEES AND COMPENSATION POLICY

As at December 31, 2020, the Group had 35,426 full-time employees in China. Of these employees, 10,344 worked in the property development division, 2,609 in the property investment division, and 22,473 in the property management division. Average age of our employees is 34.3 years old.

The Group remunerates its employees based on their performance, work experience and the prevailing market wage level. The total compensation of the employees consists of base salary, cash bonus and share-based rewards. The gross amount of cash bonus is determined from, amongst other things, the ranking of the Group's budget fulfillment ratio and loyalties of customers, which is then assessed and allocated to individual subsidiaries based on factors such as balanced scorecard record and profitability.

REVIEW AND OUTLOOK

The year 2020 witnessed an increasingly complex international environment due to the sustained impact of the outbreak of COVID-19 which has remained unabated. Thanks to China's effective epidemic control, life and production in the country are gradually close to normal. China's dual-circulation strategy has contributed to the rapid rebound of investment and consumption. As an integral part to support economic growth, the real estate industry is developing steadily and demonstrating resilience. Under the long-term mechanism of management and control, consistency is maintained in local administrative regulations, and the policy of strictly guarding against financial risks has been gradually implemented. With enterprises accelerating deleveraging and risk control, the real estate industry is back on the path towards sustainable development focusing on steady operation and quality service.

The Group adheres to the strategy of "SaaS, Space as a Service", and is firmly committed to the coordinated development of its six core business arms covering property development, commercial property, rental housing, smart service, housing agency service, and housing decoration. The Group actively spots and seizes the opportunities brought by scientific and technological innovation, and always aims at customer needs. While sticking to the core businesses, the Group also digs potentials for transformation. Through continuous iteration and upgrading of its organizations and systems, the Group endeavors to improve its professional ability through the entire chain as well as its operational efficiency.

Confronting the hit of COVID-19, the Group actively responded and strived to control the impact to a minimum. Since the focus of domestic response was shifted to routine epidemic control in mid-March, as one of the first developers to resume work and production, the Group has promoted the return to work of staff and the resumption of operation of construction sites in an orderly manner on the premise of ensuring all epidemic prevention work is done well within the projects. The Group met the working plan set at the beginning of the year regarding the start and completion of construction.

In line with the requirements of epidemic prevention and control in various cities, the Group temporarily closed its malls and screened and tested potential virus carriers or infections. Combined with the impact of the epidemic on offline consumption behaviors, the Group's annual same store retail sales of shopping malls dropped by 7% year-on-year, and the annual same store average daily foot traffic declined by 20% year on year. In addition, during the period from January 25 to March 31, the Group reduced the rents (including property management fees and promotion fees) of all vendors in its shopping malls by half, which effectively relieved the business pressure of vendors, but meanwhile brought a negative impact on the Group's rental income growth expectations. Even so, the Group took a series of countermeasures and spared no efforts throughout the year, ensuring that 10 new shopping malls opened as scheduled. At the same time, with continuous improving operation and management, the Group seized the opportunity in domestic consumption recovery, and brought the occupancy rate back to 97% by the end of the year. The rental income of 49 operating shopping malls increased by 23% as a whole, while the revenue of same store slightly decreased by 1.6% year-on-year.

The rental housing and smart service businesses showed their service value during the pandemic. The businesses provided a more comfortable and safer living environment through high-standard centralized epidemic prevention control and sanitation as well as caring and quality home service, which enhanced their relationship with house owners and tenants. The businesses not only sustained growth but also laid themselves a solid foundation for providing value-added services in the future.

In 2021, the Group will have 271 major projects on sale, among which 65 will be brand-new projects, and 167 will launch a bunch of new products, covering various demands for first home buyers, upgraders and commercial operators, etc. The Group implements the differentiation strategy, and accurately plans its products and business configuration according to the needs of different customers in different regions, to seize opportunities in the volatile market.

The Group (including joint ventures and associates) completed properties with a total GFA of about 20 million square meters in 2020, and plans to complete properties with a total GFA of approximately 27 million square meters in 2021, most of which will be completed in the second half of the year. The project's construction and sales are in pace.

In terms of investment property, 10 shopping malls opened in 2020, including Chongqing Jinsha Paradise Walk, Chengdu Shangcheng Paradise Walk, Suzhou Xinghu Paradise Walk, and etc. Numbers of Paradise Walk will be open in cities like Beijing, Hangzhou, Chongqing and so on in 2021. As one of the core business, Goyoo, the rental housing business, was opened and operated in tier-1 and tier-2 cities such as Beijing, Shanghai, Shenzhen, Hangzhou, Chengdu, Nanjing, and Chongqing in 2020, and will be steadily promoted with the growth of market demand in the future. The investment and development of the above two businesses laid a solid foundation for the Group's future investment property rental growth.

Faced with increasingly fierce competition in the industry, the Group will always stick to its original aspiration, and adhere to a sound financial management strategy. The Group will maintain its advantages of low-cost and multi-channel financing, maintain a reasonable and safe debt level, and strive for stable and sustainable development. In the perspective of project investment, the Group will continue to balance its cash flow and profit, control the cost of land acquisition and improve the efficiency of capital use through external cooperation and secondary market acquisition.

FINAL DIVIDEND

The Board proposed the payment of a final dividend of RMB1.03 per share for the year ended December 31, 2020 to shareholders whose names appear on the register of members of the Company on Friday, June 25, 2021. The proposed final dividend shall be paid on Thursday, July 15, 2021 after approval by shareholders of the Company at the forthcoming annual general meeting of the Company (the "AGM"). The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB at the average middle rate of RMB to Hong Kong dollars as announced by the People's Bank of China for the period from Tuesday, June 15, 2021 to Wednesday, June 16, 2021.

ANNUAL GENERAL MEETING

The AGM is to be held on Wednesday, June 16, 2021 and the notice of AGM will be published and dispatched to the shareholders of the Company within the prescribed time and in such manner as required by the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, June 10, 2021 to Wednesday, June 16, 2021, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting to be held on Wednesday, June 16, 2021, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 54th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Wednesday, June 9, 2021.

The register of members of the Company will be closed from Wednesday, June 23, 2021 to Friday, June 25, 2021 (both days inclusive) during which period no transfer of shares will be effected. To qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at 54th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong not later than 4:30 p.m. on Tuesday, June 22, 2021.

AUDIT COMMITTEE

The Audit Committee of the Company comprises of three independent non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and discussed risk management and internal control systems and financial reporting matters including the review of the Group’s audited consolidated results for the year ended December 31, 2020.

CORPORATE GOVERNANCE

During the year, the Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code (the “Code”) contained in Appendix 14 to the Listing Rules except the following deviation:

During the year, the Company has not established Nomination Committee as required by the provision A.5 of the Code. Madam Wu Yajun, Chairperson of the Board, is responsible for the nomination and appointment of directors. Madam Wu, as the Chairperson of the Board, will review and discuss with other Board members on the structure, size and composition (including the skills, knowledge and experience) of the Board from time to time based on the requirements matching up with the Company’s development strategy, and identify individuals suitably qualified to become board members and make recommendations to the Board on individuals nominated for directorships when necessary. The Board is of view that Chairperson responsible for the nomination directorship is more appropriate to reflect the Company’s status quo than the establishment of Nomination Committee.

During the process of evaluating and selecting candidates for directorship, qualifications including professional skills and experience, and willingness to devote adequate time to discharge duties as member of the Board, will be considered. Further, the candidates would be considered with reference to the independence guidelines set out in the Listing Rules.

According to the actual situation of the Company, the Board of the Company is of the view that having the Chairperson be responsible for the nomination directorship is more appropriate than the establishment of Nomination Committee at current period. The Board will review the existing nomination policy, which provides for the nomination of directors by the Chairperson, from time to time.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted a code of conduct regarding the Company’s securities transactions of directors (the “Securities Code”) on no less exacting the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules. All Directors confirmed that they have complied with the required standard set out in the Securities Code during the year ended December 31, 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year, the trustee of the Restricted Share Award Scheme purchased on the Stock Exchange a total of 66,286,478 shares at total consideration of approximately HKD2,661,530,525 pursuant to the terms of the trust deed under the Restricted Share Award Scheme. Other than the aforesaid, neither the Company nor any of its subsidiaries had purchased sold, or redeemed any of the Company's listed securities during the year.

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

This results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.longfor.com). The annual report of the Company for the year ended December 31, 2020 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and posted on the above websites in due course.

By Order of the Board
Longfor Group Holdings Limited
Wu Yajun
Chairperson

Hong Kong, March 26, 2021

As at the date of this announcement, the Board comprises eight members: Madam Wu Yajun, Mr. Shao Mingxiao, Mr. Zhao Yi and Mr. Wang Guangjian who are executive Directors; and Mr. Frederick Peter Churchouse, Mr. Chan Chi On, Derek, Mr. Xiang Bing and Mr. Zeng Ming who are independent non-executive Directors.