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首創置業股份有限公司

BEIJING CAPITAL LAND LTD.

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2868)

2020 ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2020

- Revenue was RMB21,247,858,000 (2019: RMB20,786,255,000).
- Net profit was RMB1,272,106,000 (2019: RMB2,568,862,000).
- Profit attributable to equity holders of the Company was RMB981,825,000 (2019: RMB2,122,572,000).
- Earnings per share was RMB0.01 (2019: RMB0.43).
- The Board of Directors has resolved not to declare any final dividend in respect of the year ended 31 December 2020 (2019: RMB0.17 per share).

The board of directors (the “**Board**” or the “**Directors**”) of Beijing Capital Land Ltd. (the “**Company**”) is pleased to announce the audited results of the Company and its subsidiaries (collectively the “**Group**”) which have been prepared in accordance with the CAS for the year ended 31 December 2020 (the “**Year**”).

CONSOLIDATED INCOME STATEMENT

(All amounts in thousands of units of RMB unless otherwise stated)

	Note	Year ended 31 December 2020	Year ended 31 December 2019
Revenue	4	21,247,858	20,786,255
Less: Cost of sales	4	(15,908,085)	(13,713,906)
Taxes and surcharges	5	(972,606)	(2,036,764)
Selling and distribution expenses		(673,815)	(743,768)
General and administrative expenses		(909,624)	(1,425,045)
Financial expenses		(2,326,946)	(3,097,009)
Including : Interest expenses		(2,882,002)	(3,224,465)
Interest income		365,322	325,625
Add: Other income		27,855	95,238
Investment income		1,570,988	3,579,237
Including: Share of profit of associates and joint ventures		14,447	355,430
Gains on hedges		—	17,605
(Losses)/Gains arising from changes in fair value		(162,887)	102,338
Credit impairment loss		(22,174)	—
Asset impairment loss		(69,623)	(10,086)
Gains/(Losses) on disposal assets		232	(1,637)
Operating profit		1,801,173	3,552,458
Add: Non-operating income		29,889	32,375
Less: Non-operating expenses		(12,009)	(14,609)
Total profit		1,819,053	3,570,224
Less: Income tax expenses	7	(546,947)	(1,001,362)
Net profit		1,272,106	2,568,862
Classified by operating continuity			
Net profit from continuing operations		1,272,106	2,568,862
Net profit from discontinued operations		—	—
Classified by attributions of the ownership			
Attributable to owners of the Company		981,825	2,122,572
Attributable to non-controlling interests		290,281	446,290

CONSOLIDATED INCOME STATEMENT (CONTINUED)

(All amounts in thousands of units of RMB unless otherwise stated)

	Year ended 31 December <i>Note</i> 2020	Year ended 31 December 2019
Net profit	1,272,106	2,568,862
Other comprehensive losses, net of tax	(58,425)	(148,803)
Other comprehensive losses attributable to owners of the Company, net of tax	(58,425)	(148,803)
Other comprehensive losses that cannot be reclassified to profit or loss	(171,051)	—
— Changes in fair value of other equity instrument investments	(171,051)	—
Other comprehensive income/ (losses) that may be reclassified to profit or loss thereafter	112,626	(148,803)
— Recycling of changes in fair value of investment properties previously recognized in other comprehensive income	(20,589)	(62,073)
— Effective portion of cash flow hedges	126,118	(81,690)
— Currency translation differences	7,097	(5,040)
Other comprehensive losses attributable to non-controlling interests, net of tax	—	—
Total comprehensive income	1,213,681	2,420,059
Total comprehensive income attributable to owners of the Company	923,400	1,973,769
Total comprehensive income attributable to non-controlling interests	290,281	446,290
Earnings per share for consolidated net profit attributable to the equity holders of the Company	8	
Basic earnings per share (RMB Yuan)	0.01	0.43
Diluted earnings per share (RMB Yuan)	0.01	0.43

CONSOLIDATED BALANCE SHEETS

(All amounts in thousands of units of RMB unless otherwise stated)

	31 December <i>Note</i>	2020	31 December 2019
Current assets			
Cash at bank and on hand		37,178,480	27,035,244
Trading financial assets		348,743	3,761,342
Trade receivable	10	1,495,686	5,218,581
Advances to suppliers		2,111,448	2,443,991
Other receivables		18,050,908	22,350,997
Inventories		102,546,959	85,928,699
Contract assets		5,019,400	5,734,719
Current portion of non-current assets		—	311,975
Other current assets		2,473,661	2,592,146
Total current assets		<u>169,225,285</u>	<u>155,377,694</u>
Non-current assets			
Derivative financial assets		48,828	95,931
Long-term receivables		3,523,207	2,000
Long-term equity investments		6,702,922	5,700,367
Other equity instrument investments		98,457	288,283
Other non-current financial assets		5,803,041	3,450,024
Investment properties		18,722,830	16,743,273
Fixed assets		439,751	324,203
Right-of-use assets		1,394,713	915,045
Intangible assets		317,867	38,508
Long-term prepaid expenses		558,680	453,144
Deferred income tax assets		2,573,449	1,870,925
Other non-current assets		1,140,870	9,921
Total non-current assets		<u>41,324,615</u>	<u>29,891,624</u>
TOTAL ASSETS		<u>210,549,900</u>	<u>185,269,318</u>

CONSOLIDATED BALANCE SHEETS (CONTINUED)

(All amounts in thousands of units of RMB unless otherwise stated)

	Note	31 December 2020	31 December 2019
Current liabilities			
Short-term borrowings		502,403	1,717,672
Trading financial liabilities		151,270	—
Derivative financial liabilities		238,764	—
Notes payable		101,072	51,817
Trade payable	11	12,644,877	8,551,640
Contract liabilities		26,221,026	19,475,282
Employee benefits payable		108,274	258,554
Taxes payable		4,904,579	5,204,477
Other payables		13,641,415	11,184,175
Current portion of non-current liabilities		32,027,389	22,819,073
Other current liabilities		1,303,235	—
Total current liabilities		91,844,304	69,262,690
Non-current liabilities			
Long-term borrowings		41,727,674	39,728,054
Debentures payable		21,427,486	28,490,333
Lease liabilities		1,339,577	875,318
Long-term payables		4,022,380	2,717,476
Provisions		3,087	—
Deferred income tax liabilities		2,855,040	2,153,741
Other non-current liabilities		416	600
Total non-current liabilities		71,375,660	73,965,522
Total liabilities		163,219,964	143,228,212
Equity			
Share capital		4,362,941	3,852,563
Other equity instruments		12,392,272	15,124,416
Including: Perpetual bonds		12,392,272	15,124,416
Capital reserve		553,105	395,293
Other comprehensive income		231,518	289,943
Surplus reserve		829,151	829,151
Retained earnings		10,708,575	11,412,652
Total equity attributable to owners of the Company		29,077,562	31,904,018
Non-controlling interests		18,252,374	10,137,088
Total equity		47,329,936	42,041,106
TOTAL LIABILITIES AND EQUITY		210,549,900	185,269,318

(All amounts in thousands of units of RMB unless otherwise stated)

1. BASIS OF PREPARATION

The financial statements were prepared in accordance with the Basic Standard of the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China (the "PRC") on 15 February 2006, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (hereinafter collectively referred to as "**the Accounting Standards for Business Enterprises**" or "**CAS**").

The financial statements were prepared on the basis of going concern.

Certain related matters in the financial statements have been disclosed in accordance with the requirements of the Hong Kong Companies Ordinance.

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

In 2020, the Ministry of Finance of the PRC promulgated the "Notice on Printing and Distributing the Regulations on Accounting Treatment of Rental Concessions Related to the COVID-19" (Caikuai [2020] No. 10). For the rent reduction or exemption that was directly caused by the COVID-19, reached with the lessee and the lessor, and only for the rent reduction before 30 June 2021, the Group and the Company have referred to the simplified method of the notice when preparing the 2020 financial statements.

3. SEGMENT INFORMATION

The reporting segment of the Group is a business unit that provides different products or services and operates in different regions. Since various businesses or regions require different market strategies, the Group independently manages the production and operation activities of each reporting segment, evaluates its operating results separately, and decides to allocate resources to it and evaluate its performance.

For the year of 2020 and as of 31 December 2020, the Group has total eight reporting segments, which are:

- Beijing segment, responsible for real estate development and sales and related business in Beijing
- Eastern China segment, responsible for real estate development sales and related business in East China
- Tianjin segment, responsible for real estate development sales and related business in Tianjin area
- Chengdu & Chongqing segment, responsible for real estate development and sales and related business in Chengdu and Chongqing area
- Other segments, responsible for real estate development and sales and related businesses in other regions, mainly including the Group's real estate development and sales and related businesses in Shenyang, Shengzhen, Foshan and Xiamen
- Outlets business segment, responsible for the development and operation of the Capital Outlets complex in each region
- Other investment real estate segments, responsible for the development and operation of investment properties other than Capital Outlets

(All amounts in thousands of units of RMB unless otherwise stated)

- The primary land development segment (including shantytown reconstruction) is responsible for the primary land development and shantytown reconstruction business in the Beijing, Tianjin and Hebei region

Inter-segment transfer prices are determined by reference to the prices used for sales to third parties.

Assets are allocated based on the operation of the segment and the location of the assets, and liabilities are allocated based on the operation of the segment. The expenses attributable to each segment are borne by each segment directly.

(a) Segment information for the year end 2020 and as at 31 December 2020 are as follows:

	Property development, sales and related business					Investment properties		Primary land development	Unallocated	Inter-segments elimination	Total
	Beijing	Eastern China	Tianjin	Chengdu & Chongqing	Others	Outlets	Others				
Revenue from external customers	1,637,521	9,631,741	1,395,588	2,444,282	2,665,904	704,099	110,649	1,908,449	749,625	—	21,247,858
Inter-segment revenue	—	—	—	—	—	—	—	—	960,291	(960,291)	—
Contract revenue from customers:											
Recognized at a point in time	1,497,186	9,368,431	1,393,255	2,428,056	2,445,407	—	—	10,899	675,755	—	17,818,989
Recognized over time	132,908	257,215	—	—	170,059	—	—	1,896,103	—	—	2,456,285
Cost of sales from main operations	(1,011,687)	(8,193,807)	(888,041)	(1,719,865)	(1,546,616)	(296,040)	(15,362)	(1,684,852)	(262,629)	81,172	(15,537,727)
Interest income	18,787	19,292	13,580	4,625	19,083	3,982	6,135	1,692	278,146	—	365,322
Interest expense	(391,057)	(26,604)	(65,209)	(24,124)	(243,666)	(276,960)	(27,510)	(449,738)	(1,587,964)	210,830	(2,882,002)
Share of profit/(loss) of associates and joint ventures	59,625	(4,513)	(8,854)	—	(7,394)	—	—	3,806	(28,223)	—	14,447
Credit impairment loss	—	—	—	—	(5,197)	—	—	(5,000)	(11,977)	—	(22,174)
Asset impairment loss	—	(50,000)	—	—	(19,623)	—	—	—	—	—	(69,623)
Depreciation and amortization	(185)	(444)	(854)	(140)	(879)	(79,118)	(295)	—	(69,032)	—	(150,947)
Total Profit/(loss)	57,533	1,075,598	261,309	490,493	280,019	23,280	43,357	(130,869)	(47,366)	(234,301)	1,819,053
Income taxes expenses	(21,635)	(294,616)	(73,313)	(122,196)	(70,145)	(60,890)	(17,124)	(24,452)	78,849	58,575	(546,947)
Net profit/(loss)	35,898	780,982	187,996	368,297	209,874	(37,610)	26,233	(155,321)	31,483	(175,726)	1,272,106
Total assets	51,778,736	36,236,046	21,661,303	14,762,207	46,252,454	18,488,023	2,987,130	20,494,591	116,917,017	(119,027,607)	210,549,900
Total liabilities	(45,796,928)	(29,362,875)	(15,572,438)	(10,760,626)	(33,937,388)	(14,446,878)	(1,118,025)	(14,147,447)	(116,929,240)	118,851,881	(163,219,964)
Long-term equity investments in associates and joint ventures	866,978	229,540	1,518,999	—	23,921	—	—	311,244	3,752,240	—	6,702,922
Increase/(Decrease) in non-current assets (i)	126,365	374,049	125,829	32,896	575,634	1,213,455	908,141	(119)	734,367	—	4,090,617

- (i) Non-current assets exclude financial assets, long-term equity investments and deferred income tax assets.

(All amounts in thousands of units of RMB unless otherwise stated)

(b) Segment information for the year end 2019 and as at 31 December 2019 are as follows:

	Property development, sales and related business					Investment properties			Unallocated	Inter-segments elimination	Total
	Beijing	Eastern China	Tianjin	Chengdu & Chongqing	Others	Outlets	Others	Primary land development			
Revenue from external customers	6,430,906	3,068,746	3,245,447	1,098,060	2,350,622	653,266	116,228	3,513,542	309,438	—	20,786,255
Inter-segment revenue	—	—	—	229	444,910	1,402	16,356	244,058	—	(706,955)	—
Contract revenue from customers:											
Recognized at a point in time	6,430,906	3,068,746	3,245,447	1,094,931	2,345,303	—	—	1,059,412	189,058	—	17,433,803
Recognized over time	—	—	—	3,129	5,319	—	—	2,454,130	—	—	2,462,578
Cost of sales from main operations	(4,402,852)	(2,198,679)	(1,951,794)	(630,110)	(1,459,905)	(77,210)	(8,757)	(2,601,021)	9,616	—	(13,320,712)
Interest income	20,004	181,284	15,474	3,095	8,818	2,966	1,596	1,441	90,947	—	325,625
Interest expense	(322,720)	(191,132)	(32,485)	(119,460)	(4,508)	(260,687)	(36,548)	(286,662)	(2,450,676)	480,413	(3,224,465)
Share of profit/(loss) of associates and joint ventures	156,408	17,236	222,739	(104)	(309)	—	—	—	(40,540)	—	355,430
Asset impairment loss	—	—	—	—	(10,086)	—	—	—	—	—	(10,086)
Depreciation and amortization	(12,130)	(426)	(1,134)	(85)	(1,025)	(108,109)	—	(85)	(27,025)	—	(150,019)
Total Profit/(loss)	663,905	429,904	980,682	208,941	384,122	(59,311)	(35,336)	747,450	249,867	—	3,570,224
Income taxes expense	(128,929)	(114,889)	(194,286)	(60,829)	(233,287)	5,815	(5,242)	(198,888)	(70,827)	—	(1,001,362)
Net profit/(loss)	534,976	315,015	786,396	148,112	150,835	(53,496)	(40,578)	548,562	179,040	—	2,568,862
Total assets	63,910,828	43,256,029	23,600,170	12,371,951	30,259,573	11,671,314	3,011,810	21,578,869	104,102,524	(128,493,750)	185,269,318
Total liabilities	(59,857,275)	(43,836,713)	(20,290,720)	(10,070,738)	(23,305,402)	(5,466,777)	(1,808,847)	(16,588,537)	(94,490,214)	132,487,011	(143,228,212)
Long-term equity investments in associates and joint ventures	640,356	729,035	1,026,772	—	56,778	1	—	—	3,247,425	—	5,700,367
Increase/(Decrease) in non-current assets (i)	20,444	350	(992)	(64)	900	1,780,228	58,967	145	145,216	—	2,005,194

(i) Non-current assets exclude financial assets, long-term equity investments and deferred income tax assets.

The Group's revenue from external customers in China and overseas countries and regions, and its total non-current assets in China and overseas countries and regions, other than financial assets, long-term equity investments and deferred income tax assets, were disclosed as below:

Revenue from external customers	2020	2019
Mainland China	21,243,064	20,780,793
France	4,794	5,462
Total	21,247,858	20,786,255

(All amounts in thousands of units of RMB unless otherwise stated)

	31 December 2020	31 December 2019
Total non-current assets		
Mainland China	22,396,833	18,303,618
France	177,878	182,476
Total	<u>22,574,711</u>	<u>18,486,094</u>

Most business of the Company and the subsidiaries are operated in mainland China. In 2020, the Group has revenue of RMB4,794,000 (2019: RMB5,462,000) from overseas. In 2020, the operation income generated from a client in the primary land development amounted to RMB966,018,000 which accounted for 4.5% revenue of the Group (In 2019: RMB1,087,739,000 which accounted for 5.2% revenue of the Group).

4. REVENUE AND COST OF SALES

	2020	2019
Revenue from main operations (a)	20,728,788	19,946,963
Revenue from other operations (b)	519,070	839,292
Total	<u>21,247,858</u>	<u>20,786,255</u>

	2020	2019
Cost of sales from main operations (a)	15,537,727	13,320,712
Cost of sales from other operations (b)	370,358	393,194
Total	<u>15,908,085</u>	<u>13,713,906</u>

(a) Revenue and cost of sales from main operations

	2020		2019	
	Revenue from main operations	Cost of sales from main operations	Revenue from main operations	Cost of sales from main operations
Sale of properties	17,639,482	13,353,595	15,579,565	10,623,042
Primary land development	1,896,103	1,684,852	3,513,542	2,601,021
Rental income of investment properties	772,490	311,402	769,494	85,967
Others	420,713	187,878	84,362	10,682
Total	<u>20,728,788</u>	<u>15,537,727</u>	<u>19,946,963</u>	<u>13,320,712</u>

(All amounts in thousands of units of RMB unless otherwise stated)

(b) Revenue and cost of sales from other operations

	2020		2019	
	Revenue from other operations	Cost of sales from other operations	Revenue from other operations	Cost of sales from other operations
Sales of investment properties	14,267	11,982	421,934	266,496
Temporary rental	200,094	103,152	120,380	46,863
Merchandising	244,513	216,844	174,431	66,562
Other operations	60,196	38,380	122,547	13,273
Total	<u>519,070</u>	<u>370,358</u>	<u>839,292</u>	<u>393,194</u>

5. TAX AND SURCHARGES

	2020	2019
Land appreciation tax	708,028	1,752,287
Others	264,578	284,477
Total	<u>972,606</u>	<u>2,036,764</u>

6. GROSS PROFIT

	2020	2019
Revenue	21,247,858	20,786,255
Less: Cost of sales	(15,908,085)	(13,713,906)
Other tax	(264,578)	(284,477)
Gross profit	<u>5,075,195</u>	<u>6,787,872</u>

7. INCOME TAX EXPENSES

PRC income tax is computed according to the relevant laws and regulations in the PRC. The applicable PRC income tax rate is 25% (2019: 25%).

Certain subsidiaries in Hong Kong are subject to Hong Kong profits tax at the prevailing tax rate of 16.5%. Remaining subsidiaries in Hong Kong did not derive any taxable profits in Hong Kong.

Withholding income tax is charged against income from taxable dividends of non-resident enterprises in mainland China and transfer of equity interest in mainland China with the tax rate of 5%–10% according to the relevant laws and regulations in the PRC.

(All amounts in thousands of units of RMB unless otherwise stated)

The amount of taxation charged to the consolidated income statement represents:

	2020	2019
Current income tax based on tax law and related regulations	1,106,013	1,737,058
Deferred income tax	(559,066)	(735,696)
	<hr/>	<hr/>
Total	<u>546,947</u>	<u>1,001,362</u>

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated income statement to the income tax expenses is listed below:

	2020	2019
Profit before income tax	1,819,053	3,570,224
Income tax expenses calculated at applicable tax rates (25%)	454,763	892,556
Impact of income tax at different tax rates	17,951	(14,790)
Share of net profit of joint ventures and associates under equity method	(3,612)	(88,858)
Business combination other than common control	(193,057)	—
Other loss/(profit) not subject to tax	153,940	(81,774)
Write-off of deferred income tax assets recognized in previous years	138,471	51,403
Profit from internal equity transfer transaction subject to tax	8,049	27,111
Distribution eligible for tax deduction	(292,383)	(277,925)
Deductible losses for which no deferred income tax asset was recognized	226,037	173,263
Utilisation of deductible losses for which no deferred income tax asset was recognized in previous year	(58,811)	—
Impairment provision for which no deferred income tax asset was recognized	30,216	—
Utilisation of deductible temporary differences for which no deferred income tax asset was recognized in previous year	(17,115)	—
Expenses, costs and losses not deductible	82,498	320,376
	<hr/>	<hr/>
Income tax expenses	<u>546,947</u>	<u>1,001,362</u>

(All amounts in thousands of units of RMB unless otherwise stated)

8. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the consolidated net profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period:

	2020	2019
Consolidated net profit attributable to owners of the Company	981,825	2,122,572
Less: distribution relating to other equity instruments	<u>(944,202)</u>	<u>(806,103)</u>
Consolidated net profit attributable to ordinary shareholders of the Company	<u>37,623</u>	<u>1,316,469</u>
Weighted average number of shares outstanding (in thousands) (i)	<u>4,279,049</u>	<u>3,027,960</u>
Basic earnings per share (RMB yuan per share)	<u><u>0.01</u></u>	<u><u>0.43</u></u>

- (i) In December 2019, the Company issued 5 rights shares for every 10 existing shares comprising H share rights issue at HK\$1.87 per H rights share; domestic share rights issue at RMB1.68 per domestic rights share and non-H foreign share rights issue at RMB1.68 per non-H foreign rights share (hereinafter “**rights issue**”). As at 31 December 2019, the Company has received the proceeds from domestic shares. In view of the fact that the rights issue has not been finalized, there is no change in the number of shares of the Company. As at 31 December 2020, the rights issue has been completed, and the proceeds have been fully paid-up. The number of shares has increased from 3,027,960,000 to 4,362,940,850.

The diluted earnings per share is calculated by dividing the net profit of the combined shares attributable to the shareholders of the parent company after the adjustment of the dilutive potential common shares by the weighted average of the common shares issued by the company after the adjustment. In 2020 and 2019, diluted earnings per share basically equal to basic earnings per share.

9. DIVIDENDS

	2020	2019
Dividends proposed but not paid by the end of the year	<u>—</u>	<u>741,700</u>
Dividends proposed and paid during the year	<u>741,700</u>	<u>666,151</u>

On the Board meeting held on 23 March 2020, the directors proposed a cash dividend of RMB0.17 per share to the shareholders, the total amount payable will be RMB741,700,000 based on the Company’s total issued number of shares as at 23 March 2020, which is 4,362,940,850. Such distribution of profit has been proposed as resolution at the Annual General Meeting of shareholders on 13 May 2020.

(All amounts in thousands of units of RMB unless otherwise stated)

On the Board meeting held on 29 March 2021, the directors have resolved not to declare any final dividend in respect of the year ended 31 December 2020.

10. TRADE RECEIVABLE

	31 December 2020	31 December 2019
Trade receivable	1,503,861	5,225,581
Less: provision for bad debts (i)	(8,175)	(7,000)
Receivables — net	<u>1,495,686</u>	<u>5,218,581</u>

Most sales of the Group are in form of cash and advanced payment, other sales are collected subject to the agreed terms on sales contract.

The ageing of trade receivable based on their recording dates is analyzed as follows:

	31 December 2020	31 December 2019
Within 1 year	309,503	2,125,067
1 to 2 years	306,803	1,049,449
2 to 3 years	79,473	2,042,968
Over 3 years	808,082	8,097
Total	<u>1,503,861</u>	<u>5,225,581</u>

(i) Provision for doubtful debts

For accounts receivable, regardless of whether there is a significant financing component, the Group measures the loss provision based on the entire duration of the expected credit loss. On 31 December 2020, the amount receivable from China Reinsurance (Group) Corporation was RMB7,000,000. The Group considered that the receivable was difficult to recover, so it made a full provision for bad debt.

The analysis of accounts receivable in combination with provision for bad debts is as follows:

	Carrying amount	Expected credit lifetime loss rates (%)	Provision for doubtful debts
Receivables from primary land development	800,000	0.12	(959)
Receivables from sales of properties and leasing	<u>696,861</u>	0.03	<u>(216)</u>
Total	<u>1,496,861</u>		<u>(1,175)</u>

(All amounts in thousands of units of RMB unless otherwise stated)

11. TRADE PAYABLE

The aging analysis of trade payable is as follows:

	31 December 2020	31 December 2019
Within 1 year	11,818,235	8,348,306
Over 1 year	826,642	203,334
	<u>12,644,877</u>	<u>8,551,640</u>

12. NET CURRENT ASSETS

	31 December 2020	31 December 2019
Current assets	169,225,285	155,377,694
Less: Current liabilities	(91,844,304)	(69,262,690)
	<u>77,380,981</u>	<u>86,115,004</u>

13. TOTAL ASSETS LESS CURRENT LIABILITIES

	31 December 2020	31 December 2019
Total assets	210,549,900	185,269,318
Less: Current liabilities	(91,844,304)	(69,262,690)
	<u>118,705,596</u>	<u>116,006,628</u>

14. FINANCIAL GUARANTEES

The Group has arranged bank financing for certain customers and has provided guarantees to secure obligations of these customers for repayments.

The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. These guarantees will be expired when relevant property ownership certificates are lodged with the various banks by the purchasers. As at 31 December 2020, outstanding guarantees amounted to RMB11,666,064,000 (31 December 2019: RMB6,919,548,000).

PRELIMINARY ANNOUNCEMENT OF ANNUAL RESULTS

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2020 have been agreed upon by the Group's auditors, PricewaterhouseCoopers ZhongTian LLP (hereinafter "PricewaterhouseCoopers ZhongTian"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers ZhongTian 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 ZhongTian on this preliminary results announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2020, the Group's revenue totaled RMB21,247,858,000, representing an increase of approximately 2% compared with the previous year. Operating profit decreased approximately 49% year-over-year to RMB1,801,173,000. Net profit attributable to owners of the Company totaled RMB981,825,000, representing a decrease of approximately 54% compared with the previous year. Basic earnings per share (EPS) totaled RMB0.01, compared with RMB0.43 in 2019. The Board resolved not to declare any final dividend in respect of the year ended 31 December 2020 (2019: RMB0.17 per share).

During the year, while adhering to the core strategy of ensuring stable development while pursuing progress and agility, the Group proactively adjusted to changes in the market environment, took full advantage of its strengths and comprehensively enhanced risk management and control to ensure stable and solid growth.

Improved quality of contracted sales and enhanced cash collection

- ✓ In 2020, the Group continued to pursue quality growth and placed additional emphasis on "quality" and "returns" when signing sales contracts. During the year, the Group made strenuous efforts to counter the negative impact of the pandemic and government control policies by effectively seizing a window of opportunity to promote sales. Projects in the Yangtze River Delta, the Guangdong-Hong Kong-Macao Greater Bay Area and some single-core cities saw rapid sales after launch, leading the market with total contracted sales of RMB70.86 billion (including those from joint ventures and associated companies). In particular, self-operated projects posted RMB56.43 billion in contracted sales, accounted for nearly 80%.

- ✓ During the year, the Group took “ensuring sufficient cash balance and liquidity” as the current focus of its operational strategy and implemented a series of measures, such as dynamic monitoring and performance-pegged compensation, to accelerate cash collection. Despite constraints from ongoing anti-virus measures and tightening regulations, total cash collection from contracted sales was RMB29.46 billion on a consolidated basis, up 11.8% year-over-year.

Implemented differentiated strategies to acquire land and developed innovative businesses to reinforce core operations

- ✓ In 2020, the Group adhered to a prudent investment strategy by only investing in the high quality projects while ensuring secure funding. Through a combination of differentiated approaches, including synergies across business segments, strategic cooperation and M&A, the Group secured 10 new secondary land development projects, with a total investment of RMB18.99 billion and a total GFA of 4.196 million sq.m.. The average floor price for the projects was RMB6,126/sq.m., down by 9.5% year-over-year, while the average land premium was 2.6%, with 9 projects acquired at initial bidding prices.
- ✓ During the year, the Group accelerated the incubation of innovative businesses that helped to reinforce the core operations. Riding on the wave of rapid technology company growth in China and leveraging its service capabilities, BCL’s high-tech segment helped the Group secure projects in Nanjing and Chongqing at low cost, with a total GFA of 726,000 sq.m., demonstrating early success in adding value to core operations. In addition, the Group acquired the Tongxiang Project with a total GFA of 277,000 sq.m. at the initial bidding price via synergies between its cultural and creative industries business and the core operations. The rental housing business continued to expand its presence across China, newly acquired Beijing Youanmen Project in Fengtai District and was poised to add further synergies with the Group’s main businesses.

Refined outlet operations and combated pandemic-related challenges

- ✓ In 2020, the pandemic delivered a heavy blow to the overall retail property market, causing temporary store shutdowns and disruptions of offline consumer activities. In response, the Group took swift and proactive measures to strengthen its internal management for virus prevention and ensured businesses could reopen in an orderly manner. Meanwhile, BCL actively fulfilled its social responsibility as a state-owned enterprise by offering tenants at its outlets and other projects rent reductions or waivers totaling RMB100 million.

- ✓ During the year, the Group's outlets business took a number of steps to counter the negative impact of the pandemic and stabilize sales. Implementing a strategy of operational refinement, the Group worked to accelerate digital transformation and advance its unified marketing strategy by integrating online and offline resources and creating new sales buzz. Following these measures, the business recorded annual turnover of RMB7.4 billion and customer traffic was 38.1 million. In particular, during the eight-day Golden Week holiday in October 2020, BCL's 12 outlets had turnover of RMB800 million, and customer traffic was 2.3 million. The Wuhan outlets stepped up theme-based marketing and rolled out a number of promotional campaigns. Specifically, they launched a shopping festival named "Sleepless Shopping Nights (HIGH購不打烊)," which helped to push sales to a record high. The Kunming outlets project was launched on schedule and its grand opening attracted more than 80,000 customers who spent close to RMB20 million. As of the end of 2020, the Group had a total of 13 outlet projects in operation, ranking No. 1 in the industry in terms of both outlets deployed and outlets in operation.

Diversified funding channels and maintained financing costs at low levels

- ✓ During the year, despite the sustained credit tightening in the real estate industry, the Group leveraged its consistently sound credit profile and deep understanding of the market to successfully secure stable funding through diversified channels, including bond issuance, insurer investments, asset securitization and supply chain finance. In particular, the Group issued offshore senior notes for an aggregate nominal amount of USD450 million with a coupon rate of 3.85%; It also issued 3+2-year domestic private corporate bonds in three tranches for an aggregate nominal amount of RMB5.209 billion with a weighted average coupon rate of just 3.68%; and a 3-year private placement note in China's interbank market for an aggregate nominal amount of RMB1.5 billion with a coupon rate of 3.4%. As of the end of 2020, the weighted average cost of the Group's outstanding debt was 5.14%, firmly in the lower band of the industry.
- ✓ During the year, Prime Golden Capital, the financial arm of BCL, developed closely around the Group's main operations and effectively leveraged its advantages as a fund management and financing platform to forge strategic cooperation with leading financial institutions and top real estate firms in an effort to expand funding channels for the property industry, develop diversified investment models, and explore new ways to acquire resources. During the period, the platform added more than RMB10 billion to its assets under management.

Faced with pressure by overseas operations and continued to strengthen the risk control

- ✓ In 2020, the COVID-19 epidemic caused a significant impact on global economy, and the overseas property business were also greatly affected. The sales and construction schedule of the Australian property projects invested by the Company have been affected to varying extents, and the payment collection schedule of the projects is under pressure. During the year, the Company made every effort to strengthen the risk control of overseas investments, and combined efforts at home and abroad to promote the projects to return to normal operation and strive for the security of payment collection.

PROPERTY DEVELOPMENT

In 2020, the Group, together with its joint ventures and associated companies, completed the construction of projects with an aggregate GFA of approximately 1.87 million sq.m..

Project	Approximate Completed GFA (sq.m.)	Type	Attributable Interest (%)
Zhoupu West	221,623	Residential	51
Capital of Vision	80,092	Residential/Commercial	100
Xana Shine	39,618	Residential	50
Xi Rui Shan He	68,255	Residential	100
Tian Yue Jia Ling	220,154	Residential/Commercial	50.9
Tian Kong Yun Jing	53,507	Residential	33
Glory Mansion	124,948	Residential	25
China Chic	83,703	Residential	25.45
Zhongbei Town	27,831	Residential	50
Fortune Class	35,033	Commercial	55
Xijiangyue	80,711	Residential	30
Kunming Outlets	136,036	Commercial	59.64
Qingpu 53-04	103,476	Residential	100
Legendary Bay Project	67,084	Residential	100
Qingpu 20-04	15,042	Residential/Commercial	100
Xanadu Jinjiang	111,946	Residential/Commercial	100
Eco Village	199,319	Residential	100
Xi Rui Chun Qiu	87,346	Residential	50
Qingpu 24-01	89,703	Residential	100
Xanadu Villa	25,189	Residential	100
Total	<u>1,870,618</u>		

Property Sales Performance

In 2020, together with its joint ventures and associated companies, the Group achieved total contracted sales of RMB70.86 billion, while the total contracted sales area was 2.927 million sq.m. and the average selling price was RMB24,000 per sq.m..

Geographic Distribution of Contracted Sales in 2020

City	Approximate Contracted Sales Area (sq.m.)	Approximate Contracted Average Selling Price (RMB/sq.m.)	Approximate Contracted Sales Revenue (RMB'000)
Beijing-Tianjin-Hebei Region	701,358	44,125	30,947,727
Yangtze River Delta cities	591,536	36,753	21,740,639
Guangdong-Hong Kong-Macao Region	184,808	19,777	3,654,862
Others	1,448,798	10,017	14,512,769
Total	2,926,500	24,212	70,855,997

- The three key metropolitan areas continued to dominate in terms of contracted sales, supported by strong sales momentum in important tier-2 cities. During the year, contracted sales in the three key metropolitan areas were RMB56.34 billion, accounting for roughly 80% of the total. In particular, the Group capitalized on market opportunities in the Yangtze River Delta and Guangdong-Hong Kong-Macao region, where contracted sales were up nearly 12% and 21% year-over-year, respectively; Contracted sales in other key tier-2 cities with growth potential, including Wuhan, Kunming, Xiamen and Xinxiang in the north of Zhengzhou, were RMB14.51 billion, accounting for roughly 20% of the total, which was an increase of nearly 10 percentage points year-over-year. This demonstrated the success of the Group's strategy to diversify project deployments in multiple regions.
- The Group built up core product competency and delivered multiple projects that were well received by the market. During the year, the Group accurately identified the demand of younger-generation consumers, and systematically upgraded its "BCL Intelligently Made 2025" operating strategy to reinforce its core business with technology, build out its execution capabilities and core project competency, and strengthen its comprehensive service offerings. During the year, multiple projects from its core product lines, such as "Tian Yue", "Xi Rui" and "Xi Yue", among others, were well received by the market. In particular, despite the market headwinds, apartments at the Beijing "Xi Yue Wisdom Mansion" Project completely sold out, achieving more than RMB3.8 billion in contracted sales, which topped the sales chart in Shijingshan District for residential properties. Furthermore, the Group built a

number of prominent projects in strategic regions such as the Yangtze River Delta and Guangdong-Hong Kong-Macao Region, which all achieved high sell-through rates. For example, the Shanghai Xi Rui Hui project sold out on the day of its launch, achieving a 100% sell-through rate. The sell-through rate also exceeded 90% on the launch campaign of some other projects, including Hangzhou Tian Yue Yun He Yuan, Suzhou Tian Yue Hu Bin Ya Yuan, Dongguan Xi Rui Yue Fu, Kunming Yu Hua Zhou and others.

- The Group continued to implement its “fast turnover” strategy and “369 construction time limit standards” to speed up development. Specifically, the Group overcame pandemic-related challenges and accelerated the launch of multiple projects in Wuhan, Kunming, Zhengzhou North and more, each with a planned GFA of more than 1 million sq.m. The project in Zhengzhou North was launched just 8 months after the land was acquired.
- The Group’s in-house sales capabilities continued to improve. During the year, the Group reinforced its in-house sales team while it also worked to coordinate resources across regions for key projects. This allowed for a smooth flow of resources across regions, when needed, enabled the Company to scale its sales efforts, and enhanced the management of the in-house sales team. During the year, total contracted sales contributed by the Group’s in-house sales platform was RMB26.89 billion, accounting for 38% of the total.

Land Bank

In 2020, the Group adhered to a prudent land investment strategy by only investing in high quality projects. The Group added 10 projects located in Beijing, Nanjing, Chongqing, Wuhan and Qingdao, among other cities, with an aggregate investment of RMB18.99 billion and a total GFA of 4.196 million sq.m., with an average land premium of 2.6%. RMB13.89 billion of the total went to the three key metropolitan areas, accounting for 73.2% of the total.

During the year, the Group acquired a variety of important and differentiated projects in a non-competitive manner by leveraging strategic cooperation, M&A, and synergies across its businesses to strengthen its core competency, while significantly decreasing the percentage of land acquired through tender-auction listing processes. In January 2020, the Group acquired the Pingyuan Demonstration Zone Project in Xinxiang City, which is north of Zhengzhou in Henan Province, via strategic cooperation. The project is located at the center of the Zhengzhou metropolitan area, with a planned GFA of 1.521 million sq.m. In May 2020, via synergies with its high-tech business, the Group attracted 58.com to set up its office building at the Group’s project in the Jianye District of Nanjing, which has a planned GFA of 327,000 sq.m. In December 2020, the Group acquired the Tongxiang Wuzhen Project through synergies with its cultural and creative business.

Located in a region that is surrounded by Hangzhou, Jiangxing and Huzhou, the project has a planned GFA of 277,000 sq.m. and is strategically located adjacent to the World Internet Conference venue.

As of 31 December 2020, the Group had total land bank with an aggregate GFA of 16.83 million sq.m., (10.96 million sq.m. was attributable to the Company's equity interests) and had a total ground area of 13.02 million sq.m. (8.44 million sq.m. was attributable to the Company's equity interests). Of the total land bank GFA, approximately 88% is for property development projects, and 12% is for investment properties and other uses. The existing land bank is considered to be of optimal scale and the Group believes its resources in key cities are sufficient. Moreover, the Group believes that its current land bank will be sufficient to meet its operational needs for the next three years.

Projects Invested in 2020

City	Project	Site Area of Land (sq.m.)	Total GFA (sq.m.)	Ground GFA (sq.m.)
Beijing	Beijing Shijingshan Xihuangcun 646 site	38,379	202,630	117,825
Beijing	Beijing Lize Financial Business District Project D0708	23,799	222,893	160,000
Beijing	Beijing Fengtai Lugouqiao Dawayao DWY-L39 site	44,670	166,176	119,857
Nanjing	Nanjing Jianye 58.com industry Part Project	59,352	326,570	237,136
Wuxi	Jiangyin Yushanwan Donglu Project (B site)	90,491	295,497	226,227
Chongqing	Chongqing Shapingba Xiyong Project	164,738	399,877	283,606
Zhengzhou	Zhengzhou Pingyuan Demonstration Zone Project	752,139	1,521,340	1,196,518
Wuhan	Wuhan Jingkai No. 33 Site	122,987	402,697	294,697
Qingdao	Qingdao Jimo Lanao Road JY20-82 Site	137,049	380,796	274,098
Tongxiang	Tongxiang Wuzhen B3 (Commercial only), B4, B5 Sites	152,327	277,365	189,629
Total		1,585,932	4,195,841	3,099,593

Human Resources

As of 31 December 2020, the Group employed 4,540 professionals, representing an increase of 20.4% year-over-year. A majority of the new employees were hired for the property services team.

The properties development division employed 3,400 professionals with a median age of 34. In terms of education level, 77.7% of employees held a bachelor's degree or higher, and 12.4% of employees held a master's degree or higher. Employees with intermediate or senior professional titles accounted for 15.3%.

The property management division employed 1,140 professionals with a median age of 35.7. In terms of education level, 5% of the employees held a bachelor's degree or higher.

In 2020, “quality growth” was management's goal. The Group further expanded its deployments in key regions and optimized its regional management by further consolidating resources to scale regional operations. It also saw positive synergies between its innovative new projects and core business, which contributed to BCL's sustainable and healthy development.

In line with its goal of “quality growth”, the Group adhered to “value contribution” as a guiding principle and constantly optimized its performance assessment and incentive systems through upgrades and innovation. It also actively promoted risk sharing and win-win partnerships that are built on collaboration and innovation, and leveraged effective performance evaluation and rewards to guide and motivate teams, thus providing strong team support for the Group to meet its performance targets.

The Group consistently adhered to the belief that “talent is the most crucial capital” and constantly worked to develop and optimize the workforce needed to meet the Group's strategic needs. While maintaining team stability, the Group actively tried to tap into the full potential of its employees by expanding internal talent mobility and promotion opportunities. Building such internal mobility helped the Group increase team dynamics and optimize talent deployment. Meanwhile, to facilitate easy communication across teams and regions during the pandemic, BCL built a proprietary online platform for employees to learn and share, which should help to further support the Group's sustainable growth.

BUSINESS MODEL

After years of development, the Group has established a comprehensive business portfolio that consist of four key business lines, three innovative business segments and a financial platform, Prime Golden Capital. The Group strengthened its capabilities in its core property development business and built up its core competency through continuous improvement. Meanwhile, in response to the destocking trend in the real estate market, the Group proactively explored innovative business opportunities and cultivated its capabilities to operate key assets, develop new profit drivers, and empower core operations via diversification.

1. Four Core Business Lines

Residential Property Development

The Group primarily focused on three key metropolitan areas, namely the Beijing-Tianjin-Hebei region, the Yangtze River Delta region and the Guangdong-Hong Kong-Macao Greater Bay Area, as well as important tier-2 cities with growth potential. This allowed the Group to optimize resource allocation and concentrate on its development in these regions. With a focus on mid-to-high end residential projects, the Group continued to advance its “BCL Intelligently Made 2025” operating strategy by strengthening its research and development capabilities and promoting the standardization of projects in an effort to attract first-time home buyers and those looking to upgrade their living situation. The Group also constantly improved its customer service, which helped to enhance the overall brand.

Representative product lines of BCL’s residential development include “Tian Yue”, “Xi Rui” and “Xi Yue”.

Integrated Outlets

Leveraging Capital Grand, BCL’s commercial property development arm, the Group implemented a combined asset-heavy and asset-light business model to rapidly and strategically expand its outlet projects in target cities through construction, M&A and joint development. The Group aims to build the largest outlet operating platform in Mainland China and establish a scale advantage over peers. Meanwhile, the Group integrated online and offline channels, pushed forward with digital and lean operations, and attracted a wide array of brands to its outlets. With these efforts, the Group created win-win situations for both consumers and consumer brands.

Representative projects of BCL’s outlets include the Beijing Fangshan Capital Outlets, Hainan Wanning Capital Outlets, Zhejiang Hangzhou Capital Outlets, Hubei Wuhan Capital Outlets, Shandong Jinan Capital Outlets and Yunan Kunming Capital Outlets, among others.

Integrated Urban Complexes

The Group focused on high-end urban commercial complexes that are developed above metro stations in the central areas of key cities, such as Beijing, Shanghai and Shenzhen. By introducing top-tier business partners and integrating resources such as land, capital, brands and operations, the Group endeavored to develop landmark projects that will generate value-added returns and opportunities to securitize key assets. The Group will continue to drive the growth of its integrated urban complex business and promote the establishment of a platform for asset expansion.

Representative projects of BCL’s urban complexes include the Beijing Lize Financial Business District Project, Shenzhen Capital Business Center Project and Beijing International Center Project.

Primary Land Development (Including Shantytown Redevelopment)

The primary land development business (including shantytown redevelopment) mainly focuses on residential development. This allows the Group to benefit from land appreciation and acquire prime land resources at lower cost. In addition, the Group actively explored industry-city integration projects through large-scale development and built up core competencies that set it apart from peers.

Representative projects of BCL’s primary land development projects (including shantytown redevelopment) include the Beijing Hujialou shantytown redevelopment project, the Beishicao shantytown redevelopment project and the Tianjin Wuqing primary land development project.

2. Three Innovative Business Lines

Cultural and Creative Industries

The Group’s vision for this business line is to develop high quality projects that cater to the creative and high-tech markets and to provide services to the urban healthcare sector. With “big culture”, “big information technology” and “big health” as its focus, the cultural and creative business is subdivided into three strategic segments, namely industrial park operation, industrial investment and content creation. With a strong presence in Beijing, the Group further consolidated its resources by managing industrial parks and leveraging its investment platform in a bid to build an ecosystem for cultural and creative industries.

Representative projects of BCL’s cultural and creative industries include the Langyuan Vintage Project, the Yongyuan Project and the Media Elite Headquarters Project in Beijing.

High-tech Industrial Property

BCL has positioned itself as an innovative and integrated service provider, and a platform for the rapidly growing wave of high-tech industries. With an “industrial + property” model, the Group actively worked to build an ecosystem that integrates innovation, industrial development and value creation. Through a suite of integrated services for industrial development, space management, environmental programs, human resources, operations, investment and fund raising, the Group aims to build out four ecosystems and nine service platforms.

Representative projects of the Company’s high-tech industrial real estate include IC-PARK Projects, Chongqing Chuangxin Industrial Park, Nanjing Digital Science Center Project.

Rental Housing

In response to the government’s directive that “housing is for people to live in, not for speculation”, and “new developments should have units for people to both buy and rent”, BCL has been actively pushing forward its expansion into the rental housing market. While transforming and upgrading some of its existing projects into rental housing units to revitalize its inventory, the Group also forged partnerships to acquire collectively-owned land on which to develop rental housing projects. Under the brand “Hé Cohesive Hub” and based on an “apartment + common area + services” model, the Group provided premium “3+2+X” rental spaces to younger urbanites in collaboration with UCOMMUNE, a co-working brand, and BCL’s outlets business.

Representative projects of BCL’s rental housing projects include the Chaoyang Shibalidian rental housing project on collectively owned land, the Fangshan Hé Yuan Project in Beijing, and the Shuanggang Hé Yu Project in Tianjin.

3. Financial Platform: Prime Golden Capital

Prime Golden Capital is positioned as BCL’s financial platform. As a critical part of the Group’s “RMB100 Billion Value Ecosystem” strategy, Prime Golden Capital has strong shareholder support and possesses professional operating capabilities. While integrating finance and property, and focusing on both investments and fund raising, the platform aims to boost the rapid development of BCL’s main business and accelerate its strategic transformation across finance, property and urban development. Prime Golden Capital concentrates on “property × finance” and primarily invests in real estate development, asset management, cultural and creative industries, private equity and overseas real estate.

DEVELOPMENT AND OUTLOOK

Looking out to 2021, the global and Chinese economies will continue to face challenges on multiple fronts, leading to increasing uncertainty and instability in the macro-environment. For the Chinese real estate industry, the precautionary measures taken to combat the virus have become the new normal, and the stringent regulations of the property market are unlikely to be relaxed in the short term. The overarching theme of “housing is for people to live in, not for speculation” and “implementing city-specific measures” will continue to be the key focus of China’s real estate regulation, and policies such as the “three red lines” are expected to be further implemented. These will place all Chinese property developers under sustained and significant pressure. In addition, as competition in the industry further intensifies, it is expected that strong players will solidify their positions while weak performers will be weeded out, and prudent and secure operations will be increasingly important for property developers. As the market for the traditional development business is approaching saturation, the property developers that can develop differentiated business lines will demonstrate more resilience for future growth. Against this backdrop, in 2021, the

Group will uphold “strengthening business foundation, pursuing progress while ensuring stable development” as its general principle, and proactively respond to the challenges and difficulties by implementing the following strategies:

1. The Group will optimize business planning and asset structure by revitalizing and monetizing low-efficiency assets and by focusing resources on developing its main operations. The Group will also work to lift its overall asset quality in order to enhance its ability to manage risks and support solid and high-quality business operations;
2. The Group will adhere to a “fast turnover” strategy and further execute its “369 project construction standards”, while improving the quality of contracted sales with more emphasis on cash conversion and returns. The Group will also optimize the pace of project delivery and accelerate inventory turnover and sell-through rates by pegging performance evaluation and incentives to the timing of project development and launch dates. On the sales front, the Group will develop innovative marketing strategies by integrating online and offline channels, and leverage its in-house salesforce as a core driver to speed up destocking. The Group will also strive to increase cash conversion efficiency by accelerating cash collection from operations, upgrading its performance assessment system and implementing strict cost control;
3. The Group will implement a prudent investment strategy and make targeted investments by improving regional market know-how, setting strict investment criteria, controlling the pace of investments and selecting curated investment targets. While allocating resources based on market needs, the Group also closely follows China’s development strategies in order to capitalize on emerging opportunities arising in different cities. In terms of land acquisition, the Group will leverage the synergies across its diversified business and continue to acquire land with a non-competitive and differentiated approach while reducing the percentage of land acquired purely through tender-auction listing processes;
4. The Group will accelerate the implementation of its “Panshi Plan”, a management reform program, and rebuild the management policies by improving and refining professional and digitized management processes, which should help to boost the Group’s overall performance. As the Group continues to upgrade its “Intelligently Made 2025” operating strategy, it will consolidate and optimize its business mix, transform all business lines through data intelligence, and build up core competencies via continuous improvement, in a bid to constantly upgrade its business segments and improve service levels across the whole value chain;

5. By leveraging Group's strengths and tapping into the value of its portfolio of assets, the Group aims to develop a sustainable and profitable business model for its innovative segment by enhancing its asset operation and management capabilities, and building a comprehensive asset-light business platform. Meanwhile, the Group will focus on resource acquisition through synergies centering around such business lines as "property + cultural and creative" and "property + technology", in a bid to empower its core secondary development business through a diversified lineup of innovative business operations;
6. The Group will proactively respond to the challenging financing environment by leveraging its credit strength and access to capital markets in order to expand funding channels and secure sufficient capital reserves. Meanwhile, the Group will take multiple measures to boost liquidity, control the scale of debt and curb leverage to optimize its asset structure and further enhance its ability to manage risks. While forging ahead with H-share full circulation, BCL will accelerate the integration of its property management platform and asset-light business, and scale up the operations at an appropriate time via capital introduction. Lastly, by exploiting the combined strengths of "finance + property" of Prime Golden Capital, the Group aims to attract major asset owners to its fund platform and establish cooperation with financing platforms backed by leading property developers in the market in a bid to enable the high-quality growth of its main operations.

FINANCIAL ANALYSIS

In 2020, the operating revenue of the Group was approximately RMB21,247,858,000 (2019: RMB20,786,255,000), representing an increase of approximately 2% as compared with 2019. Such increase in operating revenue was mainly attributable to the increase in sales revenue of property development during the period. In 2020, the Group achieved a gross profit margin after business tax of approximately 24%, representing a decrease of 9 percentage points as compared to 33% in 2019, which was mainly attributable to a decrease of gross profit margin in property development and sale business during the period.

In 2020, the operating profit of the Group was approximately RMB1,801,173,000 (2019: RMB3,552,458,000), representing a decrease of approximately 49% as compared to 2019.

1. Financial Resources, Liquidity and Liability Position

During the period under review, the Group maintained a healthy liquidity position and a reasonable appropriation of financial resources. As at 31 December 2020, the Group's total assets were RMB210,549,900,000 (31 December 2019: RMB185,269,318,000), of which current assets were RMB169,225,285,000 (31 December 2019: RMB155,377,694,000) and non-current assets were RMB41,324,615,000 (31 December 2019: RMB29,891,624,000); the total liabilities were RMB163,219,964,000 (31 December 2019: RMB143,228,212,000), of which current liabilities were

RMB91,844,304,000 (31 December 2019: RMB69,262,690,000) and non-current liabilities were RMB71,375,660,000 (31 December 2019: RMB73,965,522,000); and the total equity was RMB47,329,936,000 (31 December 2019: RMB42,041,106,000).

The Group has sound liquidity and solvency. Current ratio of the Group as at 31 December 2020 was 1.84 (31 December 2019: 2.24).

As at 31 December 2020, the Group's cash at bank and on hand amounted to RMB37,178,480,000 (31 December 2019: RMB27,035,244,000), which represented sufficient funds for operations. As at 31 December 2020, loans and debentures of the Group amounted to RMB97,374,933,000 (31 December 2019: RMB94,670,594,000) in aggregate, of which the long-term loans and debentures amounted to RMB65,877,540,000 (31 December 2019: RMB70,935,863,000). The bank loans were mainly used to satisfy the capital requirements of the Group's property development projects.

As at 31 December 2020, the Group's gearing ratio was approximately 78% (31 December 2019: 77%). The gearing ratio of the Group is calculated as the total liabilities divided by the total assets.

2. Changes in major subsidiaries, principal jointly controlled entities and associates

Henan Rong Shou Innovative Cultural and Travel Real Estate Co., Ltd. (河南融首新創文旅置業有限公司), a subsidiary of the Group, was established in February 2020, and 40% of its equity interest was held by the Group.

Beijing Jinghui Real Estate Co., Ltd. (北京景輝置業有限公司), a subsidiary of the Group, was established in March 2020, and 57% of its equity interest was held by the Group.

Chongqing Shou Hong Technology and Development Co., Ltd. (重慶首泓科技發展有限公司), a subsidiary of the Group, was established in April 2020, and 100% of its equity interest was held by the Group.

Beijing Chuangyue Xinke Real Estate Co., Ltd. (北京創閱新科置業有限公司), a subsidiary of the Group, was established in July 2020, and 100% of its equity interest was held by the Group.

Jiangyin ShouRong Real Estate Co., Ltd. (江陰首融置業有限公司) a subsidiary of the Group, was established in September 2020, and 80% of its equity interest was held by the Group.

During the period, the Company negotiated with Beijing Shangbodi Investment Consultant Co., Ltd. (北京尚博地投資顧問有限公司) ("**Beijing Shangbodi**", a former joint venture of the Company) to change its decision-making mechanism. Thereafter, Beijing Shangbodi became a subsidiary of the Company, then a subsidiary of the Group in October 2020.

During the period, the Group entered into an agreement with the former joint venture, Wuhan Rong Cheng Innovative Investment and Development Co., Ltd. (武漢融城開創投資發展有限公司) (“**Wuhan Rong Cheng Innovative**”) in terms of approaches to cooperation. Thereafter, the Group has control over Wuhan Rong Cheng Innovative, which became a subsidiary of the Group in June 2020.

During the period, the Group entered into an agreement with the former joint venture, Shouwan Yuye (Shanghai) Property Services Co., Ltd. (首萬譽業(上海)物業服務有限公司) (“**Shouwan Yuye**”) in terms of approaches to cooperation. Thereafter, the Group has control over Shouwan Yuye, which became a subsidiary of the Group in January 2020.

Wuhan Rong Shou Innovative Investment and Development Co., Ltd. (武漢融首新創投資發展有限公司), an associate of the Group, was established in May 2020, and 49% of its equity interest was held by the Group.

3. Entrusted Deposits and Overdue Time Deposits

As of 31 December 2020, the Group did not have any entrusted deposits in financial institutions in the PRC. Most of the Group’s cash was held in commercial banks in the PRC in compliance with applicable laws and regulations. The Group has no bank deposits which are not recoverable upon maturity.

4. Borrowings

As at 31 December 2020, bank borrowings of RMB40,493,849,000 (31 December 2019: RMB35,627,681,000) were from credit facilities obtained by the Group, of which, RMB38,686,244,000 (31 December 2019: RMB34,005,681,000) were secured by guarantees provided by the Group for its subsidiaries; and RMB1,807,605,000 (31 December 2019: RMB1,622,000,000) were general credit facilities obtained by the Group.

As at 31 December 2020, the Group’s guaranteed bank borrowings were nil (31 December 2019: RMB4,131,000,000), of which, nil (31 December 2019: RMB1,631,000,000) were secured by the guarantees provided by the Company and the third parties for the subsidiaries; and nil (31 December 2019: RMB2,500,000,000) were guaranteed by Beijing Capital Group Co., Ltd. (“**Capital Group**”), the controlling shareholder of the Company.

As at 31 December 2020, the Group’s mortgaged bank borrowings amounted to RMB10,390,733,000 (31 December 2019: RMB8,565,668,000). Of them, RMB5,209,004,000 (31 December 2019: RMB4,487,151,000) were secured by certain relevant properties under development; RMB162,000,000 (31 December 2019: RMB198,000,000) were secured by investment properties and land use rights; RMB1,435,000,000 (31 December 2019: RMB877,262,000) were secured by guarantees

provided by the Group for its subsidiaries and by certain relevant properties under development of the subsidiaries; RMB1,639,496,000 (31 December 2019: RMB1,265,000,000) were secured by guarantees provided by the Group for its subsidiaries and by investment properties and land use rights of the subsidiaries; RMB1,945,233,000 (31 December 2019: RMB1,738,255,000) were secured by intercompany guarantees between subsidiaries of the Group and by certain relevant properties under development of the subsidiaries.

As at 31 December 2020, the Group's pledged bank borrowings amounted to RMB3,660,000,000 (31 December 2019: RMB2,333,263,000). Of them, nil (31 December 2019: RMB833,263,000) were secured by the entitlement to the receivables to be generated from the sales of properties under development of the Group; RMB3,660,000,000 (31 December 2019: RMB1,500,000,000) were secured by the entitlement to the trade receivables of subsidiaries of the Group.

As at 31 December 2020, the Group's mortgaged and pledged bank borrowings were nil (31 December 2019: RMB1,055,000,000), which were secured by guarantees provided by the Group for its subsidiaries, investment properties and land use rights of the subsidiaries of the Group and the entitlement to trade receivables of the Group.

5. Corporate Bonds

In May 2015, the Group issued 5-year RMB listed bonds in a principal amount of RMB3,000,000,000 with an interest rate of 4.58% per annum. The bonds had been fully settled in May 2020.

In April 2016, the Group issued 5-year RMB private bonds in a principal amount of RMB2,300,000,000 with a prevailing interest rate of 4.50% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year. The current balance is RMB640,000,000.

In June 2016, the Group issued 5-year RMB private bonds in a principal amount of RMB1,700,000,000 with a prevailing interest rate of 4.40% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year. The current balance is RMB750,000,000.

In July 2016, the Group issued 5-year RMB private bonds in a principal amount of RMB1,000,000,000 with a prevailing interest rate of 4.10% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year. The current balance is RMB380,000,000.

In September 2017, the Group non-publicly issued 3-year RMB corporate bonds in a principal amount of RMB500,000,000 with a prevailing rate of 5.00% per annum. The bonds had been fully settled in September 2020.

In November 2017, the Group non-publicly issued RMB corporate bonds in a principal amount of RMB500,000,000 with a maturity in September 2020 and an interest rate of 5.70% per annum. The bonds had been fully settled in September 2020.

In January 2018, the Group non-publicly issued RMB corporate bonds in a principal amount of RMB1,000,000,000 with a maturity in September 2020 and an interest rate of 5.70% per annum. The bonds had been fully settled in September 2020.

In April 2018, the Group issued 5-year RMB denominated private bonds in a principal amount of RMB2,000,000,000 with a prevailing interest rate of 5.84% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In April 2018, the Group issued 3-year RMB denominated private bonds in a principal amount of RMB1,000,000,000 with a prevailing interest rate of 2.95% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the second year. The current balance is RMB200,000,000.

In July 2018, the Group issued 3-year RMB denominated private bonds in a principal amount of RMB1,500,000,000 with a prevailing interest rate of 3.10% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the second year. The current balance is RMB81,000,000.

In July 2018, the Group issued 5-year RMB denominated private bonds in a principal amount of RMB500,000,000 with a prevailing interest rate of 5.94% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In September 2018, the Group issued 5-year RMB denominated listed corporate bonds in a principal amount of RMB2,500,000,000 with a prevailing interest rate of 4.89% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In September 2018, the Group non-publicly issued 3-year RMB denominated corporate bonds in a principal amount of RMB1,500,000,000 with a prevailing interest rate of 6.00% per annum.

In December 2018, the Group issued 3-year RMB denominated listed corporate bonds in a principal amount of RMB1,500,000,000 with a prevailing interest rate of 4.16% per annum.

In December 2018, the Group issued 5-year RMB denominated listed corporate bonds in a principal amount of RMB1,000,000,000 with a prevailing interest rate of 4.50% per annum.

In January 2019, the Group issued 3-year RMB private bonds in a principal amount of RMB1,500,000,000 with an interest rate of 6.00% per annum.

In April 2019, the Group non-publicly issued 3-year RMB denominated corporate bonds in a principal amount of RMB1,500,000,000 with a prevailing interest rate of 4.30% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the second year.

In April 2019, the Group non-publicly issued 5-year RMB denominated corporate bonds in a principal amount of RMB1,000,000,000 with a prevailing interest rate of 4.58% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In May 2019, the Group non-publicly issued 5-year RMB denominated corporate bonds in a principal amount of RMB3,460,000,000 with a prevailing interest rate of 4.37% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In July 2019, the Group non-publicly issued 5-year RMB denominated corporate bonds in a principal amount of RMB2,130,000,000 with a prevailing interest rate of 4.26% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In September 2019, the Group non-publicly issued 3-year RMB corporate bonds in a principal amount of RMB2,000,000,000 with an interest rate of 5.40% per annum.

In March 2020, the Group non-publicly issued 5-year RMB denominated corporate bonds in a principal amount of RMB790,000,000 with a prevailing interest rate of 3.65% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In April 2020, the Group issued non-publicly 3-year RMB private placement note in China's interbank market in a principal amount of RMB1,500,000,000 with an interest rate of 3.40% per annum.

In May 2020, the Group non-publicly issued 5-year RMB denominated corporate bonds in a principal amount of RMB3,000,000,000 with a prevailing interest rate of 3.60% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In July 2020, the Group non-publicly issued 5-year RMB denominated corporate bonds in a principal amount of RMB1,419,000,000 with a prevailing interest rate of 3.85% per annum. The issuer shall be entitled to an option to adjust the coupon rate and the investors shall be entitled to an option to sell back the bonds at the end of the third year.

In July 2020, the Group non-publicly issued 2-year RMB denominated corporate bonds in a principal amount of RMB300,000,000 with a prevailing interest rate of 5.50% per annum.

In August 2020, the Group non-publicly issued 2-year RMB denominated corporate bonds in a principal amount of RMB500,000,000 with a prevailing interest rate of 5.40% per annum.

6. Notes

In February 2014, Central Plaza Development Ltd. (“**Central Plaza**”) established a Guaranteed Medium Term Notes and Perpetual Securities Scheme (the “**Scheme**”), pursuant to which International Financial Center Property Ltd. (“**IFC**”) or the Company (as the case may be) would provide guarantees for securities to be issued thereunder. Under the Scheme, Central Plaza may offer and issue securities in a principal amount of up to USD1,000,000,000.

In January 2017, Central Plaza renewed the Scheme above, pursuant to which IFC or the Company (as the case may be) would provide guarantees for securities to be issued thereunder. Under the renewed Scheme, Central Plaza may offer and issue securities in a principal amount of up to USD1,000,000,000.

In January 2017, Central Plaza made a drawdown under the above renewed Scheme to offer and issue 3-year notes in a total principal amount of USD400,000,000 at an interest rate of 3.875% per annum. The above notes were repaid in January 2020.

In July 2017, Central Plaza made a drawdown under the above renewed Scheme to offer and issue 3-year notes in a total principle amount of USD100,000,000 at an interest rate of 3.70% per annum. The above notes were repaid in June 2020.

In January 2018, Central Plaza renewed the above Scheme, pursuant to which IFC or, as the case may be, the Company would provide guarantees for securities to be issued thereunder. Under the renewed Scheme, Central Plaza may offer and issue securities in a principal amount of up to USD2,000,000,000.

In January 2018, Central Plaza made a drawdown under the above renewed Scheme to offer and issue 3-year notes in a total principal amount of USD500,000,000 at an interest rate of 3.875% per annum.

In August 2018, Trade Horizon Global Limited issued 3-year notes in a total principal amount of USD400,000,000 at a prevailing interest rate of 4.84% per annum.

In October 2019, Central Plaza renewed the above Scheme, pursuant to which IFC or, as the case may be, the Company would provide guarantees for securities to be issued thereunder. Under the renewed Scheme, Central Plaza may offer and issue securities in a principal amount of up to USD3,000,000,000.

In January 2020, Central Plaza made a drawdown under the above renewed Scheme to offer and issue 5.5-year notes in a total principal amount of USD450,000,000 at an interest rate of 3.85% per annum.

In August 2020, Central Plaza issued 363-day notes in a total principal amount of USD200,000,000 at a prevailing interest rate of 4.50% per annum.

7. Equity Instrument

In September 2017, the Group through Huaxin International Trustee raised a total amount of RMB2,000,000,000. According to the terms of Investment Agreement, the amount of other equity instruments recognized amounted to RMB1,970,028,000 after deducting the inevitable dividend payable in the foreseeable future. The above notes had been fully settled in September 2020.

In December 2017, the Group through Sino-Australian International Trust raised a total amount of RMB1,100,000,000. According to the terms of Investment Agreement, the amount of other equity instruments recognized amounted to RMB1,024,650,000 after deducting the inevitable dividend payable in the foreseeable future.

In March 2018, the Group issued a debt financing plan of RMB600,000,000. According to the terms of the Prospectus, other equity instruments recognized amounted to RMB553,800,000 after deducting the inevitable dividend payable in the foreseeable future.

In April 2018, the Group issued a debt financing plan of RMB200,000,000. According to the terms of the Prospectus, other equity instruments recognized amounted to RMB184,600,000 after deducting the inevitable dividend payable in the foreseeable future.

In June 2018, the Group issued perpetual medium-term notes of RMB2,000,000,000. Other equity instruments recognized amounted to RMB1,988,000,000 after deducting issue expenses.

In August 2018, the Group issued perpetual medium-term notes of RMB2,000,000,000. Other equity instruments recognized amounted to RMB1,991,000,000 after deducting issue expenses.

In August 2018, the Group issued a debt financing plan of RMB1,800,000,000. Other equity instruments recognized amounted to RMB1,735,200,000 after deducting the inevitable dividend payable in the foreseeable future.

In September 2018, the Group issued perpetual debt notes of RMB870,000,000 through Sino-Australian International Trust. Other equity instruments recognized amounted to RMB796,050,000 after deducting the inevitable dividend payable in the foreseeable future.

In September 2018, the Group issued a debt financing plan of RMB350,000,000. Other equity instruments recognized amounted to RMB337,400,000 after deducting the inevitable dividend payable in the foreseeable future. The above notes had been fully settled in September 2020.

In April 2019, the Group issued perpetual debt notes of RMB1,800,000,000 through AVIC Trust Co., Ltd. Other equity instruments recognized amounted to RMB1,685,346,000 after deducting the inevitable dividend payable in the foreseeable future.

In April 2019, the Group issued a debt financing plan of RMB2,000,000,000. Other equity instruments recognized amounted to RMB1,862,842,000 after deducting the inevitable dividend payable in the foreseeable future. The current balance is RMB452,842,000.

In April 2019, the Group issued perpetual medium-term notes of RMB1,000,000,000. Other equity instruments recognized amounted to RMB995,500,000 after deducting relevant expenses.

In November 2019, Central Plaza issued Perpetual Securities amounting to USD500,000,000 at a distribution rate of 5.75% under the Medium Term Note and Perpetual Securities Program. After deducting relevant issuing costs, the Group received RMB3,470,846,000. As the issuer, Central Plaza may defer distribution without any frequency limitations only if Central Plaza or the Company do not declare or pay dividends. The Group has no contractual obligation to repay its principal or to pay any distribution. The perpetual securities do not meet the definition of financial liabilities by the Group. The Group recognized non-controlling interests amounting to RMB3,470,846,000. Subsequent distribution declared will be treated as profit distribution to non-controlling interests.

In June 2020, a subsidiary of the Group issued Debt Investment Program amounting to RMB500,000,000 at a distribution rate of 6.50%. After deducting the inevitable dividend payable in the foreseeable future, the Group recognized non-controlling interests amounting to RMB475,870,000. Subsequent distribution declared will be treated as profit distribution to non-controlling interests.

In July 2020, a subsidiary of the Group issued Debt Investment Program amounting to RMB819,000,000 at a distribution rate of 6.50%. After deducting the inevitable dividend payable in the foreseeable future, the Group recognized non-controlling interests amounting to RMB781,010,000. Subsequent distribution declared will be treated as profit distribution to non-controlling interests.

In August 2020, a subsidiary of the Group issued Debt Investment Program amounting to RMB220,000,000 at a distribution rate of 6.50%. After deducting the inevitable dividend payable in the foreseeable future, the Group recognized non-controlling interests amounting to RMB211,067,000. Subsequent distribution declared will be treated as profit distribution to non-controlling interests.

In November 2020, a subsidiary of the Group issued Debt Investment Program amounting to RMB620,000,000 at a distribution rate of 6.50%. After deducting the inevitable dividend payable in the foreseeable future, the Group recognized non-controlling interests amounting to RMB604,874,000. Subsequent distribution declared will be treated as profit distribution to non-controlling interests.

In December 2020, a subsidiary of the Group issued Debt Investment Program amounting to RMB50,000,000 at a distribution rate of 6.50%. After deducting the inevitable dividend payable in the foreseeable future, the Group recognized non-controlling interests amounting to RMB49,083,000. Subsequent distribution declared will be treated as profit distribution to non-controlling interests.

In December 2020, the Group issued perpetual bonds of RMB1,000,000,000 at a distribution rate of 6.80% through Zhongyuan Trust. After deducting the inevitable dividend payable in the foreseeable future, other equity instruments were recognized amounting to RMB985,284,000.

8. Contingent Liabilities

The Group had arranged bank facilities for certain purchasers of its properties and provided guarantees to secure the repayment obligations of such purchasers. The outstanding balances of guarantees amounted to RMB11,666,064,000 at 31 December 2020 (31 December 2019: RMB6,919,548,000). Such guarantees will be terminated upon: (i) the issuance of the real estate interestship certificates which will generally be available within six months to two years after the Group transfers the ownership of the relevant property to its purchasers; (ii) the completion of the mortgage registration; and (iii) the issuance of the real estate other right certificates relating to the relevant property.

As at 31 December 2020, the Group provided a guarantee of RMB254,490,000 for a long term borrowing borrowed by a subsidiary of a joint venture.

As at 31 December 2020, the Group provided a guarantee of RMB27,720,000 for a long term borrowing borrowed by a subsidiary of a joint venture.

As at 31 December 2020, the Group provided a guarantee of RMB585,976,000 for a long term borrowing borrowed by an associate.

As at 31 December 2020, the Group provided a guarantee of RMB53,324,000 for a long term borrowing borrowed by a joint venture.

As at 31 December 2020, the Group provided a guarantee of RMB1,857,623,000 for a long term borrowing borrowed by a joint venture.

As at 31 December 2020, the Group provided a guarantee of RMB47,244,000 for a long term borrowing borrowed by a joint venture.

As at 31 December 2020, the Group provided a guarantee of RMB80,989,000 for a long term borrowing borrowed by an associate.

Save for the above, the Group had no other material external guarantee.

2020 ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

2020 Annual General Meeting is expected to be convened on 20 May 2021. The register of members will be closed from Friday, 14 May 2021 to Thursday, 20 May 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting, all transfer forms accompanied by the relevant share certificates of the H shareholders must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Thursday, 13 May 2021.

AUDIT COMMITTEE REVIEW

The Audit Committee has reviewed with the management of the Company the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial report matters, including the review of the financial statements for the year ended 31 December 2020.

COMPLIANCE WITH THE CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code which is on terms no less exacting than the required standard set out in the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) in Appendix 10 of the Listing Rules.

All directors have confirmed, following specific enquiry by the Company that they have complied with the required standards set out in the Model Code and the company code throughout the year.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

In the year ended 31 December 2020, the Company had not redeemed any of its shares. Neither the Company nor any of its subsidiaries purchased or sold any of the Company’s listed securities during the period.

CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance Code and Corporate Governance Report (the “**Corporate Governance Code**”) as set out in the Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) in the year ended 31 December 2020. In addition to compliance of the code provisions of the Corporate Governance Code, the Company has also adopted, as far as practicable, recommended best practices in the Corporate Governance Code.

By Order of the Board
Beijing Capital Land Ltd.
Lee Sze Wai
Company Secretary

Hong Kong, 29 March 2021

The Board as of the date of this announcement comprises Mr. Li Songping (Chairman) who is the non-executive Director, Mr. Zhong Beichen (President), Mr. Huang Ziquan, Mr. Hu Weimin and Mr. Fan Shubin who are the executive Directors, Ms. Sun Baojie who is the non-executive Director, and Mr. Li Wang, Mr. Wong Yik Chung, John and Mr. Liu Xin who are the independent non-executive Directors.