廣州富力地產股份有限公司
GUANGZHOU R&F PROPERTIES CO., LTD.*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock code: 2777)

2020 ANNUAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Attributable contracted sales were stable at RMB138.79 billion
- Recognised revenue and gross profit of RMB85.89 billion and RMB20.39 billion, respectively
- Net profit achieved RMB9.15 billion despite challenging operating conditions
- Attributable land bank of 51.90 million sq.m.
- Ability to significantly reduce RMB37.41 billion debt to improve financial profile
- Sufficient liquidity with cash of RMB39.95 billion
- Earnings per share was RMB2.53 per share
- Proposed final dividend of RMB0.62 per share – including interim dividend, full year dividend was equivalent to RMB1.00 per share

The board of directors (the "Board") of Guangzhou R&F Properties Co., Ltd. (the "Company" or "R&F") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2020. The annual results have been reviewed by the audit committee of the Company.

CHAIRMAN'S STATEMENT

Taking a lookback at 2020, it was a financial year where the yearlong effects of the coronavirus ("COVID-19") was felt globally across various economies and livelihoods. A large part of 2020 was spent understanding what COVID-19 is, how to prevent catching it, and ways to contain its further spreading within the global community. The devastating effects of COVID-19 to health was obvious, but the direct and indirect impacts to businesses and various sectors had a longer lasting negative impact in shutting down major corporations and changing the way businesses are conducted for a long time to come. In order to prevent the rapid spread of the pandemic, the Chinese Government made decisive decisions to immediately implement preventive measures, issue quick protocols, implement unprecedented travel restrictions, and mobilise the country's top medical resources to tackle COVID-19 to ensure each critical hour was not wasted in understanding and tackling the virus. After countless data collection and research, months later saw life in China slowly returning to a new normal. It was the decisive actions undertaken that quickly allowed business activity to resume, domestic travel restrictions lifted, and social gatherings to occur under facial protection. In contrast, other countries globally were still struggling to deal with the devastating impacts of the global transmission for many months well into 2020. In hindsight, if it weren't for the decisive actions undertaken by the Chinese Government, China's economic recovery would not have occurred so quickly, and impact minimised.

In 2020, China's property sector braced for headwinds as the challenges of COVID-19 were further acerbated by a tightening of onshore regulatory policies on property, creating a perfect storm to curtail available liquidity for the property sector. With uncertainty in the economy and expected GDP slowdown, the Chinese Government began to rollout guidelines to reduce over reliance of loans and debt financing, such as introduction of debt monitoring metrics, the so-called "Three Red Lines". The Three Red Lines is a specific financial metric test to determine the financial risk of an entity through group classifications and determine the entity's capacity for additional debt. This has directly impacted how companies in the property sector have executed their overall strategy in 2020. In general, most in the property sector have adjusted their focus on a more prudent financing plan as they continue to make improvements in their balance sheet to adhere to the Three Red Lines policy whilst how to best allocate available capital.

THE THREE RED LINES

At the outset, it's important to note there has not been an official timeline for when the Three Red Lines need to be adhered to, but developers are already adjusting their financing plans in order to have the most financing flexibility. The Three Red Lines requires testing financial metrics based on financial accounts to measure short-term liquidity and overall gearing levels. The three financial tests are 1) liability-to-asset ratio after deduction of receivables (contract liabilities) of less than 70%; 2) net gearing ratio of less than 100%; and 3) cash-to-short-term debt ratio of more than 1.0 times. If developers meet all financial tests, they are in the green category; breach 1, they are in the yellow category; breach 2, they are in the orange category; and finally breach 3, they are classified in the red category. The advantage being in the green category is an ability to increase total interest-bearing debt levels by 15%. This additional debt capacity subsequently decreases accordingly as developers progressively move down from the green category to the red category. The hope is that over the longer term, companies that are able to satisfy more of the financial metrics will benefit from more access to debt financing whilst others will focus on improving credit profiles.

Under the overall policy of the Chinese Government on debt control and deleveraging in recent years, the Group underwent an aggressive debt reduction exercise in 2020 resulting in a significant improvement in overall credit profile. In 2020, the Group reduced total debt by RMB37.4 billion by way of adopting a sensible land acquisition strategy, a strategically coordinated assets sales plan, and equity issuance at the Group level etc. The reduction or refinanced debt included RMB23.6 billion onshore domestic bonds, RMB11.9 billion trust and onshore bank loans, and RMB1.9 billion offshore bonds and offshore loans. One of the important financing exercises of the Group in 2020 was the completion of the issuance of new H shares to increase the equity capital. A total of 257 million new H Shares were issued at the issue price of HKD9.82 per share and the total proceeds were HKD2.524 billion. After reduction of a significant amount of debt and increase of equity capital, the Group's net gearing ratio decreased to 130% from 199% at the end of 2019. The Group expects further credit profile improvements in 2021 as more details become available regarding the implemention of the Three Red Lines. In addition to reduction in net gearing, the overall debt reduction led to improvements to liability-to-asset ratio after deduction of receivables (contract liabilities) and cash-to-short-term ratio as a significant proportion of debt reduction was short-term in nature. Irrespective of the Three Red Lines, the Group has placed a significant emphasis on strengthening its balance sheet and improving long-term financial flexibility.

RETURN TO POSITIVE OPERATING CASH FLOW

As markets remain uncertain, the Group concentrated its efforts on returning to positive operating cash flow by promoting sales, selling inventories, collecting cash and monitoring expenditures etc. In 2020, operating cash flow was positive versus negative operating cash flow in 2019. The return to positive operating cash flow provided immediate contribution to addressing near term maturities and increase available liquidity. In terms of contract sales conversion to immediate liquidity, the Group adopted a flexible sales strategy to cater to varying market conditions during the year that including average selling price ("ASP") concessions, bulk purchase discounts, strategic partnerships with third-party sales agents, and implementing sales incentive schemes so as to accelerate the pace of cash collections from contract sales sold. Overall in 2020, the cash collection rate was up to 78% of contracted sales versus under 70% in 2019. The improvement in the cash collection provided further liquidity to accelerate the pace of deleveraging.

ACCELERATION OF ASSET SALES GENERATED SIGNIFICANT LIQUIDITY AND TANGIBLE GAINS

Over the years, the Group has accumulated projects and assets of significant value either as land bank, properties under development or investment properties. These assets have the potential to generate significant returns or provide a stable stream of recurring cash flow in the form of rental revenue to the Group. In 2020, the Group underwent a rationalisation of non-core assets or potential projects that could be used to invite strategic partners in order to generate immediate liquidity.

The projects which were most suitable to realise the highest return and liquidity were urban renewal projects. Historically, the Group had accumulated a sizeable portfolio of urban renewal projects with high potential conversion upside as a means to source undervalued land bank with significant upside potential. As of today, the Group has secured agreements with villages and urban regions to acquire land bank equivalent to over 40 million sq.m. of GFA with significant market value. Going forward, the Group expects to convert a sizeable GFA to land bank for future development with potential profit potential, however, significant time and investment will still need to be committed. In 2020, the Group entered into strategic partnerships with various, strategic and financial investors to jointly invest and develop projects in China. During the last quarter of 2020, the Group sold a number of projects to realise approximately RMB4 billion in value. A strategic cooperation provides immediate capital to the Group and also reduces future capital requirements whilst retaining control and potential upside after unlocking value in these projects. The Group will look to secure more strategic partnerships in existing and future projects where capital investment is intensive to mitigate capital requirements whilst continuing to develop these projects.

LANDMARK SALE OF AIRPORT LOGISTICS PARK TO BLACKSTONE IS UNIQUE IN TERMS OF ASSET QUALITY AND INTRINSIC VALUATION

To accelerate the refinancing plan and raise liquidity, the Group initiated a sale process of its logistics assets in Guangzhou to interested parties. The assets are unique given its location in Guangzhou, long operating history, and future development rights. The assets are located in Guangzhou International Airport R&F Integrated Logistics Park, which is located in Huadong County, Huadu District, Guangzhou, the PRC and covers a total area of 1,470 mu with a planned total construction area of over 1.2 million sq.m.. About 889,820 sq.m. of rentable area of high-standard warehouses, plants and cold storage are currently completed with supporting facilities, and a net undeveloped land area for warehouse of about 210 mu.

Initial discussions first initiated in the first half of 2020, however, amidst a challenging market backdrop coupled with internal aspirations on valuation, identifying serious buyers amongst interested parties was important in achieving objectives. After lengthy and collaborative discussions with a number of interested parties, a deal was signed and completed with a related Blackstone fund to acquire a 70% stake of the entire assets with a market valuation of RMB6.3 billion. The determined valuation was above the Group's invested cost and represents a significant profit realised. The transaction structure was also quite unique as it required establishment of an offshore acquisition vehicle to complete the transfer. The merger acquisition and uniqueness of the transaction was testament of the Group's execution expertise and regarded as a landmark transaction well received by the investment community.

COMPLETION OF H SHARE FULL CIRCULATION BY CONVERSION OF APPROXIMATELY 2.2 BILLION UNLISTED DOMESTIC SHARES TO H SHARES AND LISTED ON THE STOCK EXCHANGE

On 28 September 2020, the Group completed the H share full circulation by converting all the 2,207,108,944 unlisted domestic shares into overseas listed shares and these shares were listed on the Hong Kong Stock Exchange. The H share full circulation is an important measure of the China Securities Regulatory Commission to open the capital market to the world. To the Group, the H share full circulation helped to align the rights and obligations of the shareholders, improve the corporate governance, safeguard the interests of all the shareholders (especially the vast minority shareholders) which are beneficial to the long-term development of the Group.

BUSINESS HIGHLIGHTS OF 2020

In 2020, the Group recorded robust financial results during a period severely impacted by COVID-19 and management's primary focus was de-risking financial leverage to improve its credit profile. Total revenue was RMB85.89 billion, which only dropped slightly when compared to 2019 as revenue from property development was RMB78.57 billion, or 91% of total revenue, was also largely stable. In terms of GFA recognised, the Group sold and delivered 9.17 million sq.m. of GFA in 2020, which is 11% higher than that for the previous period. Due to a challenging operating environment in 2020, adjustments were made on ASP to accelerate the pace of sales which subsequently affected the Group's gross profit margins. Gross profit for the Group in 2020 was RMB20.39 billion, equivalent to 23.7% gross profit margin. In line with a decline in gross profit margins, net profit declined accordingly to RMB9.15 billion, equivalent to net profit margin of 10.6%. In 2020, overall financial results were a balance of operating in a difficult operating environment and focus on financial deleveraging. As substantial progress to improve financial leverage has been achieved coupled with a significant positive start to contract sales in 2021, the Group expects margins and profitability to improve as with a more balanced approach between profit growth and financial liquidity.

Operationally, the Group continues to expand in scale with GFA delivery increasing to 9.17 million sq.m. in 2020 from 8.30 million sq.m. in 2019. The increase in delivery was due a larger scale of properties under development and increasing contracted sales which is expected to continue in the near term. In terms of city contribution, 2020 delivery was largely concentrated in tier-2 cities, approximately 52%, where the Group's land bank proportion is the highest.

Continuing a prudent land banking strategy since the fourth quarter of 2019, land banking in 2020 remains selective with an emphasis on urban renewal projects that deliver higher profitability upon conversion with a more balanced capital requirement. In 2020, 1.3 million sq.m. of GFA was converted from urban renewal projects in tier-1 and tier-2 cities and Greater Bay Area. The Group has sufficient land bank to sustain the growth prospect. As at the end of 2020, the Group has approximately 52 million sq.m. of attributable GFA land bank. However, urban renewal projects require a longer period for conversion, and hence, the Group will continue to seek other land banking opportunities for land bank replenishment which have a shorter development cycle.

THE OUTLOOK FOR 2021

CONTINUE TO IMPROVE CREDIT PROFILE AND PROFITABILITY

Contracted sales in the first two months of 2021 has seen a very significant improvement with contracted sales value of RMB20.42 billion which is up 124% versus the same period in 2020. The Group has set a contracted sales target of RMB150 billion for 2021 based on available saleable resources. With the positive start to the year, the Group is confident it can maintain the same momentum for the remainder of the year to deliver on its contracted sales target. The Group expected total saleable resources of RMB270 billion in 2021 to deliver on the Group's contracted sales target.

The Group's credit profile continues to improve after the first months of 2021 with total debt decreasing by an additional approximately RMB15 billion as further debt is repaid. In addition, the Group has improved its maturity profile by refinancing and extended near-term maturities to beyond one year including issuance of a US$500 million senior note for 2.5 years and US$325 million senior note for 3.5 years (the longest USD senior note outstanding). The Group will continue to look for opportunities to extend short-term maturities to longer tenors.

CONTINUE TO UNLOCK ASSET VALUE AND DE-RISK THROUGH FURTHER ASSET DISPOSAL OF NON-CORE ASSETS

The successful strategy of seeking strategic partners and monetising non-core assets in the fourth quarter of 2020 was testament to the quality of assets under the Group's control. The sale of investment property and office assets such as R&F Integrated Logistics Park and Guangzhou office tower alone generated approximately RMB5.9 billion of cash proceeds with full cash settlement upon completion. The Group will continue to seek out potential opportunities to monetise assets and generate positive cashflow to further lower the total debt level. The Group will also seek out potential partners to coinvest or create joint cooperation to partially alleviate project risk and reduce capital requirements for certain types of projects. The overall effect of asset sales and creation of joint ventures has been effective in 2020 to improve the Group's capital profile, further encouraging management to remain open to similar possibilities to replicate the same success in 2021.

ACKNOWLEDGEMENTS

It has been an extremely difficult 2020. The financial year has been full of financial challenges and volatile environments that required the full collaboration and support of its management team and employees. In many instances, timely execution, perseverance and unwaivering support by our management to avoid possible delays or risks to completion. It is with great pride that I was able to rely on the profession execution capabilities and instinctive decision making by our senior management that enabled execution success in multiple transactions.

I would like to thank our management team and employees in various locations and capacities for their commitment and hard work. The effort has been much appreciated and visible results have been highly positive, without which, the Group could not have achieved what it has in 2020.

To our shareholders, I would like to reiterate our continued commitment to achieving financial stability whilst delivering higher returns. The ongoing support of our shareholders has been of upmost importance which we hope to maintain through open communication and transparency as we advance in 2021. As always, we do not take for granted the support of our shareholders and adopt a transparent communication channel such that the opinions of shareholders are highly taken into consideration.

CONSOLIDATED INCOME STATEMENT

(All amounts in RMB Yuan thousands unless otherwise stated)

		Year ended 31 December	
	Note	**2020**	2019
Revenue	*3*	**85,891,778**	90,813,970
Cost of sales	*6*	**(65,503,286)**	(61,041,401)
Gross profit		**20,388,492**	29,772,569
Other income	*4*	**1,200,712**	958,351
Other gains – net	*5*	**6,097,090**	1,893,779
Selling and marketing costs	*6*	**(3,258,776)**	(3,292,140)
Administrative expenses	*6*	**(6,226,248)**	(6,215,897)
Net impairment losses on financial and contract assets		**(172,383)**	(67,270)
Gains on bargain purchase		**66,909**	–
Operating profit		**18,095,796**	23,049,392
Finance costs	*7*	**(2,408,771)**	(5,599,527)
Share of results of joint ventures		**292,178**	611,191
Share of results of associates		**(67,520)**	165,208
Profit before income tax		**15,911,683**	18,226,264
Income tax expenses	*8*	**(6,765,368)**	(8,133,054)
Profit for the year		**9,146,315**	10,093,210
Profit attributable to:			
– Owners of the Company		**9,004,814**	9,672,051
– Non-controlling interests		**141,501**	421,159
		9,146,315	10,093,210
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB Yuan per share)	*10*	**2.5313**	3.0001

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB Yuan thousands unless otherwise stated)

	Year ended 31 December	
	2020	2019
Profit for the year	**9,146,315**	10,093,210
Other comprehensive (loss)/income		
Items that will not be reclassified to profit or loss		
– Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	**59,779**	67,003
Items that may be reclassified to profit or loss		
– Share of other comprehensive (loss)/income of joint ventures accounted for using the equity method	**(79,898)**	127,874
– Currency translation differences	**(9,429)**	(45,735)
Other comprehensive (loss)/income for the year, net of tax	**(29,548)**	149,142
Total comprehensive income for the year	**9,116,767**	10,242,352
Total comprehensive income attributable to:		
– Owners of the Company	**8,975,266**	9,821,193
– Non-controlling interests	**141,501**	421,159
	9,116,767	10,242,352

CONSOLIDATED BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	As at 31 December **2020**	2019
ASSETS			
Non-current assets			
Property, plant and equipment		**42,113,735**	35,091,574
Right-of-use assets		**10,846,583**	10,774,952
Investment properties		**33,957,965**	33,469,576
Intangible assets		**1,183,384**	1,281,393
Interests in joint ventures		**11,617,336**	10,795,165
Interests in associates		**1,440,026**	644,329
Deferred income tax assets		**12,610,456**	10,346,768
Financial assets at fair value through other comprehensive income		**639,850**	1,042,442
Trade and other receivables and prepayments	*11*	**–**	162,469
		114,409,335	103,608,668
Current assets			
Properties under development		**164,788,269**	167,399,023
Completed properties held for sale		**64,029,794**	55,313,790
Inventories		**1,141,518**	969,621
Trade and other receivables and prepayments	*11*	**46,315,461**	57,729,973
Contract assets		**1,621,299**	963,907
Tax prepayments		**3,600,167**	2,905,530
Restricted cash		**14,275,892**	15,531,531
Cash and cash equivalents		**25,672,822**	22,904,275
		321,445,222	323,717,650
Assets classified as held for sale		**6,330,658**	–
		327,775,880	323,717,650
Total assets		**442,185,215**	427,326,318

(All amounts in RMB Yuan thousands unless otherwise stated)

		As at 31 December	
	Note	**2020**	2019
EQUITY			
Equity attributable to owners of the Company			
Share capital		**938,092**	873,842
Other reserves		**15,589,427**	8,258,874
Retained earnings		**72,970,684**	68,225,177
		89,498,203	77,357,893
Non-controlling interests		**2,507,140**	2,441,232
Total equity		**92,005,343**	79,799,125
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**95,848,642**	134,870,694
Lease liabilities		**452,557**	132,013
Deferred income tax liabilities		**10,307,753**	8,221,383
Other payables	*12*	**1,343,481**	–
		107,952,433	143,224,090
Current liabilities			
Accruals and other payables	*12*	**106,533,115**	83,905,870
Contract liabilities		**48,002,504**	38,899,448
Current income tax liabilities		**21,167,911**	19,159,511
Short-term borrowings		**10,919,529**	14,116,659
Current portion of long-term borrowings		**52,961,902**	48,153,395
Lease liabilities		**96,448**	68,220
		239,681,409	204,303,103
Liabilities directly associated with assets classified as held for sale		**2,546,030**	–
		242,227,439	204,303,103
Total liabilities		**350,179,872**	347,527,193
Total equity and liabilities		**442,185,215**	427,326,318

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Guangzhou R&F Properties Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the development and sale of properties, property investment, hotel operations and other property development related services in the People's Republic of China (the "PRC").

The Company is a limited liability company incorporated in the PRC. The address of its registered office is 45-54/F, R&F Center, No.10 Hua Xia Road, Guangzhou 510623, the PRC.

The shares of the Company have been listed on The Main Board of Stock Exchange of Hong Kong Limited since 14 July 2005.

These financial statements are presented in RMB Yuan (RMB), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(a) Compliance with HKFRS and HKCO

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

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of hotel buildings and financial assets at fair value through other comprehensive income and investment properties which are carried at fair value and assets held for sale measured at the lower of carrying amount and fair value less cost to sell.

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

(All amounts in RMB Yuan thousands unless otherwise stated)

(c) New and amended standards adopted by the Group

The following new and amended standards have been adopted by the Group for the first time for the financial year commencing 1 January 2020.

Standards	**Subject**
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting

The standards, amendments and interpretation did not have a material impact or are not relevant to the Group.

(d) New standards, amendments to existing standards and interpretation not yet adopted

Certain new accounting standards, amendments to existing standards and interpretation have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Standards	**Subject**	**Effective for annual periods beginning on or after**
Amendment to HKFRS 16	Practical Expedient for Lessees on COVID-19 Rent Concessions	1 June 2020
Amendment to HKFRS 7	Financial Instruments: Disclosures	1 January 2021
Amendment to HKAS 16	Proceeds before Intended Use	1 January 2022
Amendment to HKAS 37	Cost of Fulfilling a Contract	1 January 2022
Amendment to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Annual improvements to HKFRS Standards 2018-2020	Annual improvements to HKFRS Standards 2018-2020 affecting HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

(All amounts in RMB Yuan thousands unless otherwise stated)

2.2 Changes in accounting policy for subsequent measurement for hotel buildings

In previous years, the Group's hotel buildings were carried in the consolidated balance sheet at historical cost less accumulated depreciation and impairment losses. The directors reassessed the appropriateness of this accounting policy and concluded that by using the revaluation model under HKAS 16, the consolidated financial statements would provide reliable and more relevant information about the Group's results and financial position, as fair value is more useful information to financial statement users and it makes the Group more comparable to other market players.

Consequently, the Group changed its accounting policy on hotel buildings to follow the revaluation model under HKAS 16 with effective from 1 January 2020, which has been accounted for prospectively.

Subsequent to above change, hotel buildings are stated at fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation is performed with sufficient regularity by independent professional qualified valuers. Changes arising on the revaluation are dealt with in other comprehensive income and are accumulated in the revaluation reserve, except that, when a deficit arises on revaluation, it will be charged to the profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to revaluation.

When a surplus arises on revaluation, it will be credited to the profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to the profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

When a revalued asset is sold, the amount included in the revaluation reserve is transferred to retained earnings.

The effect of the changes in accounting policy to the consolidated financial statement of the Group is as follows:

	As at 1 January 2020
Increase in property, plant and equipment	7,122,051
Decrease in deferred income tax assets	364,346
Increase in deferred income tax liabilities	1,416,167
Increase in revaluation reserve	5,341,538

	Year ended 31 December 2020
Increase in depreciation	**244,698**
Decrease in income tax expenses	**61,175**
Decrease in profit for the year	**183,523**
Decrease in basic and diluted earnings per share	**0.0516**

3. SEGMENT INFORMATION

(a) Description of segments and principal activities

The chief operating decision-maker has been identified as the Executive Directors. Management has determined the operating segments based on the information reviewed by the Executive Directors for the purpose of allocating resources and assessing performance.

As almost the entire Group's consolidated revenue and results are attributable to the market in the PRC and almost all of the Group's consolidated assets are located in the PRC, the Executive Directors consider the business mainly from product perspective. The Group is principally engaged in property development, property investment and hotel operations. Other services provided by the Group mainly represent property management and other related services. The results of these operations are included in the "all other segments" column.

The Executive Directors assess the performance of the operating segments based on a measure of profit for the year.

(All amounts in RMB Yuan thousands unless otherwise stated)

(b) Segment performance

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2020 and the segment assets and liabilities at 31 December 2020 are as follows:

	Property development	**Property investment**	**Hotel operations**	**All other segments**	**Group**
Segment revenue	**78,603,957**	**1,381,823**	**4,562,778**	**3,238,121**	**87,786,679**
Recognised at a point in time	**52,015,927**	**–**	**–**	**–**	**52,015,927**
Recognised over time	**26,588,030**	**–**	**4,562,778**	**3,238,121**	**34,388,929**
Revenue from other sources – rental income	**–**	**1,381,823**	**–**	**–**	**1,381,823**
Inter-segment revenue	**(35,667)**	**(223,901)**	**(100,043)**	**(1,535,290)**	**(1,894,901)**
Revenue from external customers	**78,568,290**	**1,157,922**	**4,462,735**	**1,702,831**	**85,891,778**
Profit/(loss) for the year	**7,435,682**	**4,217,777**	**(1,426,860)**	**(1,080,284)**	**9,146,315**
Finance costs	**(1,034,808)**	**(247,857)**	**(832,967)**	**(293,139)**	**(2,408,771)**
Share of results of joint ventures	**293,531**	**–**	**–**	**(1,353)**	**292,178**
Share of results of associates	**(53,003)**	**–**	**–**	**(14,517)**	**(67,520)**
Income tax (expenses)/credits	**(5,991,593)**	**(1,411,342)**	**276,252**	**361,315**	**(6,765,368)**
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of use assets	**(456,113)**	**–**	**(1,470,210)**	**(103,133)**	**(2,029,456)**
Amortisation of incremental costs for obtaining contracts with customers	**(340,950)**	**–**	**–**	**–**	**(340,950)**
(Allowance for)/reversal of impairment losses of financial and contract assets	**(177,045)**	**–**	**2,375**	**2,287**	**(172,383)**
Fair value gains on investment properties – net of tax	**–**	**2,241,570**	**–**	**–**	**2,241,570**
Revaluation gains on investment properties transferred from completed properties held for sale – net of tax	**–**	**1,495,616**	**–**	**–**	**1,495,616**
Segment assets	**337,120,727**	**40,257,965**	**47,498,911**	**4,057,306**	**428,934,909**
Segment assets include:					
Interests in joint ventures	**11,612,128**	**–**	**–**	**5,208**	**11,617,336**
Interests in associates	**474,624**	**–**	**–**	**965,402**	**1,440,026**
Addition to non-current assets (other than financial instruments and deferred income tax assets)	**1,510,847**	**1,083,606**	**1,069,119**	**501,313**	**4,164,885**
Segment liabilities	**149,150,990**	**802,069**	**1,825,446**	**7,195,630**	**158,974,135**

(All amounts in RMB Yuan thousands unless otherwise stated)

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2019 and the segment assets and liabilities at 31 December 2019 are as follows:

	Property development	**Property investment**	**Hotel operations**	**All other segments**	**Group**
Segment revenue	79,689,217	1,380,436	7,095,478	5,160,702	93,325,833
Recognised at a point in time	55,305,446	–	–	–	55,305,446
Recognised over time	24,383,771	–	7,095,478	5,160,702	36,639,951
Revenue from other sources – rental income	–	1,380,436	–	–	1,380,436
Inter-segment revenue	–	(167,317)	(73,026)	(2,271,520)	(2,511,863)
Revenue from external customers	79,689,217	1,213,119	7,022,452	2,889,182	90,813,970
Profit/(loss) for the year	9,953,226	1,923,303	(1,007,596)	(775,723)	10,093,210
Finance costs	(4,501,247)	(244,227)	(843,834)	(10,219)	(5,599,527)
Share of results of joint ventures	611,829	–	–	(638)	611,191
Share of results of associates	166,545	–	–	(1,337)	165,208
Income tax (expenses)/credits	(7,682,199)	(639,999)	(47,110)	236,254	(8,133,054)
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	(344,194)	–	(1,513,947)	(146,992)	(2,005,133)
Amortisation of incremental costs for obtaining contracts with customers	(455,788)	–	–	–	(455,788)
Allowance for impairment losses of financial and contract assets	(60,988)	–	(6,039)	(243)	(67,270)
Fair value gains on investment properties – net of tax	–	489,487	–	–	489,487
Revaluation gains on investment properties transferred from properties under development – net of tax	–	927,358	–	–	927,358
Segment assets	336,074,309	33,469,576	41,326,815	5,066,408	415,937,108
Segment assets include:					
Interests in joint ventures	10,790,634	–	–	4,531	10,795,165
Interests in associates	559,409	–	–	84,920	644,329
Addition to non-current assets (other than financial instruments and deferred income tax assets)	1,010,208	604,535	1,016,462	532,268	3,163,473
Segment liabilities	118,777,992	–	1,684,789	2,542,770	123,005,551

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the income statement.

(All amounts in RMB Yuan thousands unless otherwise stated)

Revenue from external customers broken down by location of the customer is shown in the table below:

	2020	2019
PRC	**84,359,678**	88,336,136
Other countries	**1,532,100**	2,477,834
Total	**85,891,778**	90,813,970

Revenues from the individual country included in "other countries" are not material. There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenue for the year ended 31 December 2020 (2019: Nil).

(c) Segment assets

The amounts provided to the Executive Directors with respect to segment assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment.

The Group's deferred income tax assets and financial assets at FVOCI are not considered to be segment assets but rather are managed on a central basis.

Reportable segments' assets are reconciled to total assets as follows:

	2020	2019
Segment assets for reportable segments	**428,934,909**	415,937,108
Deferred income tax assets	**12,610,456**	10,346,768
Financial assets at FVOCI	**639,850**	1,042,442
Total assets per balance sheet	**442,185,215**	427,326,318

Non-current assets, other than financial assets at FVOCI and deferred income tax assets (there are no employment benefit assets and rights arising under insurance contracts) broken down by location of the assets, is shown in the following:

	2020	2019
PRC	**98,858,050**	89,887,026
Other countries	**2,300,979**	2,332,432
Total	**101,159,029**	92,219,458

Non-current assets in the individual country included in "other countries" are not material.

(All amounts in RMB Yuan thousands unless otherwise stated)

(d) Segment liabilities

The amounts provided to the Executive Directors with respect to segment liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's deferred and current income tax liabilities and borrowings are not considered to be segment liabilities but rather are managed on a central basis.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2020	2019
Segment liabilities for reportable segments	**158,974,135**	123,005,551
Deferred income tax liabilities	**10,307,753**	8,221,383
Current income tax liabilities	**21,167,911**	19,159,511
Short-term borrowings and current portion of long-term borrowings	**63,881,431**	62,270,054
Long-term borrowings	**95,848,642**	134,870,694
Total liabilities per balance sheet	**350,179,872**	347,527,193

4. OTHER INCOME

	2020	2019
Interest income	**824,419**	548,377
Other operating income	**238,321**	321,006
Forfeited deposits from customers	**93,244**	63,510
Dividends income from financial assets at fair value through other comprehensive income	**9,064**	8,992
Others	**35,664**	16,466
	1,200,712	958,351

5. OTHER GAINS – NET

	2020	2019
Revaluation gains on investment properties transferred from completed properties held for sale	**1,994,155**	–
Revaluation gains on investment properties transferred from properties under development	**–**	1,226,367
Fair value gains on investment properties – net	**2,984,953**	651,110
Gains on disposals of subsidiaries	**570,825**	13,318
Gains on disposal of certain equity interests in associates	**674,822**	–
Losses on disposals of property, plant and equipment	**(1,421)**	(3,588)
Losses on disposals of intangible assets	**(44,010)**	(981)
Others	**(82,234)**	7,553
	6,097,090	1,893,779

(All amounts in RMB Yuan thousands unless otherwise stated)

6. EXPENSES BY NATURE

Expenses by nature comprising cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	2020	2019
Cost of properties sold	**63,506,618**	58,335,140
Employee benefit expenses	**3,867,518**	3,479,442
Depreciation of property, plant and equipment and right-of-use assets	**1,854,841**	1,846,372
Business taxes and other levies	**870,641**	1,034,280
Advertising costs	**368,119**	406,510
Office expenses	**344,147**	359,699
Amortisation of intangible assets	**174,615**	158,761
Short-term lease payments and low-value lease payments	**34,955**	33,336
Auditors' remuneration	**9,606**	11,515
– Audit services	**7,068**	7,060
– Non-audit services	**2,538**	4,455
Others	**3,957,250**	4,884,383
	74,988,310	70,549,438

7. FINANCE COSTS

	2020	2019
Interest expenses:		
– bank borrowings	**6,236,865**	6,008,824
– domestic bonds	**2,883,146**	2,667,642
– medium-term notes	**44,993**	109,800
– senior notes	**2,883,359**	2,673,129
– other borrowings	**2,357,998**	1,958,789
– super & short-term commercial papers	**15,183**	296,000
– lease liabilities	**12,631**	16,538
	14,434,175	13,730,722
Early redemption premium for senior notes	**56,794**	17,618
Net foreign exchange (gains)/losses	**(2,855,120)**	356,470
Less: finance costs capitalised	**(9,227,078)**	(8,505,283)
	2,408,771	5,599,527

(All amounts in RMB Yuan thousands unless otherwise stated)

8. INCOME TAX EXPENSES

	2020	2019
Current income tax		
– enterprise income tax (Note (b))	**4,004,774**	5,145,936
– PRC land appreciation tax (Note (c))	**3,801,432**	4,044,618
Deferred income tax	**(1,040,838)**	(1,057,500)
Total income tax expenses	**6,765,368**	8,133,054

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the year (2019: Nil).

(b) Enterprise income tax

Enterprise income tax is computed according to the relevant laws and regulations enacted in the countries where the Group operated and generated taxable income.

In respect of the applicable income tax rates for the year ended 31 December 2020, the companies in the PRC, Cambodia, Malaysia were primarily taxed at 25%, 20% and 24% (2019: 25%, 20% and 24%) on their profits, respectively.

(c) PRC land appreciation tax

Certain PRC subsidiaries are also subject to PRC land appreciation tax which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including costs of land use rights and development and construction expenditures.

9. DIVIDENDS

The dividends declared in 2020 were RMB4,334,256,000 (2019: RMB4,027,959,000). A dividend in respect of the year ended 31 December 2020 of RMB0.62 per ordinary share, amounting to a total dividend of RMB2,326,468,000, is to be proposed at the annual general meeting on 28 May 2021. These financial statements do not reflect this dividend payable.

	2020	2019
Interim dividend declared of RMB0.38 (2019: RMB0.42) per ordinary share	**1,328,240**	1,353,394
Proposed final dividend of RMB0.62 (2019: RMB0.86) per ordinary share	**2,326,468**	3,006,016
	3,654,708	4,359,410

10. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

	2020	2019
Profit attributable to owners of the Company	**9,004,814**	9,672,051
Weighted average number of ordinary shares in issue (thousands)	**3,557,329**	3,223,863
Earnings per share (RMB per share)	**2.5313**	3.0001

There were no potential dilutive ordinary shares as at 31 December 2020 and 2019, thus diluted earnings per share were the same as basic earnings per share.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2020	2019
Trade receivables – net (Note (a))	**10,536,351**	12,770,597
Other receivables – net	**19,389,508**	26,000,869
Prepayments	**6,819,901**	9,977,766
Capitalised costs to obtain contracts	**1,360,957**	975,054
Due from joint ventures	**5,450,586**	4,813,263
Due from associates	**2,571,654**	3,347,806
Due from entities jointly controlled by major shareholders of the Company	**186,504**	7,087
Total	**46,315,461**	57,892,442
Less: non-current portion	**–**	(162,469)
Current portion	**46,315,461**	57,729,973

The carrying amounts of trade and other receivables approximate their fair values.

(a) Trade receivables

	2020	2019
Trade receivables – current portion		
Due from third parties	**10,535,699**	12,974,899
Due from joint ventures	**281,040**	123,795
Due from an associate	**9,858**	25
Due from entities jointly controlled by major shareholders of the Company	**751**	23
	10,827,348	13,098,742
Less: loss allowance	**(290,997)**	(328,145)
	10,536,351	12,770,597

(All amounts in RMB Yuan thousands unless otherwise stated)

Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Generally, purchasers of residential properties are required to settle the balances within 90 days as specified in the sale and purchase agreements. Purchasers of certain office and commercial units are required to settle the outstanding balances within 12 months as specified in the sale and purchase agreements. The ageing analysis of trade receivables is as follows:

	2020	2019
Up to 1 year	**9,479,175**	11,348,983
1 year to 2 years	**550,851**	926,685
2 years to 3 years	**270,469**	309,451
Over 3 years	**526,853**	513,623
	10,827,348	13,098,742

12. ACCRUALS AND OTHER PAYABLES

	2020	2019
Amounts due to joint ventures	**6,351,821**	6,506,090
Amounts due to associates	**325,524**	207,523
Amounts due to entities jointly controlled by major shareholders of the Company	**7,305,745**	62,003
Amounts due to major shareholders	**2,616,360**	–
Amounts due to certain joint ventures	**3,933,366**	–
Construction payables (Note (a))	**48,632,027**	39,201,447
Other payables and accrued charges	**38,711,753**	37,928,807
Total	**107,876,596**	83,905,870
Less:non-current portion	**(1,343,481)**	–
Current portion	**106,533,115**	83,905,870

(a) Construction payables comprise construction costs and other project-related expenses payable which are based on project progress measured by project management team of the Group. Therefore, no ageing analysis is presented.

BUSINESS REVIEW

Contracted Sales

The Group's attributable contracted sales in 2020 were RMB138.8 billion, with GFA of 11,530,900 sq.m., and the average selling price was approximately RMB12,000 per sq.m.. The contracted sales were generated from 219 projects in 27 provinces (including municipalities and autonomous regions) across 7 regions of China (Northern China, Eastern China, Northwestern China, Southern China, Southwestern China, Central Southern China and Hainan) and 4 overseas countries. On a province basis, contracted sales of Guangdong, Zhejiang, Shanxi, Hainan, Shaanxi, Jiangsu, Chongqing, Inner Mongolia, Hebei and Beijing were the highest top 10, which contributed approximately RMB103.8 billion, accounting for 75% of total attributable contracted sales of the Group. In 2020, the Group launched, in total, 15 new projects, accounting for 13% of total contracted sales of the Group.

Details of the Group's 2020 attributable contracted sales by geographical distribution are set out below:

Region	Area	Approximate attributable saleable area sold *(Thousand sq.m.)*	+/- vs. 2019 *(%)*	Approximate attributable total value *(RMB million)*	+/- vs. 2019 *(%)*
Northwestern China	Shanxi	1,232.2	-16%	12,507.1	-19%
	Shaanxi	722.0	-19%	9,713.6	105%
	Inner Mongolia	989.7	17%	7,461.7	12%
	Gansu	66.0	N/A	1,038.5	N/A
	Xinjiang	71.1	55%	764.8	41%
Eastern China	Zhejiang	983.6	40%	17,168.8	28%
	Jiangsu	580.0	-31%	8,766.0	-25%
	Anhui	266.1	12%	2,132.9	Flat
	Shanghai	42.1	-40%	1,904.3	-41%
Northern China	Hebei	672.4	-5%	5,765.1	-17%
	Beijing	195.2	5%	5,155.3	7%
	Liaoning	580.8	2%	4,816.3	16%
	Shandong	465.5	-21%	4,512.5	-24%
	Tianjin	367.3	-52%	4,076.4	-55%
	Heilongjiang	134.8	-66%	2,227.1	-58%
	Henan	112.0	-4%	936.2	-23%
Southern China	Guangdong	1,277.8	-21%	19,159.4	24%
	Guangxi	71.5	186%	441.7	100%
Southwestern China	Chongqing	875.8	1%	7,737.3	-3%
	Sichuan	195.1	68%	1,287.0	20%
	Yunnan	67.1	48%	848.7	55%
	Guizhou	79.8	-16%	674.5	-43%

Region	Area	Approximate attributable saleable area sold	+/- vs. 2019	Approximate attributable total value	+/- vs. 2019
		(Thousand sq.m.)	*(%)*	*(RMB million)*	*(%)*
Hainan	Hainan	651.7	149%	10,393.4	140%
Central Southern China	Jiangxi	319.2	-24%	3,357.1	-23%
	Fujian	205.8	-15%	2,252.1	-19%
	Hunan	138.0	-38%	1,056.1	-47%
	Hubei	46.6	-24%	530.0	-4%
Overseas	Malaysia	43.0	-35%	842.9	-38%
	Cambodia	38.7	-30%	529.7	-36%
	Australia	37.7	390%	433.1	100%
	United Kingdom	2.3	44%	297.6	175%
Total		**11,530.9**	**-8%**	**138,787.2**	**Flat**

Region	Approximate attributable saleable area sold	+/- vs. 2019	Approximate attributable total value	+/- vs. 2019
	(Thousand sq.m.)	*(%)*	*(RMB million)*	*(%)*
Northwestern China	3,081.0	-5%	31,485.7	15%
Eastern China	1,871.8	1%	29,972.0	-1%
Northern China	2,528.0	-24%	27,488.9	-27%
Southern China	1,349.3	-18%	19,601.1	25%
Southwestern China	1,217.8	8%	10,547.5	-2%
Hainan	651.7	149%	10,393.4	140%
Central Southern China	709.6	-25%	7,195.3	-26%
Overseas	121.7	-7%	2,103.3	-17%
Total	**11,530.9**	**-8%**	**138,787.2**	**Flat**

Properties Under Development

In response to changing market conditions, the Group was flexible in its approach to managing its properties under development during the year, aiming to ensure efficient deployment of its resources and to avoid accumulating excessive inventories. The Group started the year with approximately 32,342,000 sq.m. of attributable GFA under development, and during the year started construction of approximately 8,406,000 sq.m. of attributable GFA. During the year, the Group completed 10,897,000 sq.m. of attributable GFA of development properties with 8,582,000 sq.m. of attributable saleable area, and completed 223,000 sq.m. of attributable GFA of investment properties. By the end of 2020, the Group's attributable GFA under development is approximately 29,628,000 sq.m..

The following is the position as at 31 December 2020:

Area	**Approximate attributable GFA** *(sq.m.)*	**Approximate attributable saleable area** *(sq.m.)*
Northern China	6,656,000	4,742,000
Eastern China	3,811,000	2,468,000
Northwestern China	6,929,000	4,814,000
Southern China	5,314,000	4,009,000
Southwestern China	1,512,000	1,285,000
Central Southern China	2,248,000	1,528,000
Hainan	1,010,000	722,000
Overseas	1,189,000	721,000
Sub-total	**28,669,000**	**20,289,000**
Investment Properties	959,000	802,000
Total	**29,628,000**	**21,091,000**

Land Bank

In 2020, the Group continued to apply the same conservative and balanced criteria as its general direction towards land acquisitions. The general principles on land assessment of the Group during the year were total price being reasonable, fullfillment of profit forecast and quickness of turnover. The Group acquired 16 plots of land in 12 cities and regions with additional attributable saleable area of approximately 3,855,000 sq.m., 14 plots out of the 16 plots of land are located in the cities and regions where the Group currently has operations and 2 plots of land are located in the 2 cities where we have newly established business presence. The Group's total land bank at 2020 year-end was attributable GFA of approximately 64,263,000 sq.m. and attributable saleable area of approximately 51,878,000 sq.m., distributed across 99 cities and regions in China and overseas cities. Details are given below:

Location	Approximate attributable GFA *(sq.m.)*	Approximate attributable saleable area *(sq.m.)*
Development Properties		
Northern China	14,284,000	11,745,000
Eastern China	6,287,000	5,048,000
Northwestern China	13,641,000	10,728,000
Southern China	6,710,000	5,822,000
Southwestern China	5,391,000	4,587,000
Central Southern China	6,126,000	5,225,000
Hainan	3,087,000	2,762,000
Overseas	6,214,000	3,766,000
Sub-total	**61,740,000**	**49,683,000**
Investment Properties	**2,523,000**	**2,195,000**
Total	**64,263,000**	**51,878,000**

Property Investment

The Group's investment properties portfolio mainly located in tier-1 and tier-2 cities, including Grade-A office buildings, shopping malls, various retail properties, logistic parks and etc.. The Group's investment properties portfolio as at 31 December 2020 is approximately 5,050,900 sq.m. in total GFA, among which total GFA of investment properties under operation is approximately 2,656,800 sq.m., and total GFA under development or planning is approximately 2,394,100 sq.m.. The Group opened a new shopping mall in Zibo in July 2020, with total GFA of 150,000 sq.m..

Hotel Operation

As of 31 December 2020, the Group currently has 91 hotels under operation, with total GFA 3,992,100 sq.m. and 27,409 hotel rooms. The 91 hotels are managed by well-known hotel management groups such as Marriott International, Inc., InterContinental Hotels Group, Hilton Worldwide Holdings Inc., Hyatt Hotels Corporation, Accor Hotels, Wanda Hotels and Resorts Co., Ltd. and other hotel groups. The Group became the largest deluxe hotel owner globally with 45 hotels under development and planning, 91 hotels under operation, totally 136 hotels. During the period, the Group took over Wanda Vista Changchun, a new hotel with total GFA of 39,900 sq.m. and 236 hotel rooms.

Outlook

For 2021, the Group's total contracted sales target has been set at RMB150 billion. This target will be achieved from sales of over 230 projects, RMB270 billion in saleable resources. For 2021, the Group plans to deliver approximate 8,472,000 sq.m. saleable area of development properties. The details are set out below:

	To be completed in 1st half of 2021		**To be completed in 2nd half of 2021**		**2021 Full Year Estimate**	
Location	**Approximate GFA** *(sq.m.)*	**Approximate saleable area** *(sq.m.)*	**Approximate GFA** *(sq.m.)*	**Approximate saleable area** *(sq.m.)*	**Approximate GFA** *(sq.m.)*	**Approximate saleable area** *(sq.m.)*
Northern China	472,000	427,000	1,590,000	1,397,000	2,062,000	1,824,000
Eastern China	450,000	288,000	1,072,000	784,000	1,522,000	1,072,000
Northwestern China	466,000	435,000	1,694,000	1,543,000	2,160,000	1,978,000
Southern China	146,000	122,000	1,145,000	712,000	1,291,000	834,000
Southwestern China	271,000	199,000	872,000	634,000	1,143,000	833,000
Central Southern China	70,000	68,000	640,000	529,000	710,000	597,000
Hainan	29,000	28,000	291,000	266,000	320,000	294,000
Overseas	–	–	589,000	468,000	589,000	468,000
JV(Attributable)	103,000	69,000	629,000	503,000	732,000	572,000
Sub-total	**2,007,000**	**1,636,000**	**8,522,000**	**6,836,000**	**10,529,000**	**8,472,000**
Investment Properties	336,000	336,000	500,000	500,000	836,000	836,000
Total	**2,343,000**	**1,972,000**	**9,022,000**	**7,336,000**	**11,365,000**	**9,308,000**

FINANCIAL REVIEW

The Group's profit for the year decreased to RMB9.146 billion, from RMB10.093 billion in the previous year. Revenue from property development was RMB78.568 billion in 2020 (2019: RMB79.689 billion). Rental income from property investment decreased by 5% and profit for the segment was RMB480 million (2019: RMB506 million), not including the fair value gains from investment properties and revaluation gains on investment properties transferred from completed properties held for sale. Revenue from hotel operations decreased to RMB4.463 billion from RMB7.022 billion in the previous year. It is mainly due to the negative impact of COVID-19 in the first half of 2020. In the second half of the year, due to the Chinese government actively fight against the epidemic and with the full economic recovery in China, the hotel operations of the Group had continued to improve. The Group's other business segments (including the soccer team) recorded a loss of RMB1.080 billion as compared with a loss of RMB776 million in the previous year.

The Group carries out its core business of property development in 89 cities. The following comments, with the exception of #7 (on financing costs) and #9 (on net profits), relate only to the results from sales of properties:

1. Revenue slightly decreased by 1% to RMB78.568 billion, from RMB79.689 billion in the previous year. This revenue was based on delivery of 9,167,000 sq.m. of sale properties in the year which was approximately 10% more than the 8,296,000 sq.m. delivered in the previous year. Overall average selling price decreased by 10% to RMB8,600 per sq.m.. This decrease in overall average selling price was due to marketing strategies of lowering prices to promote sales. The top three projects, R&F City in Chongqing, R&F Tianxi City in Taiyuan and R&F Yuguanshan in Ningbo, which individually had revenue of over RMB2.5 billion and a combined revenue of RMB9.9 billion, which accounted for 13% of total revenue and the average selling price was RMB8,830 per sq.m.. Based on revenue distribution by cities, Taiyuan had the highest revenue among all cities where the Group operated. It accounted for 10% of the total revenue. In the terms of amount, revenue in Taiyuan amounted to RMB7.613 billion and was mainly derived from R&F Tianxi City. Chongqing's revenue ranked second with revenue amounted to RMB5.223 billion for the year, equivalent to 7% in total. Tianjin ranked third with revenue amounted to RMB3.600 billion. These top three cities ranked by revenue in the year, Taiyuan, Chongqing and Tianjin, together accounted for 21% of the total revenue. The remaining 79% of the revenue for the year was contributed by the other 86 cities in which the Group operated, the more significant of which were Ningbo, Hainan, Baotou, Beijing, Huizhou, and Harbin with revenue exceeding RMB2 billion for each.

2. Cost of goods sold consists of land and construction costs, capitalised interest and levy and business tax. During the year, land and construction costs made up 91% of the Group's total costs. In the terms of costs per sq.m., land and construction costs was stable at RMB5,830 (2019: RMB5,810 per sq.m.). The range for the land and construction costs per sq.m. of individual project was from RMB2,740 to RMB26,930. However, the three cities with highest revenues in the year, Taiyuan, Chongqing and Tianjin, carried average land and construction cost of RMB5,220 per sq.m., and they together casted a significant influence to overall land and construction costs per sq.m. due to their high proportion in total revenue. Capitalised interest included in the cost of goods sold amounted to RMB4.764 billion. As a percentage of revenue from sale of properties, capitalised interest was 6.1%. The cost of sales also included RMB594 million (2019: RMB614 million) in levy and business tax.

3. As described above, with the average selling price decreased by 10% while the cost of sales per sq.m. was comparable with the previous year, the overall gross margin fell accordingly by 9.7 percentage point to 25.2% from 34.9% in the previous year. Analysing based on the gross margin by city, gross margin of the key cities including Taiyuan, Chongqing, Tianjin, Ningbo and Hainan were 15%, 38%, 14%, 32% and 30% respectively.

4. Other income and other gains-net were mainly the result of interest income and gains on disposals of subsidiaries and certain equity interests in an associate.

5. Selling and administrative expenses as a percentage of revenue increased to 10.0% from 9.2% in 2019. As compared to the previous year, selling and administrative expenses for the year increased by 6.2% to RMB7.800 billion. Breaking down into its two components, selling expenses increased by 4% to RMB3.044 billion and administrative expenses increased by 8% to RMB4.756 billion. Selling expenses increased mainly due to the number of sales projects further increased in the year. The main component of administrative expenses was personnel costs.

6. The share of result of associates was mainly derived from the Group's 35% interests in Zhengzhou Wulong New Town and R&F Jianye Shangyue Court projects and 50% interests in Suzhou Swan Harbor Park project. The share of results of joint ventures were mainly from 33.34% interests in Guangzhou Liedecun project, 25% interests in Tianjin Jinnan New Town project, 60% interests in Guiyang R&F Center project and 33% interests in Changsha Xirong Plaza project. These seven projects mentioned had a combined turnover of RMB6.910 billion.

7. Finance costs being interest expenses incurred in the year after deduction of amounts capitalised to development costs, decreased by 57% to RMB2.409 billion (2019: RMB5.600 billion) mainly coming from an exchange gain of RMB2.855 billion due to the appreciation of exchange rate of RMB to US dollars. Total interest incurred in the year increased from RMB13.731 billion in the prior year to RMB14.434 billion with outstanding loans at the year-end of approximately RMB159.7 billion (2019: RMB197.1 billion) and an average interest rate of 6.9% (2019: 6.6%). Aggregate interest expenses included in this year's results amounted to RMB7.180 billion (2019: RMB8.642 billion) counting also capitalised interest released to cost of sales of RMB4.771 billion (2019: RMB3.042 billion).

8. Land appreciation tax (LAT) of RMB3.801 billion (2019: RMB4.045 billion) and enterprise income tax of RMB2.191 billion (2019: RMB3.637 billion) brought the Group's total income tax expenses for the year to RMB5.992 billion. As a percentage of turnover, LAT decreased to 4.8% from 5.1% in 2019.

9. Overall, the Group's profit margin for the year was 10.6%, when compared to 11.1% in the previous year.

Financial resources, liquidity and liabilities

At 31 December 2020, the Group's cash amounted to RMB39.95 billion of which RMB35.80 billion was in Renminbi, RMB3.60 billion was in US dollar, RMB274 million was in British pound, RMB134 million was in Australian dollar, RMB86 million was in Malaysian Ringgit and the remaining was in Hong Kong dollar, Korean won and Singaporean dollar. Total borrowings at RMB159.73 billion of which RMB113.71 billion was in Renminbi, RMB44.18 billion was in US dollar, RMB457 million was in British pound, RMB618 million was in Hong Kong dollar, RMB608 million was in Australian dollar and RMB161 million was in Malaysian Ringgit. Net debt to total equity ratio was at 130.2%. The total borrowings were made up of financing from sources which included 1) bank loans, 2) offshore USD senior notes, 3) domestic bonds, and 4) trust loans and others, each accounted for 51%, 22%, 12% and 15% respectively. The Group has secured from various relationship banks uncommitted credit facilities of which approximately RMB139.2 billion (2019: RMB120.0 billion) was unutilised. Such credit facilities indicate that the banks are prepared to lend to the Group up to the limit of the facilities when certain conditions are fulfilled such as the availability of suitable projects and specified documents e.g. construction permits.

Debt Profile

The maturity profile of the Group's total borrowings was well balanced between short, medium and long term debt. Debts due within 1 year, between 1 and 5 years and beyond 5 years accounted for 40%, 47% and 13% of total debts respectively. Bank loans repaid in the year amounted to RMB40.23 billion while new bank loans of RMB25.05 billion were procured. The effective interest rate of the total bank loan portfolio at 31 December 2020 was 5.78% (2019: 5.54%). Exchange rate exposure was manageable as non-RMB borrowings only accounted for approximately 29% of total borrowings. The Group will closely monitor the fluctuations of the RMB exchange rate and give prudent consideration as to entering into any currency swap arrangement as and when appropriate for hedging corresponding risks. As at 31 December 2020, the Group has not entered into any foreign exchange hedging transactions. As for interest rate, RMB bank loans were at normally stable floating interest rates benchmarked to rates published by the People's Bank of China. The fixed rate offshore USD senior notes, domestic bonds, medium-term notes and super & short-term commercial papers further reduced interest rate exposure and therefore no interest rate hedging arrangements had been put in place. Overall, the Group has not used any financial instruments for hedging purposes.

OTHER INFORMATION

Employee and Emolument Policies

As of 31 December 2020, the Group had approximately 38,824 employees (31 December 2019: 62,305). The decrease in number of employees is mainly due to the sale of the property management companies. The total staff costs incurred were approximately RMB3.868 billion during the financial year ended 31 December 2020. The Company's emolument policy is to ensure that the remuneration offered to employees including executive directors and senior management is based on skill, knowledge, responsibilities and involvement in the Company's business affair. The remuneration of executive directors is also linked with business performance and profitability of the Company and the market conditions. Directors and senior management would not be involved in deciding their own remuneration.

Annual General Meeting, Final Dividend and Closure of Register of Members

The 2020 annual general meeting ("AGM") of the Company will be held on Friday, 28 May 2021 and the notice of AGM will be published and dispatched in the manner as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

For the purpose of determining shareholders who are entitled to attend and vote at the AGM to be held on Friday, 28 May 2021, the register of members of the Company will be closed from Monday, 24 May 2021 to Friday, 28 May 2021, both days inclusive. In order for the shareholders to qualify for attending and voting at the AGM, all the share transfer documents should be lodged for registration with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 21 May 2021.

The Board has proposed a final dividend for 2020 of RMB0.62 per share. The proposed final dividend, if approved by the shareholders at the AGM on 28 May 2021, will be paid to shareholders whose names appear on the register of members of the Company as at the close of business on Wednesday, 9 June 2021. The proposed final dividend has not been reflected in the financial statements as at 31 December 2020. Dividends on H shares are also subject to PRC withholding tax.

According to the articles of association of the Company, dividends payable to shareholders shall be calculated and declared in RMB. Dividends payable to holders of the Company's H shares shall be in Hong Kong Dollar. The exchange rate to be adopted shall be the average closing rate of the one-week period preceding the date of declaration of dividend as announced by the People's Bank of China.

According to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) and its implementation regulations (the "EIT Law"), the tax rate of the enterprise income tax applicable to the income of a non-resident enterprise deriving from the PRC is 10%. For this purpose, any H shares registered under the name of non-individual enterprise, including the H shares registered under the name of HKSCC Nominees Limited, other nominees or trustees, or other organizations or entities, shall be deemed as shares held by non-resident enterprise shareholders (as defined under the EIT Law). The Company will distribute the dividend to those non-resident enterprise shareholders subject to a deduction of 10% enterprise income tax withheld and paid by the Company on their behalf.

Any resident enterprise (as defined under the EIT Law) which has been legally incorporated in the PRC or which was established pursuant to the laws of foreign countries (regions) but has established effective administrative entities in the PRC, and whose name appears on the Company's H share register should deliver a legal opinion ascertaining its status as a resident enterprise furnished by a qualified PRC lawyer (with the official chop of the law firm issuing the opinion affixed thereon) and relevant documents to Computershare Hong Kong Investor Services Limited in due course, if they do not wish to have the 10% enterprise income tax withheld and paid on their behalf by the Company.

Pursuant to the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guoshuifa (1993) No. 045 Document (關於國稅發(1993) 045號文件廢止後有關個人所得稅徵管問題的通知) (the "Notice") issued by the State Administration of Taxation on 28 June 2011, the dividend to be distributed by the PRC non-foreign invested enterprise which has issued shares in Hong Kong to the overseas resident individual shareholders, is subject to the individual income tax with a tax rate of 10% in general.

However, the tax rates for respective overseas resident individual shareholders may vary depending on the relevant tax agreements between the countries of their residence and Mainland China. Thus, 10% individual income tax will be withheld from the dividend payable to any individual shareholders of H shares whose names appear on the H share register of members of the Company on the record date, unless otherwise stated in the relevant taxation regulations, tax treaties or the Notice.

For investors of the Shanghai Stock Exchange and Shenzhen Stock Exchange (including enterprises and individuals) investing in the H shares of the Company listed on the Hong Kong Stock Exchange (the "Southbound Trading"), the Company has entered into the Agreement on Distribution of Cash Dividends of H shares for Southbound Trading (港股通H股股票現金紅利派發協議) with the Shanghai Branch and Shenzhen Branch of China Securities Depository and Clearing Corporation Limited ("China Securities"), pursuant to which, China Securities, as the nominee of the holders of H shares for Southbound Trading, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H shares of Southbound Trading through its depositary and clearing system. The cash dividends for the investors of H shares of Southbound Trading will be paid in RMB. Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2014] No. 81) and the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (關於深港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2016] No. 127), for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through the Southbound Trading, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through the Southbound Trading, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

Upon obtaining approval of the shareholders at the forthcoming AGM, the final dividend will be payable to shareholders whose names appear on the register of members of the Company as at the close of business on Wednesday, 9 June 2021. The final dividend is expected to be paid to the shareholders of the Company on or before Friday, 30 July 2021. The H share register of members of the Company will be closed from Thursday, 3 June 2021 to Wednesday, 9 June 2021, both days inclusive, during which period no transfer of H shares will be registered. In order for H share shareholders to qualify for the proposed final dividends, all the share transfer documents must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 2 June 2021.

Purchase, Redemption or Sale of Listed Securities of the Company

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

Compliance with the Model Code for Securities Transactions by Directors and Supervisors of the Company

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") laid out in Appendix 10 to the Listing Rules as the code of conduct for directors and supervisors in any dealings in the Company's securities. The Company has made specific enquiries of each director and supervisor, each of whom has confirmed their compliance with the Model Code during the financial year ended 31 December 2020.

Compliance with the Corporate Governance Code and Corporate Governance Report

The Company is committed to good corporate governance practices, believing that they enhance shareholder value. The corporate governance practices adopted by the Company place a focus on maintaining a high-quality board, effective internal controls, a high level of transparency and full accountability to shareholders. Throughout the year ended 31 December 2020, the Company complied with all relevant laws and the code provisions of the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 of the Listing Rules.

Scope of Work of PricewaterhouseCoopers

The figures in respect of this announcement of the Group's consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and the related notes thereon for the year ended 31 December 2020 have been agreed by the Company's external auditor, PricewaterhouseCoopers ("PwC"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2020. The work performed by PwC 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 PwC on this announcement.

Audit Committee

The audit committee of the Company was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. The audit committee is delegated by the Board to be responsible for reviewing the accounting policies and practices adopted by the Group as well as reviewing internal control, risk management and financial reporting matters of the Group. There were no disagreements from the audit committee or the external auditors on the accounting policies adopted by the Company.

The audit committee currently comprises Mr. Wong Chun Bong (chairman of the audit committee) and Mr. Zheng Ercheng who are independent non-executive directors of the Company and Ms. Li Helen who is a non-executive director of the Company. The audit committee has reviewed the annual results of the Company for the year ended 31 December 2020.

By Order of the Board
Guangzhou R&F Properties Co., Ltd.
Li Sze Lim
Chairman

Hong Kong, 25 March 2021

As at the date of this announcement, the executive directors of the Company are Dr. Li Sze Lim, Mr. Zhang Li, Mr. Zhang Hui and Mr. Xiang Lijun; the non-executive directors are Ms. Zhang Lin and Ms. Li Helen; and the independent non-executive directors are Mr. Zheng Ercheng, Mr. Ng Yau Wah, Daniel and Mr. Wong Chun Bong.

* *For identification purpose only*