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港龍中國地產
GANGLONG CHINA PROPERTY

Ganglong China Property Group Limited

港龍中國地產集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6968)

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

FINANCIAL HIGHLIGHTS

- Contracted sales (including those of joint ventures and associates) amounted to approximately RMB31,318 million for the year ended 31 December 2020 with a total sales area of approximately 2,427,000 square meters, representing a year-on-year increase of approximately 20% and 13%, respectively.
- Revenue for the year ended 31 December 2020 amounted to approximately RMB4,171 million, representing a year-on-year increase of approximately 111% as compared to the year ended 31 December 2019.
- Profit attributable to owners of the Company for the year ended 31 December 2020 amounted to approximately RMB961 million, representing a year-on-year increase of approximately 44% as compared to the year ended 31 December 2019.
- As of 31 December 2020, the Group had contract liabilities of approximately RMB20,980 million, as compared to approximately RMB8,416 million as of 31 December 2019, representing an increase of approximately 149%.
- As of 31 December 2020, cash (including restricted cash, pledged time deposits and cash and cash equivalent) amounted to approximately RMB6,797 million (31 December 2019: approximately RMB2,513 million).
- The declaration of a final dividend of RMB0.18 per share is recommended for the year ended 31 December 2020.

The board (the “**Board**”) of directors (the “**Directors**”) of Ganglong China Property Group Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2020 with the comparative figures for the year ended 31 December 2019 as follows:

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020**

	<i>Notes</i>	2020 RMB'000	2019 <i>RMB'000</i>
Revenue	3	4,171,331	1,978,034
Cost of sales	4	<u>(2,654,238)</u>	<u>(1,133,507)</u>
Gross profit		1,517,093	844,527
Other income, net		26,172	77,245
Selling and marketing expenses	4	(388,552)	(212,441)
General and administrative expenses	4	(461,659)	(250,454)
Fair value gains on investment properties		<u>10,100</u>	<u>15,600</u>
Operating profit		703,154	474,477
Finance income	5	38,735	8,607
Finance costs	5	(121,702)	(78,623)
Finance costs, net	5	(82,967)	(70,016)
Share of results of joint ventures and associates		<u>403,436</u>	<u>359,427</u>
Profit before income tax		1,023,623	763,888
Income tax expenses	6	<u>(381,684)</u>	<u>(293,824)</u>
Profit and total comprehensive income for the year		<u>641,939</u>	<u>470,064</u>
Profit attributable to:			
Owners of the Company		960,748	668,041
Non-controlling interests		<u>(318,809)</u>	<u>(197,977)</u>
		<u>641,939</u>	<u>470,064</u>
Earnings per share attributable to owners of the Company (expressed in RMB)			
– Basic and diluted	7	<u>0.68</u>	<u>0.56</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020**

	<i>Notes</i>	2020 RMB'000	2019 <i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		67,975	36,004
Investment properties		180,900	170,800
Investments accounted for using the equity method		1,468,834	1,103,432
Deferred income tax assets		347,836	151,192
Total non-current assets		2,065,545	1,461,428
Current assets			
Properties under development		32,108,351	16,052,548
Completed properties held for sale		295,960	732,904
Trade and other receivables and prepayments	8	1,128,141	1,252,942
Amounts due from associates		175,789	124,709
Amounts due from joint ventures		426,390	350,268
Amounts due from non-controlling interests		2,578,961	198,443
Tax recoverable		670,214	206,629
Restricted cash		2,211,490	1,414,744
Pledged time deposits		37,727	45,920
Cash and cash equivalents		4,547,628	1,052,217
Total current assets		44,180,651	21,431,324
Total assets		46,246,196	22,892,752

	<i>Notes</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	10	14,919	–
Reserves		3,679,095	1,243,531
		3,694,014	1,243,531
Non-controlling interests		792,679	409,823
Total equity		4,486,693	1,653,354
LIABILITIES			
Non-current liabilities			
Borrowings		2,590,967	1,709,099
Lease liabilities		18,049	3,782
Deferred income tax liabilities		110,402	94,699
Total non-current liabilities		2,719,418	1,807,580
Current liabilities			
Trade payables, bills payables and other payables	9	5,836,270	2,463,085
Lease liabilities		12,151	8,188
Contract liabilities		20,979,809	8,416,172
Amounts due to associates		1,159,616	1,497,735
Amounts due to joint ventures		914,191	869,944
Amounts due to controlling shareholders		–	23,539
Amounts due to non-controlling interests		3,761,926	4,682,599
Tax payable		325,482	326,356
Borrowings		6,050,640	1,144,200
Total current liabilities		39,040,085	19,431,818
Total liabilities		41,759,503	21,239,398
Total equity and liabilities		46,246,196	22,892,752

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 8 October 2018 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. The principal place of business of the Company and its subsidiaries (collectively referred to as the “**Group**”) in the People’s Republic of China (the “**PRC**”) is located at 6/F, Alibaba Shanghai Center, No. 1–4, Lane 1398, Shenchang Road, Minhang District, Shanghai, PRC. The principal place of business of the Company in Hong Kong is located at Suites 3620–22, 36/F, Two Pacific Place, 88 Queensway, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the development of real estate projects in the PRC.

The Company’s shares were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 15 July 2020.

These consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of the Company on 19 March 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), a collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretation issued by Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and the disclosure requirements of the Hong Kong Companies Ordinance (Cap. 622). These consolidated financial statements have been prepared under the historical cost convention, except as modified by investment properties which are measured at fair value.

(a) New and amendments to standards adopted by the Group

The following new and amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2020:

Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform – Phase 1
Amendments to HKAS 1 and HKAS 8 Conceptual Framework for Financial Reporting 2018	Definition of Material Revised Conceptual Framework for Financial Reporting

The adoption of the above new and amendments to standards did not have significant financial impact on the consolidated financial statements.

(b) New standard and amendments to existing standards issued but not yet effective for the financial year beginning on or after 1 January 2020 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
Amendments to HKFRS 16	COVID-19 Related Rent Concessions	1 June 2020
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	Annual improvements to HKFRS Standards 2018 to 2020	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to Accounting Guideline 5 (Revised)	Revised Accounting Guideline 5 Merger Accounting for Common Control Combinations	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to Hong Kong Interpretation 5 (2020)	Hong Kong Interpretation 5 (2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	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
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The Group is in the process of assessing the potential impact of these standards and amendments to existing standards which were in issue but not yet effective.

3. REVENUE AND SEGMENT INFORMATION

The executive directors of the Company (the “**Executive Directors**”) has been identified as the chief operating decision maker. Management determines the operating segments based on the Group’s internal reports, which are then submitted to the Executive Directors for performance assessment and resources allocation.

The Executive Directors assess the performance of the operating segment based on a measure of profit before income tax and regard these to be only one operating segment – property development. Accordingly, segment disclosures are not presented. No geographical segment analysis is presented as the majority of the assets and operation of the Group are located in China, which is considered as one geographical location in an economic environment with similar risk and returns.

For the years ended 31 December 2020 and 2019, there was no transaction with a single external customer that amounted to 10% or more of the Group’s revenue.

The revenue from contracts with customers recognised during the years ended 31 December 2020 and 2019 are sales of properties in the PRC, all of which recognised at a point in time.

The revenue from external parties is derived from numerous external customers and the revenue reported to the Executive Directors is measured in a manner consistent with that in the consolidated financial statements.

	Year ended 31 December	
	2020	2019
	<i>RMB’000</i>	<i>RMB’000</i>
Sales of properties	4,171,331	1,978,034

4. EXPENSES BY NATURE

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of properties sold – including construction cost, land cost, capitalised interest expenses	2,623,888	1,114,726
Other taxes and surcharges	30,350	18,781
Employee benefit expenses	406,604	208,145
Management and consulting services fee	47,553	35,098
Donation	2,334	2,674
Advertising and promotion expenses	140,722	90,215
Office expenses	79,931	38,511
Depreciation on property, plant and equipment and right-of-use assets	19,669	12,400
Entertainment expenses	39,196	21,320
Recruitment fee	3,123	2,308
Motor vehicle expenses	2,678	1,410
Auditors' remuneration		
– Audit services	4,894	–
– Non-audit services	796	–
Guarantee fee	2,143	10,826
Legal and professional service fees	27,242	8,252
Listing expenses	16,541	10,103
Travelling and transportation expenses	12,683	8,797
Sales commission	34,414	3,435
Others	9,688	9,401
	<u>3,504,449</u>	<u>1,596,402</u>
Total cost of sales, selling and marketing expenses and general and administrative expenses	<u>3,504,449</u>	<u>1,596,402</u>

5. FINANCE COSTS, NET

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income		
– Interest income from bank deposits	(38,735)	(8,607)
Finance costs		
– Bank and other borrowings	405,922	152,589
– Amount due to associates and a joint venture	17,229	20,121
– Amounts due to non-controlling interests	197,787	230,016
– Lease liabilities	1,249	813
– Less: capitalised interest	(500,485)	(324,916)
	<u>121,702</u>	<u>78,623</u>
Finance costs, net	<u>82,967</u>	<u>70,016</u>

6. INCOME TAX EXPENSES

	Year ended 31 December	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax:		
– PRC corporate income tax	348,677	207,356
– PRC land appreciation tax	213,948	184,394
	<u>562,625</u>	<u>391,750</u>
Deferred income tax	<u>(180,941)</u>	<u>(97,926)</u>
	<u>381,684</u>	<u>293,824</u>

PRC corporate income tax

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

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

PRC land appreciation tax ("LAT")

Pursuant to the requirements in relation to LAT in the PRC, all income from the sale or transfer of state-owned land use rights, building and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate.

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, is exempted from Cayman Islands income tax. The Company's direct subsidiaries in the British Virgin Islands ("BVI") was incorporated under the BVI Business Companies Act of the British Virgin Islands and are exempted from British Virgin Islands income tax. The Group's subsidiaries in Hong Kong are subject to profits tax at the rate of 16.5%.

PRC dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on 6 December 2017, dividends distributed from the profits generated the profits generated by the PRC companies after January 1, 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfill the requirements to the tax treaty arrangements between the PRC and Hong Kong.

On 21 December 2020, the immediate holding companies of the PRC subsidiaries have obtained the Certificate of Resident Status from the Inland Revenue Department and fulfilled the requirements to the tax treaty arrangements between the PRC and Hong Kong. Therefore, a lower 5% withholding tax rate shall be applied to dividend distribution thereafter.

As at 31 December 2020, deferred income tax liabilities of approximately RMB80,350,000 (2019: RMB70,829,000) have been provided for at the applicable tax rate 5% (2019: 10%) in respect of temporary differences attributable to undistributed profits of the Company's PRC subsidiaries.

7. EARNINGS PER SHARE

(a) Basic

In determining the weighted average number of ordinary shares in issue during the years ended 31 December 2020 and 2019, the ordinary shares issued upon incorporation of the Company, the ordinary shares issued in exchange for the Listing Business in the reorganisation as detailed in Note 1.2 to the Accountant's Report set out in Appendix I to the Prospectus and the capitalisation issue (Note 10), were deemed to be issued on 1 January 2019 as if the Company has been incorporated by then.

	Year ended 31 December	
	2020	2019
Profit attributable to owners of the Company (RMB'000)	960,748	668,041
Weighted average number of ordinary shares in issue (in thousand)	1,415,823	1,200,000
Basic earnings per share (RMB)	<u>0.68</u>	<u>0.56</u>

(b) Diluted

The Company did not have any potential dilutive shares outstanding during the years ended 31 December 2020 and 2019. Accordingly, diluted earnings per share is the same as the basic earnings per share.

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade receivables from third parties (<i>Note (a)</i>)	8,071	25,970
Other receivables	657,699	376,414
Prepayments	462,371	850,558
	<u> </u>	<u> </u>
Total trade and other receivables and prepayments	<u><u>1,128,141</u></u>	<u><u>1,252,942</u></u>

The carrying amounts of the trade and other receivables and prepayments approximate their fair values and are denominated in RMB.

(a) Trade receivables from third parties

Ageing analysis of the trade receivables based on invoice dates is as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
0 – 30 days	8,071	22,793
31 – 60 days	–	3
61 – 90 days	–	866
Over 90 days	–	2,308
	<u> </u>	<u> </u>
	<u><u>8,071</u></u>	<u><u>25,970</u></u>

As at 31 December 2020, trade receivables of RMB8,071,000 (2019: RMB25,970,000) were overdue but not impaired and fully relate to certain customers that have good settlement record with the Group.

For these past due trade receivables, the Group has assessed the expected credit losses by considering historical loss experiences, existing market conditions and forward-looking information. Based on the assessment, expected credit loss rate of trade receivables is close to zero. Therefore, the loss allowance provision for these receivables balances was not material.

9. TRADE PAYABLES, BILLS PAYABLES AND OTHER PAYABLES

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Trade payables (<i>Note (a)</i>)	4,665,565	1,978,499
Bills payables	65,659	77,527
Other payables	1,105,046	407,059
	<u>5,836,270</u>	<u>2,463,085</u>
Total trade and other payables	<u>5,836,270</u>	<u>2,463,085</u>

(a) The ageing analysis of the trade payables based on invoice dates or contractual terms is as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
0 – 30 days	4,279,766	1,780,785
31 – 60 days	120,017	61,506
61 – 90 days	22,810	11,690
Over 90 days	242,972	124,518
	<u>4,665,565</u>	<u>1,978,499</u>

10. SHARE CAPITAL

	Number of shares	Share capital HK\$
Authorised:		
At 1 January 2019, 31 December 2019 and 1 January 2020	38,000,000	380,000
Changes	9,962,000,000	99,620,000
	<u>10,000,000,000</u>	<u>100,000,000</u>
Number of shares		
Share capital RMB'000		
Issued:		
At 1 January 2019, 31 December 2019 and 1 January 2020	1,000	–
Shares issued pursuant to the Capitalisation issue (<i>Note (a)</i>)	1,199,999,000	10,979
Shares issued under the Global offering (<i>Note (b)</i>)	430,618,000	3,940
	<u>1,630,618,000</u>	<u>14,919</u>
At 31 December 2020	<u>1,630,618,000</u>	<u>14,919</u>

The Company was incorporated on 8 October 2018 with an authorised share capital of HK\$380,000, divided into 38,000,000 shares of HK\$0.01 each.

Pursuant to the written resolutions of the Shareholders of the Company (the “Shareholders”) dated 20 June 2020, the authorised share capital of the Company was increased from HK\$380,000 divided into 38,000,000 shares of par value of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 shares of par value of HK\$0.01 each by the creation of an additional 9,962,000,000 shares of par value of HK\$0.01 each.

(a) Capitalisation issue

On 15 July 2020, the capitalisation issue pursuant to the Shareholders’ resolution dated 20 June 2020 was effected. The Company issued 1,199,999,000 shares at par value of HK\$0.01 each to holders of shares on the register of members of the Company on 15 July 2020, by way of capitalisation of an amount of HK\$11,999,990 (equivalent to RMB10,979,000) to the credit of the share premium account of the Company.

(b) Global offering

On 15 July 2020, the Company issued a total of 400,000,000 ordinary shares at a price of HK\$3.93 per share as a result of the completion of the global offering.

30,618,000 shares were issued upon the partially exercise of the over-allotment option on 5 August 2020 at a price of HK\$3.93 per share.

Number of total issued shares of the Company was increased to 1,630,618,000 shares upon completion of the capitalisation issue, the global offering and the exercise of over-allotment option.

11. DIVIDEND

	Year ended 31 December	
	2020	2019
	<i>RMB’000</i>	<i>RMB’000</i>
Final proposed dividend, of RMB0.18 (2019: Nil) per ordinary share	293,511	–

On 19 March 2021, the directors of the Company proposed a final dividend for the year ended 31 December 2020 of RMB0.18 per ordinary share totalling approximately RMB293,511,000. The proposed dividend has not been reflected as dividend payable in the consolidated financial statements for the year ended 31 December 2020, but will be reflected as dividend distribution for the year ending 31 December 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL OVERVIEW

Ganglong China Property Group Limited (the “**Company**”) is an established property developer in the Yangtze River Delta region. The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (Stock Code: 6968.HK) by way of the Global Offering on 15 July 2020 (the “**Listing**”). This marked an important milestone in the development of the Company.

Headquartered in Shanghai, the Group has become an active real estate developer in the Yangtze River Delta region, one of the most prosperous and dynamic regions in China. The Group primarily focused in the cities of Shanghai, Hangzhou, Nanjing, Suzhou, Nantong, Huzhou, Taizhou, Yancheng, etc., and has achieved strategic geographic coverage in those regions. Adhering to our core value of “striving for innovation, building with integrity”, the Group believes that we have developed splendid reputation in our market for constant innovation, excellent quality of our various products and credibility.

At the beginning of 2020, the real estate market was also severely affected by the impact of COVID-19. With the gradual effectiveness of the central and local policies, such as multiple decrease in interest rate, supportive policies on both the supply and demand sides as well as the implementation of major plans and renewed confidence from home buyers, resulting in active investment in the market arising from the pre-accumulated market demand, and thus the market gradually recovered. At the same time, the Group seized the opportunities of the sales window and stepped up the promotion efforts with innovative marketing model. Thanks to the efforts by all of our employees, the amount of contracted sales of the Group was approximately RMB31,318 million, representing a year-on-year increase of 20%.

In terms of the macro-economy in the coming year, the real estate market will also benefit from the stable financial environment. The reduction of financing costs of property developers and the reduction of costs of home ownership are conducive to the recovery and development of the market. In terms of policy, the regulation and control of the real estate market will adhere to the position of “housing without speculation”. Although there is adjustment pressure to the national real estate market size, there is still room for the demand suppressed during the short-term epidemic, the demand for investment value preservation driven by the improvement of credit environment, and the demand for improvement driven by the epidemic. The Group will seize the opportunities of the sales window, implement a strategy of “high turnover”, and maintain enthusiasm for construction. Facing the uncertainty of the epidemic and economic development, the current situation of real estate products and services, and the trend of demand for home in the post-epidemic era, we will focus on collections of

sales proceeds and reach our sales targets, and, at the same time, increase our effort on exploration of gaining foothold in cities with potential and product innovation, so as to better enhance the quality of our products, as well as to achieve sustainable and stable quality growth.

The real estate market in the Yangtze River Delta region has recovered quickly during the epidemic period. In coming year, with the backing of the Yangtze River Delta cities that we have deeply rooted for years, the Group will continue to actively expand in Anhui, South China, Midwest China and other regional hotspots, to achieve national layout. We will make full use of the listing on the Stock Exchange as a platform to achieve diversified financing channels and promote the business development of the Group to reward all of the Shareholders.

BUSINESS REVIEW

The Group derives its revenue primarily from sales of properties. For the year ended 31 December 2020, the Group recorded a total revenue of approximately RMB4,171 million, representing a year-on-year increase of approximately 111%.

Contracted sales

For the year ended 31 December 2020, including those of joint ventures and associates, the Group recorded unaudited contracted sales of approximately RMB31,318 million, representing a year-on-year increase of 20%, and contracted gross floor area (“GFA”) sold of approximately 2,427,000 sq.m., representing a year-on-year increase of 13%. The average selling price (“ASP”) of our contracted sales for the year ended 31 December 2020 was approximately RMB12,906 per sq.m., representing a year-on-year increase of approximately 6%.

As of 31 December 2020, the Group had contract liabilities of approximately RMB20,980 million, as compared to approximately RMB8,416 million as of 31 December 2019, representing an increase of approximately 149%.

Sales of properties

For the year ended 31 December 2020, the revenue from sales of properties increased by approximately 111% year-on-year to approximately RMB4,171 million. For the year ended 31 December 2020, the Group recognised total GFA of approximately 437,988 sq.m., representing an increase of approximately 75% as compared to 2019. The ASP of the properties recognised as property sales was approximately RMB9,524 per sq.m., representing an increase of approximately 21% year-on-year.

The following table sets out the recognised sales and GFA sold by type of properties and city for the year ended 31 December 2020:

	Recognised GFA sq.m.	Recognised ASP RMB/sq.m.	Recognised revenue RMB'000
<i>Residential, retail and commercial</i>			
Changzhou	192,304	12,759	2,453,610
Changshu	66,134	9,969	659,309
Lianyungang	2,717	9,605	26,096
Yancheng	112,679	6,667	751,218
Guizhou	22,057	9,269	204,442
<i>Car parks and garage/storage</i>	42,097	1,821	76,656
Total	437,988	9,524	4,171,331

Land reserves

Leveraging on the Group's deep understanding of the property markets and intensive studies on its target cities, the Group continued to strategically select and acquire parcels of land at strategic and advantageous locations in those regions and cities in order to further develop the Group's presence in those markets. As of 31 December 2020, the Group (together with its joint ventures and associates) had 72 projects with land reserves amounting to 10,809,065 sq.m., of which 67 projects were located in 24 cities in the Yangtze River Delta region. Moreover, the Group had arranged its layout in the Guangdong-Hong Kong-Macau Greater Bay Area and Southwest China and had successfully obtained quality projects in Guangzhou and Chengdu as of 31 December 2020.

The following table sets out the GFA breakdown of the total land reserve of our Group by province as of 31 December 2020:

Province	Total land reserve ⁽¹⁾ in sq.m.	Percentage of total land bank %
Jiangsu	5,815,993	54%
Guangdong	1,581,719	14%
Anhui	1,392,297	13%
Zhejiang	1,135,157	11%
Guizhou	470,375	4%
Henan	192,223	2%
Sichuan	144,519	1%
Shanghai	76,782	1%
Total	10,809,065	100%

Notes:

- (1) Total land reserve equals to the sum of (i) The total GFA available for sale and total leasable GFA for completed properties; (ii) total GFA for properties under development; and (iii) total GFA for properties held for future development.
- (2) For projects developed by our wholly-owned and non-wholly owned subsidiaries and held by our joint ventures or our associated companies, 100% of total GFA are accounted for the respective project.

For the year ended 31 December 2020, the Group (together with its joint ventures and associates) acquired 21 new parcels of quality land in Jiangsu, Zhejiang, Anhui, Guangdong and Sichuan, providing new land reserves of 4,707,784 sq.m. in terms of total saleable GFA, at a weighted average attributable land cost of approximately RMB4,113 per sq.m..

Particulars of the land parcels are set out in the following table:

Name of Project	City	The Group's Equity Interest	Total GFA <i>sq.m.</i>	Total Consideration <i>RMB'000</i>	Average land cost <i>RMB/sq.m.</i>
Nature Image	Haimen	26%	95,579	635,082	6,645
Gang Long Lakeside Mansion	Yixing	100%	188,878	672,000	3,558
Shi Dai Tian Jiao	Wuhu	100%	92,513	120,000	1,297
Hu Shan Ying	Wuhu	60%	300,491	510,000	1,697
Yan Shan Ying	Changzhou	35%	163,484	797,330	4,877
Gang Long Mei Di Yun Zhu	Fuyang	57%	559,302	1,884,602	3,370
Gang Long Jun Wang	Huangshan	50%	92,349	645,566	6,991
Dong Wang Fu	Huai'an	100%	168,635	566,453	3,359
Jiu Yue Fu	Yiwu	60%	63,039	461,000	7,313
Lan Wan Jiu Zhu	Nanjing	25%	181,571	810,000	4,461
Zeng Cheng	Guangzhou	60%	812,105	3,830,000	4,716
Gang Long Zi Yu Hua Ting	Huizhou	51%	121,273	354,940	2,927
Jun Qi Hua Yuan	Yancheng	51%	155,949	1,271,975	8,156
Shi Dai Tian Jiao Er Qi	Wuhu	65%	175,180	222,000	1,267
Gang Long-Midea-Wei Lai Ying	Chengdu	55%	144,519	1,199,869	8,303
Chen Guang Ya Yuan	Hefei	60%	172,462	707,132	4,100
The Garden of Time	Nantong	25%	180,230	682,590	3,787
Tang Yue Fu	Nanjing	40%	83,518	380,000	4,550
Jun Wang Lan Ting	Hai'an	35%	191,910	513,146	2,674
Yangzhou Project	Yangzhou	25%	116,457	212,700	1,826
Huangpu Project	Guangzhou	20%	648,340	4,670,974	7,205
Total			<u>4,707,784</u>	<u>21,147,359</u>	

Note: For projects developed by our wholly-owned and non-wholly owned subsidiaries and held by our joint ventures or our associated companies, 100% of total GFA are accounted for the respective project.

FINANCIAL REVIEW

Overall performance

During the year ended 31 December 2020, total revenue of the Group was approximately RMB4,171 million, representing a year-on-year increase of approximately 111%. Gross profit was approximately RMB1,517 million, representing a year-on-year increase of approximately 80%. Net profit of the Group increased by 37% year-on-year to approximately RMB642 million for the year ended 31 December 2020. Profit attributable to owners of the Company increased by approximately 44% year-on-year to approximately RMB961 million for the year ended 31 December 2020.

Revenue

For the year ended 31 December 2020, the Group recorded a total revenue of approximately RMB4,171 million, representing a year-on-year increase of approximately 111%. The increase was primarily attributable to the significant growth in recognised sales of properties, driven by an increase in the Group's property projects delivered during the year.

Cost of sales

The cost of sales of the Group represents the costs incurred directly for sale of properties, which comprised construction costs, land costs and capitalised interest.

For the year ended 31 December 2020, the cost of sales of the Group was approximately RMB2,654 million, representing a year-on-year increase of approximately 134%.

Gross profit

For the year ended 31 December 2020, the gross profit of the Group was approximately RMB1,517 million, representing a significant year-on-year increase of approximately 80%. The changes in gross profit margin was primarily affected by the selling prices, the construction costs and land costs of our properties for which control of such was transferred. For the year ended 31 December 2020, the Group recorded a gross profit margin of approximately 36%, as compared to approximately 43% in 2019. The decrease in the gross profit margin was mainly due to the higher land costs of the properties sold during the current year. Despite the above, the gross profit margin remained at a relatively high level as compared to the peers. The relatively high gross profit margin was contributed by the relatively low land costs of properties delivered during the periods, as they were developed on lands acquired in earlier years prior to the price hike of average land costs in the PRC.

Other income

The Group had other income of approximately RMB26 million for the year ended 31 December 2020, as compared to approximately RMB77 million for the year ended 31 December 2019. Other income primarily consisted of interest income from associates, joint ventures and other third parties, management and consulting service income and rental income. The management and consulting services mainly comprise of the assignment of staff and personnel to support the operation of the relevant project companies, including but not limited to services with respect to managerial, operational, financial and marketing aspects and are provided exclusively to the Group's joint ventures and associates in relation to the property development projects. The decrease in other income was primarily attributable to the decrease in management and consulting service income, driven by the decrease in the Group's contracted sales attributable to associates and joint ventures.

Fair value gains on investment properties

The Group develops and holds certain retail units for rental income and /or capital appreciation. The fair value gain on investment properties amounted to approximately RMB10 million for the year ended 31 December 2020, as compared to approximately RMB16 million in 2019. The fair value of the investment properties of the Group had a stable growth during the years ended 31 December 2020 and 2019.

Selling and marketing expenses

The Group's selling and marketing expenses increased by approximately 83% year-on-year from approximately RMB212 million for the year ended 31 December 2019 to approximately RMB389 million for the year ended 31 December 2020. The increase was primarily attributable to the increase in marketing and advertising costs and staff costs, driven by the rapid growth in the Group's contracted sales and the number of sales staff during the year.

General and administrative expenses

The Group's general and administrative expenses increased by approximately 85% year-on-year from approximately RMB250 million for the year ended 31 December 2019 to approximately RMB462 million for the year ended 31 December 2020. The significant increase in our general and administrative expenses was primarily due to an increase in employee benefit expenses for our administrative staff as a result of the increase in the monthly average headcount of administrative staff to cope with the expansion of our operations.

Finance costs – net

Net finance costs of the Group increased by approximately 19% year-on-year from approximately RMB70 million for the year ended 31 December 2019 to approximately RMB83 million for the year ended 31 December 2020. The increase was primarily attributable to the increase in interest-bearing debts for the purposes of properties development business and the issuance of interest-bearing senior notes in December 2020 (the “**2021 Senior Notes**”) for the purpose of refinancing and general working capital purpose.

Share of results of joint ventures and associates

The Group accounts for the results of joint ventures and associates using the equity method, which mainly represent the share of profits related to the projects delivered during the relevant period that have been offset by losses incurred by other joint ventures and associates.

Share of results of joint ventures and associates increased from approximately RMB359 million for the year ended 31 December 2019 to a profit of approximately RMB403 million for the year ended 31 December 2020. The increase was primarily attributable to the increase in revenue from sales of properties of the joint ventures and associates as more projects were completed and delivered during the year by the joint ventures and associates of the Group.

Income tax expenses

Our income tax expenses increased by 30% from RMB294 million for the year ended 31 December 2019 to RMB382 million for the year ended 31 December 2020, which was primarily attributable to the increase in the Group’s revenue recognised for the year ended 31 December 2020. The effective tax rates, excluding the share of results of joint ventures and associates, were 62% and 73% for the years ended 31 December 2020 and 2019.

Profit and total comprehensive income for the year

As a result of the foregoing reasons, the Group’s profit and total comprehensive income significantly increased by approximately 37% from approximately RMB470 million for the year ended 31 December 2019 to approximately RMB642 million for the year ended 31 December 2020. The profit attributable to owners of the Company increased by 44% from approximately RMB668 million for the year ended 31 December 2019 to approximately RMB961 million for the year ended 31 December 2020.

The basic and diluted earnings per share of the Company is RMB0.68 per share for the year ended 31 December 2020, representing an increase of approximately 21 % from RMB0.56 per share for the year ended 31 December 2019.

Liquidity and financial resources

The Group has always pursued a prudent treasury management policy and actively manages its liquidity position with sufficient standby banking facilities to cope with daily operation and demands for capital for future development.

During the year ended 31 December 2020, the Group had financed its working capital, capital expenditure and other capital requirements primarily through (i) listing proceed and proceed from issuance of the 2021 Senior Notes; (ii) cash generated from operations, including proceeds from the pre-sale and sales of our properties; and (iii) bank loans, trust financing, advances from non-controlling interests and other financings.

As of 31 December 2020, the Group had a total cash (including restricted cash, pledged time deposits and cash and cash equivalents) of approximately RMB6,797 million as compared to approximately RMB2,513 million as of 31 December 2019. The increase was primarily due to the increase in proceeds from sales of properties. Substantially all of the Group's cash and cash equivalents are denominated in RMB.

During the year ended 31 December 2020, the aggregate new borrowings from bank and other trust financing arrangement obtained by the Group amounted to approximately RMB8,525 million, proceeds from the issuance of the 2021 Senior Notes was approximately RMB987 million and repayment of borrowings from bank and trust financing arrangement was approximately RMB3,724 million. As of 31 December 2020, the Group's total bank and other borrowings amounted to approximately RMB8,642 million, representing an increase of approximately 203% compared to approximately RMB2,853 million as of 31 December 2019. Amongst the bank and other borrowings, approximately RMB6,051 million (as at 31 December 2019: approximately RMB1,144 million) will be repayable within one year and approximately RMB2,591 million (as at 31 December 2019: approximately RMB1,709 million) will be repayable after one year.

Senior notes

In December 2020, the Company issued the 2021 Senior Notes with a principal amount of US\$150 million due in December 2021, which were listed on Singapore Exchange Securities Trading Limited in December 2020. The 2021 Senior Notes, bearing interest at a fixed rate of 13.5% per annum with interest payable semi-annually in arrears.

The issuance of the abovementioned senior notes was for the purpose of refinancing general working capital of the Group.

Key financial ratios

As of 31 December 2020, the Group's net gearing ratio (calculated as the total borrowings net of restricted cash, pledged time deposits and cash and cash equivalents divided by total equity) was 41%, an increase of 20 percentage points as compared with 21% as of 31 December 2019. The increase was primarily attributable to the increase in total borrowings balance as of 31 December 2020 to finance the Group's expansion. The outbreaks of COVID-19 had caused a delay of the pre-sale, expected completion date and delivery of certain of the Group's property projects during the year. The Group will continue to manage working capital efficiently through working capital management policies and continue to utilise the Group's available financial resources, including proceeds from sales and pre-sales of property projects, draw down of banking facilities and other borrowings and optimise the payment schedule to contractors through negotiation based on the latest construction progress.

The Group's current ratio is calculated based on its total current assets divided by its total current liabilities as of the respective dates. The Group's current ratio had increased from approximately 1.10 times as of 31 December 2019 to approximately 1.13 times as of 31 December 2020. The current ratio remained stable as of 31 December 2020 and 2019.

Foreign exchange risk

The Group mainly operates its business in China. Other than the 2021 Senior Notes which are denominated in US\$, the Group did not have any other material direct exposure to foreign exchange fluctuations for the year ended 31 December 2020. The Directors expect that any fluctuation of RMB's exchange rate will not have any material adverse effect on the operation of the Group.

As of 31 December 2020, the Group has not entered into any hedging transactions. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

The Group's interest rate risk arises from its borrowings. Except for the 2021 Senior Notes which the interest rate is fixed, most of the Group's borrowings are denominated in RMB and their interest rates on the Group's borrowings are primarily affected by the benchmark interest rates set by the People's Bank of China. The Group manages its interest rate risk by closely monitoring the trend of interest rate fluctuation and its impact on the Group's interest rate risk exposure, as well as regulating the debt portfolio of the Group.

Pledge of assets

As of 31 December 2020, certain of the Group's bank and other borrowings were secured by its pledged time deposit, equity interests of group companies, properties under development, completed properties held for sales and investment properties with total carrying values of approximately RMB14,880 million (31 December 2019: RMB6,555 million).

Commitments

As of 31 December 2020, the Group had commitments that are contracted but not provided for as follows:

	31 December 2020 RMB'000	31 December 2019 RMB'000
Contracted but not provided for	<u>15,725,006</u>	<u>13,457,571</u>

The amount represented capital commitment for construction contracts and agreed proposed development contracts determined based on current estimated budgets.

Financial guarantees and contingent liabilities

As of 31 December 2020, the Group's total financial guarantees are as follows:

	31 December 2020 RMB'000	31 December 2019 RMB'000
Guarantee in respect of mortgage facilities for certain purchasers	7,913,296	3,294,002
Guarantee provided for the borrowings of joint ventures and associates	<u>615,000</u>	<u>905,447</u>
Total	<u>8,528,296</u>	<u>4,199,449</u>

During the year ended 31 December 2020, the Group had arranged for bank financing for certain purchasers of our properties and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees periods start from the date of grant of mortgage, and terminate upon the earlier of (i) the issuance of the property ownership certificate to the purchaser; or (ii) the satisfaction of mortgage loans by the purchasers of our properties. Pursuant to the terms of these guarantees, upon default of mortgage payments by these purchasers, the bank may demand us to repay the

outstanding mortgage principal of the loan together with accrued interest owed by the defaulting purchasers to the banks. Under such circumstances, the Group are entitled to forfeit the relevant purchaser's deposit and resell the property to recover any amounts paid by the Group to the bank. The Directors consider that the likelihood of default of payments by the purchasers is minimal and the Group's credit risk is significantly mitigated.

The Group also provided guarantee for borrowings of the Group's joint ventures and associates from time to time. The relevant borrowings were primarily from banks to finance property development projects of these joint ventures and associates, whereby the land use rights of the joint ventures and associates were pledged to the banks and our guarantee was provided in addition to the pledges. The Directors consider that the likelihood of default in payments by the joint ventures and associates is minimal and therefore the financial guarantee measured at fair value is immaterial and no liabilities was recognised.

As of 31 December 2020, the Group had no other material contingent liabilities.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

During the year ended 31 December 2020, the Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures.

Future plans for material investments

The Group will continue to invest in its property development projects and acquire suitable land parcels, if it thinks fit. These investments will be funded by internal resources and external borrowings. Save as disclosed above, the Group did not have any future plans for material investments as of the date of this announcement.

Employee and remuneration policy

As of 31 December 2020, the Group had a total of 1,465 employees (31 December 2019: 1,012 employees). Total expenditure on salary and welfare of the Group's employees for the year ended 31 December 2020 amounted to approximately RMB407 million (for the year ended 31 December 2019: approximately RMB208 million). The Group has adopted a system of determining the remuneration of employees based on the performance of employees. In general, the Group provides competitive remuneration packages to employees, which include basic salaries, performance-based rewards and year-end bonus. The Group also pays social security insurance for the Group's employees, including medical insurance, work-related injury insurance, endowment insurance, maternity insurance, unemployment insurance and housing funds. In terms of employee training, the Group provides consistent and systematic training to employees based on their positions and expertise, in order to enhance their expertise in real estate and their related fields.

Index Component Changes

Inclusion in the MSCI China All Shares Small Cap Index

With effect as of the market close of 30 November 2020, the Group was included in the MSCI China All Shares Small Cap Index. The MSCI China All Shares Small Cap Index is designed to measure the performance of small cap segment of the China market. Its constituent stocks generally include companies with operating entities in China and have good operating performance and development potential. It fully reflects capital market's recognition of the Group's performance and value and can enhance the Company's reputation and increase the trading liquidity of the Company, resulting in realisation of the value of investment in the Company.

FUTURE OUTLOOK

After the outbreak of COVID-19 in early 2020, various prevention and monitoring measures has been and will be implemented all over the country by the Chinese government. The Group will closely focus on the development of the coronavirus pandemic and assess its impact on the Group's financial position and business result.

In 2021, the Group will adhere to the development strategy of “one body, two wings”, focus on its core business, and continuously improve its operating efficiency. We will be oriented by customers' demands continue to improve the Group's core corporate competitiveness, such as product competitiveness and brand awareness. In addition, the Group will adhere to the philosophy of of rational investment and stable expansion, and fully grasp the development opportunity of rotation of urban cycle to further promote the implementation of the strategy of “deepening presence in the Yangtze River Delta region and the key hub cities of China”.

In order to ensure the smooth implementation of the development strategy, the Group will continue to strengthen the refinement of management and improve its internal skills in 2021. The Group will further optimize the operation and financial management system, shorten the decision-making process, and improve the operation efficiency. In addition, the Group will continue to adopt sound financial control policies and further optimize the capital and debt structure through diversified financing channels.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

The shares of the Company were first listed on the Main Board of the Stock Exchange on 15 July 2020 (the “**Listing Date**”). Neither the Company nor its subsidiaries have purchased, redeemed or sold any of the Company's listed securities during the period from the Listing Date and up to the date of this announcement.

DIVIDEND

The Board recommended the payment of a final dividend of RMB0.18 per share for the year ended 31 December 2020 (the “**Proposed Final Dividend**”) to the Shareholders whose names appear on the register of members of the Company on Wednesday, 26 May 2021, subject to the Shareholders’ approval at the forthcoming annual general meeting of the Company to be held on Thursday, 20 May 2021 (the “**2021 AGM**”). It is expected that the Proposed Final Dividend will be paid on or before Wednesday, 30 June 2021. The Proposed Final Dividend shall be declared in RMB and distributed in Hong Kong dollars. The Proposed Final Dividend to be distributed in Hong Kong dollars will be converted from RMB at the average central parity rate of RMB to Hong Kong dollars as announced by the People’s Bank of China for the period from Thursday, 20 May 2021 to Wednesday, 26 May 2021.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

(A) For determining the entitlement to attend and vote at the 2021 AGM

The 2021 AGM of the Company is scheduled to be held on Thursday, 20 May 2021. The register of members of the Company will be closed from Friday, 14 May 2021 to Thursday, 20 May 2021, both days inclusive, during which period no share transfer will be effected, for the purpose of ascertaining Shareholders’ entitlement to attend and vote at the 2021 AGM. In order to be eligible to attend and vote at the 2021 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 13 May 2021.

(B) For determining the entitlement to the Proposed Final Dividend

The register of members of the Company will be closed on Wednesday, 26 May 2021, on which no transfer of shares of the Company will be registered. In order to be eligible to receive the Proposed Final Dividend, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates to be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 25 May 2021.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING AND THE ISSUE OF THE OVER-ALLOTMENT SHARES

The net proceeds from the Listing amounted to HK\$1,611.7 million after deducting the underwriting fees and commissions and other listing expenses borne by the Company. As at 31 December 2020, the Directors are not aware of any change to the planned use of the proceeds as set out in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated 29 June 2020 (the “**Prospectus**”). The Company has used the proceeds raised from the Global Offering in accordance with its development strategies, market conditions and intended use of such proceeds.

An analysis of the planned usage of the net proceeds as stated in the Prospectus and the actual utilization of the net proceeds for the period from the Listing Date up to 31 December 2020 are set out below:

Business objective as stated in the Prospectus	Percentage of total net proceeds	Intended use of net proceeds ^(Note) HK\$'000	Actual use of net proceeds as at 31	Proceeds unused HK\$'000	Expected timeline
			December 2020 HK\$'000		
To fund land costs of potential development projects	60%	967,020	967,020	-	N/A
To finance the construction costs for the development of our existing projects	30%	483,510	440,799	42,711	Utilised in January 2021
General working capital	10%	161,170	161,170	-	N/A

Note: As disclosed in the Prospectus, the estimated net proceeds from the Listing, after deduction of the underwriting fees and commissions and expenses paid by the Company in connection therewith, were approximately HK\$1,432.2 million, which was revised to HK\$1,469.0 million as disclosed in the Company’s allotment results announcement dated 14 July 2020. The actual net proceeds received by the Company were approximately HK\$1,611.7 million after the exercise of the over-allotment option. The Company has applied the difference of approximately HK\$142.7 million to the business strategies in the same proportion as the original funds applied as shown in the Prospectus.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this announcement, the Company has maintained the public float as required under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

CORPORATE GOVERNANCE

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of its Shareholders as a whole. The Company has adopted the code provisions as set out in the Corporate Governance Code of the Appendix 14 of the Listing Rules (the “**CG Code**”), as its own code to govern its corporate governance practices since the Listing Date. Save for the deviation in relation to the chairman of the Board and chief executive officer being the same individual, the Board considers that, the Company has complied, to the extent applicable and permissible, the CG Code from Listing Date to 31 December 2020.

Pursuant to paragraph A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Lui Ming is currently the Chairman of the Board and the chief executive officer of the Group, responsible for strategic planning and managing of the Group’s overall business and operations. Mr. Lui Ming has been responsible for the overall management of the Group since the establishment of the Group. The Board believes that the current structure enables the Group to make and implement business decision swiftly and effectively which promotes the Group’s development in line with other strategies and business direction. The Board considers that the balance of power and authority, accountability and independent decision making under the present arrangement will not be impaired because of the diverse background and experience of the non-executive Directors and independent non-executive Directors. Further, the audit committee of the Company, which consists a majority of independent non-executive Directors, has free and direct access to the Company’s external auditors and independent professional advisers when it considers necessary. Therefore, the Directors consider that the deviation from paragraph A.2.1 of the CG Code is appropriate in such circumstance.

MODEL CODE FOR SECURITIES TRANSACTIONS

Since the Listing Date, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Group’s senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities. Upon specific enquiry, all Directors confirmed that they have complied with the Model Code for the period from the Listing Date to 31 December 2020. In addition, the Company is not aware of any non-compliance of the Model Code by the senior management of the Group for the period from the Listing Date to 31 December 2020.

REVIEW OF FINANCIAL STATEMENTS

Audit Committee

The audit committee of the Company, comprising Mr. Wan Ho Yin, Mr. Lui Wing Nam, Mr. Guo Shaomu and Ms. Tang Lo Nar, has discussed with the management and the Board and reviewed this announcement of annual results of the Group for the year ended 31 December 2020.

Scope of work of the Auditor

The figures in respect of this announcement for the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereon for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group's 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 the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.glchina.group). The annual report of the Company for the year ended 31 December 2020 will be despatched to the Shareholders and published on the aforesaid websites in due course.

By Order of the Board
Ganglong China Property Group Limited
Lui Ming
Chairman and executive director

Hong Kong, 19 March 2021

As of the date of this announcement, the executive directors of the Company are Mr. Lui Ming (Chairman), Mr. Lui Jin Ling, and Mr. Lui Chi Chung Jimmy. The non-executive directors of the Company are Mr. Lui Wing Mau and Mr. Lui Wing Nam. The independent non-executive directors of the Company are Mr. Wan Ho Yin, Mr. Guo Shaomu, and Ms. Tang Lo Nar.