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合 生 創 展 集 團 有 限 公 司\*

**HOPSON DEVELOPMENT HOLDINGS LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 754)**

*website: <http://www.irasia.com/listco/hk/hopson>*

## **FINAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2020**

### **FINANCIAL HIGHLIGHTS**

*(for the year ended 31st December 2020)*

- Turnover was HK\$34,371 million (2019: HK\$18,601 million).
- Profit attributable to equity holders was HK\$13,634 million (2019: HK\$9,486 million), of which net of tax gain on investment property revaluation accounted for HK\$573 million (2019: HK\$6,132 million).
- Underlying profit was HK\$12,784 million (2019: HK\$3,230 million).
- Basic earnings per share was HK\$6.15 per share (2019: HK\$4.26 per share).
- Proposed final dividend per share is HK110 cents per share.

\* *For identification purposes only*

## **BUSINESS REVIEW**

### **Industry Overview**

Hopson Development has always been focusing on steady growth, as well as innovative and diversified development as empowered by technology. Following active exploration and development in the past 30 years, the Group has established a full industry chain that enables co-development of our five major business segments, namely real estate, commercial property, Hooplife, infrastructure and investment. The Board is of the view that, in 2020, Hopson Group has stepped into a new era following the organisational reform, management enhancement and informatisation conducted over the years. There was a huge improvement and enhancement in the new operational and management model. As a modern enterprise, the development of Hopson Development leads ahead of its industry peers for 5 to 10 years in terms of informatisation, digitalisation and platform management. Hopson Development, which is in a leading position, has successfully transformed itself into a technology-empowered and industry-orientated enterprise with a comprehensive investment holding platform.

Innovation in marketing also reflected the transformation of technology-empowered enterprises. Under the new industry development trend, Hopson Development promoted innovation in marketing procedures and modes. In the first quarter of 2020, despite the effects of the pandemic on the Chinese economy, the five major business segments of Hopson Development still recorded positive results, attributable to the continuous innovation in marketing modes empowered by technology and the continuous optimisation of property operations. Both revenue and profit margin recorded significant growth, resulting in a rise in financial indicators of the Group instead of a decline, thus laying a solid foundation for the matrix layout of the five major business segments of the Group.

## **Contracted sales performance**

Details of properties sold under sale and pre-sale contracts in 2020 totalling RMB35,834 million (2019: RMB23,317 million), including contracted sales of properties of RMB34,456 million (2019: RMB22,900 million) and contracted sales of decoration of RMB1,378 million (2019: RMB417 million) are as follows:

- In Guangzhou, a total GFA of 570,284 square metres (2019: 311,953 square metres) with a carrying value of RMB12,843 million (2019: RMB6,200 million) was sold. The increase in sales was mainly attributable to the ample supply of units of Hopson Hushan Guoji Villa (合生湖山國際), Hopson Xijing Garden (合生熹景花園) and Hopson Joy Mansion (合生悅公館) enjoying substantial sales growth driven by policies.
- In Huizhou, a total GFA of 154,126 square metres (2019: 240,343 square metres) with a carrying value of RMB1,660 million (2019: RMB2,642 million) was sold. The decrease in sales was mainly attributable to the decrease in the area sold and unit price as compared to last year as Hopson International New City (合生國際新城) and Hopson Xiaogui Bay (合生小桂灣) focused on selling the existing units and phases and did not launch any new products during the year.
- In Shanghai, a total GFA of 498,107 square metres (2019: 795,481 square metres) with a carrying value of RMB8,239 million (2019: RMB10,112 million) was sold. The decrease in sales was mainly attributable to the decrease in the area sold as The Town of Hangzhou Bay (合生杭州灣國際新城) and Hopson Sea Block (合生伴海) did not launch new phases for selling.
- In Beijing and Tianjin, a total GFA of 404,439 square metres (2019: 304,651 square metres) with a carrying value of RMB13,092 million (2019: RMB4,363 million) was sold. The increase in sales was mainly attributable to the substantial increase in the area sold driven by the newly launched Jinmao Palace (Phase II) (金茂府(二期)) and Hopson Aristocratic Regal (合生御府帝景), and Hopson No. 8 Royal Park (合生霄雲路8號) enjoying good sales.

## **Properties sold but yet to be delivered**

As at 31st December 2020, the GFA in respect of which the Group had entered into sale and pre-sale contracts and yet to be delivered to buyers was 2,548,699 square metres (2019: 2,371,005 square metres). Following the delivery of these properties, the proceeds received therefrom totalling HK\$25,940 million will be recognised as revenue in the Group's financial statements in 2021 and thereafter.

## **Delivery of properties**

A total GFA of 1,206,554 square metres (2019: 730,282 square metres) was delivered in 2020.

### **Project development progress**

- A total GFA of 2,177,529 square metres (2019: 1,853,528 square metres) was completed during the year 2020.
- It is expected that a total GFA of 2,583,852 square metres will be completed in 2021.

### **Landbank**

As at 31st December 2020, the Group had a landbank of 30.44 million square metres (31st December 2019: 31.11 million square metres).

### **Prospects**

The Group will fully accelerate implementation of informatisation, aiming to realise automated and intelligent management on various operations. In addition, the Group will accelerate innovation in commercial models, and establish itself into a world leading platform enterprise that adopts light asset commercial model. The Board believes that platform development is already one of the strategic goals of the Group. By integrating world-class technologies, the Group will promote and implement business and product innovation, as well as disruptive commercial models, thereby establishing an industry platform.

Meanwhile, leveraging on its developed operations in real estate, commercial property, Hooplife, infrastructure and investment, with the use of advanced technologies such as blockchain, big data and artificial intelligence, the Group will proactively generate new momentum for full industry chain, attract upstream and downstream users to the platform, create industry ecosystem and develop the core competitiveness of the Group, thereby achieving long-term healthy development for the Group. Looking forward, we will overcome challenges ahead with our united efforts. Adhering to the directions and requirements of technology development, platform development and professional development, we will further strengthen the core competitiveness of the Company, and develop Hopson Development into a world-class enterprise.

The board (the “Board”) of directors (the “Directors”) of Hopson Development Holdings Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) for the year ended 31st December 2020 together with the comparative figures for the previous year.

The 2020 consolidated financial statements of the Group have been reviewed by the Company’s audit committee and the Board.

## CONSOLIDATED INCOME STATEMENT

	<i>Note</i>	<b>For the year ended</b>	
		<b>2020</b>	<b>2019</b>
		<b>HK\$’000</b>	<b>HK\$’000</b>
Revenues	4	<b>34,371,276</b>	18,600,580
Cost of sales	6	<b>(12,539,531)</b>	(9,237,436)
<b>Gross profit</b>		<b>21,831,745</b>	9,363,144
Fair value gain on investment properties		<b>763,689</b>	8,175,781
Other gains, net	5	<b>1,486,474</b>	285,329
Selling and marketing expenses	6	<b>(963,174)</b>	(736,887)
General and administrative expenses	6	<b>(2,988,358)</b>	(1,831,815)
Finance income	7	<b>240,342</b>	394,311
Finance costs	7	<b>(1,768,581)</b>	(1,002,439)
Share of profit/(loss) of associates		<b>903</b>	(4,562)
Share of profit of joint ventures		<b>37,320</b>	119,113
Profit before taxation		<b>18,640,360</b>	14,761,975
Taxation	8	<b>(4,952,283)</b>	(5,111,585)
<b>Profit for the year</b>		<b>13,688,077</b>	9,650,390
Attributable to:			
Equity holders of the Company		<b>13,633,830</b>	9,486,000
Non-controlling interests		<b>54,247</b>	164,390
		<b>13,688,077</b>	9,650,390
<b>Earnings per share for profit attributable to equity holders of the Company during the year</b> (in HK\$ per share)			
— basic and diluted	9	<b>6.15</b>	4.26

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>For the year ended</b>	
	<b>31st December</b>	
	<b>2020</b>	<b>2019</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Profit for the year</b>	<b>13,688,077</b>	<b>9,650,390</b>
<b>Other comprehensive income</b>		
Items that may be reclassified subsequently to profit or loss:		
Assets revaluation reserve realised upon disposal of completed properties held for sale	<b>(118,340)</b>	(87,079)
Deferred tax	<b>54,823</b>	40,341
Currency translation differences	<b>4,023,028</b>	(1,535,553)
Items that will not be reclassified subsequently to profit or loss:		
Fair value gain/(loss) on financial assets at fair value through other comprehensive income	<b>588,374</b>	(539,540)
Deferred tax	<b>(143,782)</b>	139,392
Currency translation differences	<b>382,998</b>	—
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b>4,787,101</b>	<b>(1,982,439)</b>
<b>Total comprehensive income for the year</b>	<b>18,475,178</b>	<b>7,667,951</b>
Attributable to:		
Equity holders of the Company	<b>18,037,933</b>	7,553,435
Non-controlling interests	<b>437,245</b>	114,516
	<b>18,475,178</b>	<b>7,667,951</b>

## CONSOLIDATED BALANCE SHEET

	As at 31st December	
	2020	2019
<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Prepayments for acquisition of land	126,397	118,758
Prepayments for construction work	—	244,107
Loan receivables	321,591	170,801
Properties and equipment	4,245,066	4,976,880
Investment properties	61,396,797	56,961,529
Intangible assets	389,577	34,534
Investments in associates	114,847	364,855
Investments in joint ventures	11,479,966	5,059,567
Financial assets at fair value through other comprehensive income	6,143,202	3,337,773
Finance lease receivables	248,298	344,656
Right-of-use assets	1,627,933	1,634,045
Prepayments, deposits and other non-current assets	1,170,643	—
Deferred tax assets	1,342,998	1,309,259
	<u>88,607,315</u>	<u>74,556,764</u>
<b>Current assets</b>		
Prepayments for acquisition of land	30,105,213	10,767,194
Properties under development for sale	69,159,635	57,047,059
Completed properties for sale	45,041,301	31,260,655
Financial assets at fair value through profit or loss	22,020,697	788,403
Accounts receivable	11 2,622,871	1,058,081
Loan receivables	2,657,587	2,520,879
Prepayments, deposits and other current assets	9,023,528	8,060,451
Due from joint ventures	91,843	48,845
Due from associates	5,941	58,964
Due from related companies	246,111	8,318
Contract acquisition costs	1,639,200	982,860
Pledged/charged bank deposits	1,741,508	1,466,913
Cash and cash equivalents	27,908,584	12,635,125
	<u>212,264,019</u>	<u>126,703,747</u>
Assets classified as held for sale	12 —	2,843,132
	<u>212,264,019</u>	<u>129,546,879</u>
<b>Total assets</b>	<u><u>300,871,334</u></u>	<u><u>204,103,643</u></u>

		<b>As at 31st December</b>	
		<b>2020</b>	<b>2019</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>EQUITY</b>			
<b>Capital and reserves attributable to the Company's equity holders</b>			
Share capital		219,137	222,556
Reserves	15	<u>87,792,832</u>	<u>72,358,121</u>
		<b>88,011,969</b>	72,580,677
Non-controlling interests		<u>9,856,187</u>	<u>2,434,725</u>
<b>Total equity</b>		<u><b>97,868,156</b></u>	<u>75,015,402</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Land cost payable		96,280	91,043
Borrowings	13	89,681,292	50,700,558
Lease liabilities		649,999	676,246
Due to non-controlling interests		6,833,733	2,126,867
Deferred tax liabilities		<u>10,757,987</u>	<u>9,957,093</u>
		<b>108,019,291</b>	63,551,807
<b>Current liabilities</b>			
Accounts payable, accruals and other payables	14	32,511,472	22,970,848
Land cost payable		—	359,201
Borrowings	13	17,856,427	12,689,322
Margin loans		9,163,844	—
Contract liabilities		25,940,333	19,505,008
Lease liabilities		64,541	8,419
Due to an associate		6,348	5,964
Due to related companies		212,001	366,248
Due to joint ventures		1,416,623	3,011,241
Current tax liabilities		<u>7,812,298</u>	<u>6,620,183</u>
		<b>94,983,887</b>	65,536,434
<b>Total liabilities</b>		<u><b>203,003,178</b></u>	<u>129,088,241</u>
<b>Total equity and liabilities</b>		<u><b>300,871,334</b></u>	<u>204,103,643</u>
<b>Net assets</b>		<u><b>97,868,156</b></u>	<u>75,015,402</u>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company		Non-controlling interests	Total
	Share capital	Reserves		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1st January 2020	222,556	72,358,121	2,434,725	75,015,402
Profit for the year	—	13,633,830	54,247	13,688,077
Other comprehensive income/(loss):				
Fair value gain on financial assets at fair value through other comprehensive income	—	588,374	—	588,374
Assets revaluation reserve realised upon disposal of completed properties held for sale	—	(118,340)	—	(118,340)
Deferred tax	—	(88,959)	—	(88,959)
Currency translation differences	—	4,023,028	382,998	4,406,026
Other comprehensive income for the year, net of tax	—	4,404,103	382,998	4,787,101
Total comprehensive income for the year	—	18,037,933	437,245	18,475,178
Transactions with owners:				
Repurchase of own shares	(3,419)	(600,218)	—	(603,637)
Dividends paid	—	(2,003,004)	—	(2,003,004)
Dividend paid to non-controlling interests of subsidiaries	—	—	(75,701)	(75,701)
Capital contributions by non-controlling interests of subsidiaries	—	—	7,100,703	7,100,703
Acquisition of additional interest in subsidiaries	—	—	(40,785)	(40,785)
	(3,419)	(2,603,222)	6,984,217	4,377,576
Balance at 31st December 2020	219,137	87,792,832	9,856,187	97,868,156

	Attributable to equity holders of the Company		Non-controlling interests	Total
	Share capital	Reserves		
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Balance at 1st January 2019	222,556	65,472,354	2,078,725	67,773,635
Profit for the year	—	9,486,000	164,390	9,650,390
Other comprehensive (loss)/income:				
Fair value loss on financial assets at fair value through other comprehensive income	—	(539,540)	—	(539,540)
Assets revaluation reserve realised upon disposal of completed properties held for sale	—	(87,079)	—	(87,079)
Deferred tax	—	179,733	—	179,733
Currency translation differences	—	(1,485,679)	(49,874)	(1,535,553)
Other comprehensive loss for the year, net of tax	—	(1,932,565)	(49,874)	(1,982,439)
Total comprehensive income for the year	—	7,553,435	114,516	7,667,951
Transactions with owners:				
Dividends paid	—	(667,668)	—	(667,668)
Capital contributions by non-controlling interests of subsidiaries	—	—	453,112	453,112
Acquisition of additional interest in a subsidiary	—	—	(211,628)	(211,628)
	—	(667,668)	241,484	(426,184)
Balance at 31st December 2019	222,556	72,358,121	2,434,725	75,015,402

*Notes:*

**(1) GENERAL INFORMATION**

Hopson Development Holdings Limited (the “Company”) and its subsidiaries (together “the Group”) are mainly engaged in the development of residential properties, commercial properties investment, property management and infrastructure business in Mainland China and investments business.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company is listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The consolidated financial statements have been approved for issue by the Board of Directors on 24th March 2021.

**(2) BASIS OF PREPARATION**

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

**(3) ACCOUNTING POLICIES**

**(a) Amendments to standards adopted by the Group**

The Group has adopted the following amendments to standards which are mandatory for accounting periods beginning on 1st January 2020:

HKAS 1 and HKAS 8 (Amendments)	Definition of Material
HKAS 39, HKFRS 7 and HKFRS 9	Hedge accounting
HKFRS 3 (Amendments)	Definition of a Business
Conceptual Framework for Financial Report 2018	Revised Conceptual Framework for Financial Reporting

In addition, the Group has early adopted the following amendment to the accounting standards for accounting period commencing 1st January 2020:

HKFRS 16 (Amendment)	COVID-19-Related Rent Concessions
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The adoption of these amendments to standards does not have any significant change to the accounting policies or any significant effect on the results and financial position of the Group.

**(b) New standard and amendments to standards that are not yet effective and have not been early adopted by the Group**

The following new standard and amendments to standards have been published which are mandatory for the Group's accounting periods beginning on or after 1st January 2021 but have not been early adopted by the Group:

		<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest rate benchmark reform — phase 2	1st January 2021
Amendments to HKFRS 3	Reference to the Conceptual Framework	1st January 2022
Amendments to HKAS 16	Proceeds before Intended Use	1st January 2022
Amendments to HKAS 37	Cost of Fulfilling a Contract	1st January 2022
HKFRS Amendments	Annual improvement to HKFRSs 2018–2020 Cycle	1st January 2022
Accounting Guideline 5 (Revised)	Merger accounting for common control combinations	1st January 2022
HKFRS 3, HKAS 16 and HKAS 37 (Amendments)	Narrow-scope amendments	1st January 2022
HKFRS 17	Insurance Contracts	1st January 2023
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-Current	1st January 2023
HK Interpretation 5 (2020)	Presentation of financial statements — classification by the borrower of a term loan that contains a repayment on demand clause	1st January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of these new standard and amendments to standards and does not expect that they would have any significant impact on its results and financial position.

**(4) SEGMENT INFORMATION**

Executive Directors of the Company (the “Executive Directors”) are regarded as the chief operating decision maker of the Group. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Executive Directors consider the business from both business and geographic perspectives. Reportable business segments identified are property development, commercial properties investment, property management, infrastructure and investments. Geographically, the property development segment and commercial properties investment segment are further segregated into three main geographical areas, namely Southern China (SC) (including Guangzhou, Huizhou, Zhongshan, Yangshuo and Hong Kong), Northern China (NC) (including Beijing, Tianjin, Dalian, Taiyuan, Langfang and Qinhuangdao) and Eastern China (EC) (including Shanghai, Hangzhou, Kunshan, Ningbo, Cixi and Taicang). Infrastructure segment consists of construction companies under the Group is primarily engaged in undertaking the construction works and construction design of self-owned projects of the Group and external contracted works.

During the year, management reassessed and reported a new reportable operating segment, investments, in accordance with their economic characteristics. Investments business (includes private equity investments in the primary market and listed equity investments in the secondary market, in particular equity investments in high-and-new technology and medical science and technology), represents an important component of the Group's future strategy.

The Executive Directors assess the performance of the operating segments based on the segment results. Corporate income/expenses, finance income and costs are not included in the results for each operating segment that is reviewed by the Executive Directors.

Segment assets consist of all operating assets other than deferred tax assets.

Revenues comprise turnover which included revenue from property development, revenue from commercial properties investment, property management income, infrastructure income and investments income. Sales between segments are carried out on terms similar to those that prevail in arm's length transactions. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the consolidated income statement.

The following tables present revenue and profit information regarding to the Group's operating segments for the year ended 31st December 2020 and 2019 respectively.

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue from property development	19,075,270	12,848,239
Revenue from commercial properties investment	3,624,556	3,154,385
Property management income	2,133,609	1,183,147
Infrastructure income	1,507,780	1,414,809
Investments income	8,030,061	—
	<u>34,371,276</u>	<u>18,600,580</u>

The segment results by business lines and which applicable by geographical areas for the year ended 31st December 2020 are as follows:

	Property development			Commercial properties investment			Property management	Infrastructure	Investments	Group
	SC <i>HK\$'000</i>	EC <i>HK\$'000</i>	NC <i>HK\$'000</i>	SC <i>HK\$'000</i>	EC <i>HK\$'000</i>	NC <i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Year ended 31st December 2020										
Total revenues	10,468,876	7,968,264	1,917,524	840,045	1,188,397	1,782,708	2,690,082	8,453,043	8,104,570	43,413,509
Intra/inter-segment revenues	(1,275,335)	—	(4,059)	(28,584)	(5,058)	(152,952)	(556,473)	(6,945,263)	(74,509)	(9,042,233)
Revenues	<u>9,193,541</u>	<u>7,968,264</u>	<u>1,913,465</u>	<u>811,461</u>	<u>1,183,339</u>	<u>1,629,756</u>	<u>2,133,609</u>	<u>1,507,780</u>	<u>8,030,061</u>	<u>34,371,276</u>
Revenue from contracts with customers:										
Recognised at a point in time	9,193,541	7,968,264	1,913,465	—	—	—	—	—	—	19,075,270
Recognised over time	—	—	—	27,660	181,514	33,819	2,133,609	1,507,780	—	3,884,382
Revenue from other sources:										
Rental income	—	—	—	783,801	1,001,825	1,595,937	—	—	—	3,381,563
Investments income	—	—	—	—	—	—	—	—	8,030,061	8,030,061
	<u>9,193,541</u>	<u>7,968,264</u>	<u>1,913,465</u>	<u>811,461</u>	<u>1,183,339</u>	<u>1,629,756</u>	<u>2,133,609</u>	<u>1,507,780</u>	<u>8,030,061</u>	<u>34,371,276</u>
Segment results	<u>4,440,592</u>	<u>3,647,191</u>	<u>12,506</u>	<u>448,191</u>	<u>746,311</u>	<u>1,641,718</u>	<u>327,176</u>	<u>778,825</u>	<u>7,395,136</u>	<u>19,437,646</u>
Depreciation of properties and equipment	(88,416)	(1,496)	(15,760)	(18,538)	(34,257)	(77,682)	(4,868)	(770)	—	(241,787)
Depreciation of right-of-use assets	(6,589)	(5,394)	(4,443)	(3,961)	(17,615)	(9,612)	(7,131)	—	—	(54,745)
Provision for impairment of financial assets	—	—	—	—	—	—	(40,894)	—	(476,224)	(517,118)
Fair value (loss)/gain on investment properties	—	—	—	(149,877)	34,458	879,108	—	—	—	763,689
Share of profit of associates	483	—	420	—	—	—	—	—	—	903
Share of profit/(loss) of joint ventures	40,627	(47)	(3,260)	—	—	—	—	—	—	37,320

The segment results by business lines and which applicable by geographical areas for the year ended 31st December 2019 are as follows:

	Property development			Commercial properties investment			Property management	Infrastructure	Group
	SC	EC	NC	SC	EC	NC			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31st December 2019									
Total revenues	6,701,846	3,369,153	2,939,920	651,565	1,209,869	1,510,866	1,719,509	6,407,400	24,510,128
Intra/inter-segment revenues	(114,255)	(46,830)	(1,595)	(26,708)	(35,401)	(155,806)	(536,362)	(4,992,591)	(5,909,548)
Revenues	<u>6,587,591</u>	<u>3,322,323</u>	<u>2,938,325</u>	<u>624,857</u>	<u>1,174,468</u>	<u>1,355,060</u>	<u>1,183,147</u>	<u>1,414,809</u>	<u>18,600,580</u>
Revenue from contracts with customers:									
Recognised at a point in time	6,587,591	3,322,323	2,938,325	—	—	—	—	—	12,848,239
Recognised over time	—	—	—	38,904	249,247	100,563	1,183,147	1,414,809	2,986,670
Revenue from other sources:									
Rental income	—	—	—	585,953	925,221	1,254,497	—	—	2,765,671
	<u>6,587,591</u>	<u>3,322,323</u>	<u>2,938,325</u>	<u>624,857</u>	<u>1,174,468</u>	<u>1,355,060</u>	<u>1,183,147</u>	<u>1,414,809</u>	<u>18,600,580</u>
Segment results	<u>3,200,416</u>	<u>1,234,954</u>	<u>125,482</u>	<u>772,470</u>	<u>3,735,560</u>	<u>5,277,272</u>	<u>117,836</u>	<u>698,541</u>	<u>15,162,531</u>
Depreciation of properties and equipment	(84,558)	(470)	(19,656)	(1,362)	(18,034)	(67,975)	(3,620)	(781)	(196,456)
Depreciation of right-of-use assets	(5,072)	(716)	—	(36,808)	(18,295)	(15,696)	—	—	(76,587)
Provision for impairment of financial assets	—	—	—	—	—	—	(7,960)	—	(7,960)
Fair value gain on investment properties	—	—	—	382,117	3,076,964	4,716,700	—	—	8,175,781
Share of profit/(loss) of associates	1,016	—	(5,578)	—	—	—	—	—	(4,562)
Share of profit/(loss) of joint ventures	84,128	39	(742)	—	—	35,688	—	—	119,113

The segment assets by business lines and which applicable by geographical areas as at 31st December 2020 are as follows:

	Property development			Commercial properties investment			Property management	Infrastructure	Investments	Group
	SC	EC	NC	SC	EC	NC				
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at and for the year ended										
31st December 2020	<u>55,170,824</u>	<u>49,754,622</u>	<u>89,207,465</u>	<u>9,564,451</u>	<u>22,286,999</u>	<u>35,443,739</u>	<u>1,893,813</u>	<u>3,652,160</u>	<u>32,554,263</u>	<u>299,528,336</u>
Segment assets include:										
Investments in associates	12,879	—	101,968	—	—	—	—	—	—	114,847
Investments in joint ventures	<u>5,864,799</u>	<u>1,458,475</u>	<u>4,036,185</u>	<u>120,507</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>11,479,966</u>
Additions to non-current assets (other than financial instruments and deferred tax assets)	<u>716,269</u>	<u>1,537,718</u>	<u>3,916,295</u>	<u>125,796</u>	<u>44,795</u>	<u>474,007</u>	<u>31,105</u>	<u>1,627</u>	<u>—</u>	<u>6,847,612</u>

The segment assets by business lines and which applicable by geographical areas as at 31st December 2019 are as follows:

	Property development			Commercial properties investment			Property management	Infrastructure	Group
	SC	EC	NC	SC	EC	NC			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at and for the year ended 31st December 2019	54,725,866	25,600,368	53,805,369	9,455,010	20,303,646	32,038,354	892,061	1,133,397	197,954,071
Segment assets include:									
Investments in associates	272,091	—	92,764	—	—	—	—	—	364,855
Investments in joint ventures	4,942,038	2,823	—	114,706	—	—	—	—	5,059,567
Additions to non-current assets (other than financial instruments and deferred tax assets)	1,039,480	45,946	4,662	528,602	186	2,637,850	3,567	3,336	4,263,629

Reconciliation of reportable segment profit from operations to profit before taxation is as follows:

	2020 HK\$'000	2019 HK\$'000
Reportable segment profit from operations	19,437,646	15,162,531
Unallocated corporate expenses (including exchange gain/(loss)), net	730,953	(42,717)
Dividend income	—	155,841
Gain on disposal of financial assets at fair value through profit or loss	—	88,642
Interest income from financial assets at fair value through profit or loss	—	5,806
Finance income	240,342	394,311
Finance costs	(1,768,581)	(1,002,439)
Profit before taxation	18,640,360	14,761,975

Reconciliation of reportable segment assets to total assets is as follows:

	2020 HK\$'000	2019 HK\$'000
Total segment assets	299,528,336	197,954,071
Financial assets at fair value through profit or loss	—	788,403
Financial assets at fair value through other comprehensive income	—	3,337,773
Loan receivables	—	714,137
Deferred tax assets	1,342,998	1,309,259
Total assets	300,871,334	204,103,643

Investments segment relating to investments in equity investments and debt investments in Hong Kong, Mainland China and the United States. For other segments, all revenues for the years ended 31st December 2020 and 2019 were from Mainland China and their related segment assets were mainly located in Mainland China.

(5) OTHER GAINS, NET

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Dividend income from		
— financial assets at fair value through other comprehensive income	—	155,413
— financial assets at fair value through profit and loss	—	428
Fair value loss on financial assets at fair value through profit or loss	—	(9,208)
Interest income from financial assets at fair value through profit or loss	—	5,806
Net foreign exchange gains/(losses) charged in consolidated income statement		
— net foreign exchange gains/(losses)	777,581	(40,610)
— exchange loss arising from foreign currency borrowings capitalised	—	25,442
Gain on disposal of financial assets at fair value through profit or loss	—	88,642
Gain on disposal of assets classified as held for sale	580,484	—
Government grants	122,659	44,951
Others	5,750	14,465
	<u>1,486,474</u>	<u>285,329</u>

(6) EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses and general and administrative expenses are analysed as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Advertising and promotion costs	198,003	236,812
Auditor's remuneration	15,639	11,758
Other professional fees	8,450	8,123
Cost of completed properties sold	9,108,548	6,536,776
Depreciation of properties and equipment	241,787	196,456
Depreciation of right-of-use assets	54,745	76,587
Direct operating expenses arising from investment properties that		
— generate rental income	229,136	324,781
— did not generate rental income	—	8,497
Employees' benefits costs (including Directors' emoluments)	1,772,529	1,580,931
Loss on disposal of properties and equipment	15,580	1,420
Short-term and low-value assets lease expenses*	15,421	20,084
Provision for impairment of financial assets	517,118	7,960
	<u>517,118</u>	<u>7,960</u>

\* These lease payments are directly charged to general and administrative expenses and are not included in the measurement of lease liabilities under HKFRS 16.



**(7) FINANCE INCOME AND COSTS**

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Finance income</b>		
Interest income on bank deposits, advance to a joint venture and loan receivables	<u>240,342</u>	<u>394,311</u>
<b>Finance costs</b>		
Interest expenses and other borrowing costs:		
— loans from banks and financial institutions	(5,435,309)	(3,630,521)
— corporate bonds, senior notes and commercial mortgage-backed securities	<u>(1,181,100)</u>	<u>(695,549)</u>
Total borrowing costs incurred	(6,616,409)	(4,326,070)
Less: Amount capitalised as part of the cost of properties under development, investment properties under development and properties and equipment	<u>4,847,828</u>	<u>3,323,631</u>
	<u>(1,768,581)</u>	<u>(1,002,439)</u>
Net finance costs	<u>(1,528,239)</u>	<u>(608,128)</u>

**(8) TAXATION**

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Current tax</b>		
Hong Kong profits tax	266,057	33,294
Mainland China corporate income tax	2,191,903	1,622,239
Mainland China land appreciation tax	<u>2,296,104</u>	<u>1,988,978</u>
	4,754,064	3,644,511
<b>Deferred tax</b>		
Mainland China corporate income tax	220,628	1,483,142
Mainland China land appreciation tax	<u>(22,409)</u>	<u>(16,068)</u>
	198,219	1,467,074
	<u>4,952,283</u>	<u>5,111,585</u>

The Company is exempted from taxation in Bermuda until March 2035.

Hong Kong profits tax has been provided at 16.5% on the estimated assessable profit for the year ended 31st December 2020 (2019: 16.5%).

Subsidiaries established and operated in Mainland China are subject to Mainland China corporate income tax at the rate of 25% for the year ended 31st December 2020 (2019: 25%).

Mainland China land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land, development expenditures and construction costs.

Dividend distribution made by Mainland China subsidiaries and joint ventures to shareholders outside of Mainland China in respect of their profits earned after 1st January 2008 is subject to withholding income tax at tax rate of 5% or 10%, where applicable.

## (9) EARNINGS PER SHARE

### Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2020	2019
Profit attributable to equity holders of the Company ( <i>HK\$'000</i> )	<u>13,633,830</u>	<u>9,486,000</u>
Weighted average number of ordinary shares in issue ( <i>'000</i> )	<u>2,218,448</u>	<u>2,225,560</u>
Basic earnings per share ( <i>HK\$ per share</i> )	<u>6.15</u>	<u>4.26</u>

### Diluted

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

## (10) DIVIDEND

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend paid of HK\$0.60 (2019: HK\$0.10) per ordinary share	1,335,336	222,556
Proposed final dividend of HK\$1.10 (2019: HK\$0.30) per ordinary share	<u>2,410,505</u>	<u>667,668</u>

The final dividend of HK\$1.10 per share in respect of the financial year ended 31st December 2020 (2019: HK\$0.30) has been proposed by the Board and is subject to approval by the shareholders at the forthcoming Annual General Meeting. The financial statements as at 31st December 2020 do not reflect this dividend payable.

## (11) ACCOUNTS RECEIVABLE

Consideration in respect of properties sold is generally payable by the buyers at the time of completion of the sale and purchase agreements. Rentals in respect of leased properties and property management fees are generally payable in advance on a monthly basis. No credit terms were granted to the customers.

The ageing analysis of accounts receivable is as follows:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
0 to 3 months	1,627,659	655,018
3 to 6 months	201,238	44,725
6 to 9 months	156,542	48,604
9 to 12 months	92,963	71,912
Over 12 months	544,469	237,822
	<u>2,622,871</u>	<u>1,058,081</u>

The carrying value of accounts receivable approximates their fair values. The accounts receivable is related to a number of independent customers, and is denominated in Renminbi.

## (12) ASSETS CLASSIFIED AS HELD FOR SALE

On 30th November 2018, the Group has entered into a sales and purchase agreement to dispose all of its equity interests in a joint venture. A range of pre-sale conditions in the sales and purchase agreement need to be fulfilled by both parties before the completion of the transaction. As at 31st December 2019, as the buyer and seller have fulfilled most of the pre-sale conditions in the agreement, the management is of the view that the completion of the transaction is subject only to usual and customary terms in the sale and purchase agreement, that the investment can be deemed as an available-for-sale asset under the current conditions and that it is highly probable that the transaction will be completed within the next twelve months. Accordingly, the investment was reclassified as held for sale on 31st December 2019.

### (13) BORROWINGS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Non-current		
Bank and financial institution borrowings	76,683,518	38,873,684
Commercial mortgage-backed securities ( <i>Note (a)</i> )	9,156,703	7,986,349
Senior notes ( <i>Note (b)</i> )	3,841,071	3,840,525
	<u>89,681,292</u>	<u>50,700,558</u>
Current		
Bank and financial institution borrowings	13,425,498	12,661,692
Commercial mortgage-backed securities ( <i>Note (a)</i> )	81,888	27,630
Senior notes ( <i>Note (b)</i> )	4,349,041	—
	<u>17,856,427</u>	<u>12,689,322</u>
	<u>107,537,719</u>	<u>63,389,880</u>

#### Notes:

- (a) In June 2018, the Group issued commercial mortgage-backed securities with an aggregate nominal value of RMB5,600,000,000 (equivalent to approximately HK\$6,653,676,000). The securities will mature in 2039 and are repayable at their nominal value of RMB5,600,000,000. The Group has the right to redeem all of the securities every three years from the date of issue, the investors are also entitled to sell back the redeemable securities to the Group on the same date. As at 31st December 2020, the securities are secured by an investment property of approximately HK\$11,943 million (2019: HK\$11,215 million) and rental receivables of the investment property.

In June 2019, the Group issued commercial mortgage-backed securities with an aggregate nominal value of RMB2,000,000,000 (equivalent to approximately HK\$2,376,313,000). The securities will mature in 2037 and are repayable at their nominal value of RMB2,000,000,000. The Group has the right to redeem all of the securities every three years from the date of issue, the investors are also entitled to sell back the redeemable securities to the Group on the same date. As at 31st December 2020, the securities are secured by an investment property of approximately HK\$3,166 million (2019: HK\$2,900 million) and rental receivables of the investment property.

In September 2020, the Group issued commercial mortgage-backed securities with an aggregate nominal value of RMB700,000,000 (equivalent to approximately HK\$831,710,000). The Group has the right to redeem all of the securities every three years from the date of issue, the investors are also entitled to sell back the redeemable securities to the Group on the same date. The securities will mature in 2041 and are repayable at their nominal value of RMB700,000,000. As at 31st December 2020, the securities are secured by an investment property of approximately HK\$997 million (2019: Nil) and rental receivables of the investment property.

- (b) In June 2019, the Group issued 7.5% senior notes with an aggregate nominal value of US\$500,000,000 (equivalent to approximately HK\$3,876,300,000). The notes will mature in June 2022 and are repayable at their nominal value of US\$500,000,000. The Group may redeem all or a portion of the notes at the redemption prices specified in the offering circular after the drawdown date, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular.

In February 2020, the Group issued 6.0% senior notes with an aggregate nominal value of US\$500,000,000 (equivalent to approximately HK\$3,876,300,000). The notes will mature in February 2021 and are repayable at their nominal value of US\$500,000,000. The Group may redeem all or a portion of the notes at the redemption prices specified in the offering circular after the drawdown date, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular.

In July 2020, the Group issued 6.0% senior notes with an aggregate nominal value of US\$61,450,000 (equivalent to approximately HK\$476,397,000). The notes will mature in July 2021 and are repayable at their nominal value of US\$61,450,000. The Group may redeem all or a portion of the notes at the redemption prices specified in the offering circular after the drawdown date, plus accrued and unpaid interests to the redemption date, subject to the terms and conditions specified in the offering circular.

#### (14) ACCOUNTS PAYABLE, ACCRUALS AND OTHER PAYABLES

Ageing analysis of accounts payable (including amounts due to related companies of trading in nature) is as follows:

	<b>2020</b>	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 3 months	<b>4,190,958</b>	3,034,732
3 to 6 months	<b>4,128,806</b>	1,692,416
6 to 9 months	<b>1,931,843</b>	2,974,763
9 to 12 months	<b>1,081,952</b>	835,278
Over 12 months	<b>7,246,941</b>	5,482,251
	<b>18,580,500</b>	14,019,440

Accounts payable are denominated in Renminbi. The carrying value of accounts payable approximates their fair values.

**(15) RESERVES***For the year ended 31st December 2020*

	Share premium <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Assets revaluation reserve <i>HK\$'000</i>	Currency translation differences <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1st January 2020	15,800,776	161,117	1,133,021	(779,750)	56,042,957	72,358,121
Profit for the year	—	—	—	—	13,633,830	13,633,830
Repurchase of own shares	(241,844)	—	—	—	(358,374)	(600,218)
Currency translation differences	—	—	—	4,023,028	—	4,023,028
Fair value gain on financial assets at fair value through other comprehensive income	—	—	588,374	—	—	588,374
Realised upon disposal of completed properties held for sale	—	—	(118,340)	—	—	(118,340)
Dividends paid	—	—	—	—	(2,003,004)	(2,003,004)
Deferred tax	—	—	(88,959)	—	—	(88,959)
Balance at 31st December 2020	<u>15,558,932</u>	<u>161,117</u>	<u>1,514,096</u>	<u>3,243,278</u>	<u>67,315,409</u>	<u>87,792,832</u>

*For the year ended 31st December 2019*

	Share premium <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Assets revaluation reserve <i>HK\$'000</i>	Currency translation differences <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total <i>HK\$'000</i>
Balance at 1st January 2019	15,800,776	161,117	1,579,907	705,929	47,224,625	65,472,354
Profit for the year	—	—	—	—	9,486,000	9,486,000
Currency translation differences	—	—	—	(1,485,679)	—	(1,485,679)
Fair value loss on financial assets at fair value through other comprehensive income	—	—	(539,540)	—	—	(539,540)
Realised upon disposal of completed properties held for sale	—	—	(87,079)	—	—	(87,079)
Dividends paid	—	—	—	—	(667,668)	(667,668)
Deferred tax	—	—	179,733	—	—	179,733
Balance at 31st December 2019	<u>15,800,776</u>	<u>161,117</u>	<u>1,133,021</u>	<u>(779,750)</u>	<u>56,042,957</u>	<u>72,358,121</u>

## DIVIDEND

The Board has recommended the payment of a final dividend of HK110 cents per share for the year ended 31st December 2020. An interim dividend of HK60 cents per share has been declared for the half year ended 30th June 2020.

Subject to the approval of the payment of the proposed final dividend by shareholders at the annual general meeting of the Company to be held on Friday, 11th June 2021, it is expected that the final dividend will be paid on Friday, 2nd July 2021 to shareholders whose names appear on the register of members of the Company at the close of business on Tuesday, 22nd June 2021.

## FINANCIAL REVIEW

### Turnover

#### (i) *Recognised Sales*

In 2020, the Group recorded a turnover of RMB29,859 million (HK\$34,371 million), up 81.2% (denominated in RMB) and up 84.8% (denominated in HK\$) comparing to RMB16,480 million (HK\$18,601 million) in 2019. The increase was mainly due to significant increase in revenue from property development and investments income.

In respect of property development business, a total GFA of 1,206,554 square metres (2019: 730,282 square metres) was delivered in 2020. The major projects delivered include The Town of Hangzhou Bay (合生杭州灣國際新城) in Shanghai, Hopson Hushan Guoji Villa (合生湖山國際) and Hopson Belvedere Bay (合生君景灣) in Guangzhou, Hopson International New City (合生國際新城) in Huizhou, and Hopson No. 8 Royal Park (合生霄雲路8號) in Beijing.

The overall average selling price in respect of delivered and completed properties was RMB13,582 per square metre (2019: RMB15,362 per square metre), which decreased by 11.6% as compared to the same period of last year.

In respect of investments business, the Group recorded total investments income of HK\$8,030 million in 2020 (2019: Nil). Investments consists of investments in listed equity securities in Hong Kong, Mainland China and the United States as well as unlisted equity and debt securities in Hong Kong and China.

#### (ii) *Contracted Sales*

The Group recorded total contracted sales of RMB35,834 million (2019: RMB23,317 million) in 2020. Affected by the product structure of sales, the average contracted selling price increased by 56% to RMB22,025 per square metre (2019: RMB14,079 per square metre).

In 2020, Guangzhou and Huizhou had in total seventeen projects on sale and the contracted sales amounted to RMB14,503 million, representing 41% of the total contracted sales of the Group. The major projects were Hopson Hushan Guoji Villa (合生湖山國際), Hopson Belvedere Bay (合生君景灣) and Hopson Xijing Garden (合生熹景花園).

There were twelve property projects on sale in Shanghai, mainly comprising The Town of Hangzhou Bay (合生杭州灣國際新城) and Kunshan Metropolis Light (昆山合樾蘭亭). Contracted sales of Shanghai amounted to RMB8,239 million, representing 23% of the total contracted sales of the Group.

The combined contracted sales of Beijing and Tianjin were RMB13,092 million, representing 36% of the total contracted sales of the Group in 2020. Sixteen projects in total were on sale in Beijing and Tianjin, of which Jinmao Palace Phase II (金茂府(二期)) and Hopson No. 8 Royal Park (合生霄雲路8號) were the major sales contributors.

### **Gross Profit**

Gross profit in 2020 amounted to HK\$21,832 million (2019: HK\$9,363 million) with a gross profit margin of 64% (2019: 50%). The increase in gross profit margin was mainly attributable to the remarkable performance of the newly included investments business.

### **Fair Value Gain on Investment Properties**

Fair value gain on investment properties as at 31st December 2020 amounted to HK\$763.7 million (2019: HK\$8,175.8 million), down HK\$7,412.1 million or 91%. As at 31st December 2020, the Group owns 15 (2019: 15) investment properties.

### **Other Gains, Net**

Other gains as at 31st December 2020 amounted to HK\$1,486.5 million (2019: HK\$285.3 million), comprising (1) gain on disposal of assets classified as held for sale, subsidiaries, an associate and joint ventures of HK\$580.5 million; (2) net exchange gains of HK\$777.6 million and (3) other net gains of HK\$128.4 million.

### **Operating Costs**

The operating costs relating to expenses for selling, marketing, general and administration increased by 53.8% to HK\$3,952 million in 2020 (2019: HK\$2,569 million). The increase was primarily attributable to the increase in expenses of sales promotion and sales marketing remuneration and benefits of employees and donations to charitable organisations during the year.



## **Finance Costs**

Gross interest expenses before capitalisation in 2020 increased to HK\$6,616 million (2019: HK\$4,326 million), up HK\$2,290 million or 53%. The increase was primarily attributable to the increase in borrowings from banks and financial institutions in 2020 as compared to last year.

## **Taxation**

The effective tax rate was 26.6% in 2020, decreased by 8.0% as compared with last year, mainly due to the investment business newly added by the Group in 2020, which has a lower tax rate than property development business.

## **Profit Attributable to Equity Holders of the Company**

Profit attributable to equity holders was HK\$13,634 million in 2020 (2019: HK\$9,486 million). Basic earnings per share was HK\$6.15. During the period under review, excluding the effect of the net of tax gain from investment property revaluation of HK\$573 million, the net of tax gain on the disposal of assets classified as held for sale, subsidiaries, an associate and joint ventures of HK\$400 million, the net of tax from goodwill impairment of HK\$3 million and the net of tax from donations of HK\$120 million, the underlying profit amounted to HK\$12,784 million, representing an increase of HK\$9,554 million, or 296%, as compared to last year. The overall increase of the underlying profit for the year was mainly attributable to the increase in properties delivered as compared to last year and the newly included investment business in the current year.

## **Segment Information**

Property development continued to be the Group's core business activity (55%). In 2020, the Group continued to develop its business in the three core economic regions, namely the Huanbohai Area, Pearl River Delta and Yangtze River Delta. Southern China (including Guangzhou, Huizhou, Zhongshan and Yangshuo) contributed 48% of the total revenues of the Group, followed by 42% from Eastern China (including Shanghai, Hangzhou, Kunshan, Ningbo, Cixi and Taicang) and 10% from Northern China (including Beijing, Tianjin, Langfang, Dalian, Taiyuan and Qinhuangdao).

## **Liquidity and Financial Position**

As at 31st December 2020, total assets of the Group amounted to HK\$300,871 million and total liabilities came to HK\$203,003 million, representing an increase of 47% and 57% respectively as compared to 31st December 2019. The increase in total assets was mainly attributable to the increase in financial assets at fair value through profit or loss, properties under development for sale and completed properties for sale. The increase in total liabilities was mainly attributable to the increase in borrowings.

The Group's current ratio as at 31st December 2020 was 2.23 (31st December 2019: 1.98). Equity as at 31st December 2020 increased by 30% to HK\$97,868 million from 31st December 2019, mainly due to the increase in profit attributable to equity holders during the year. The net asset value ("NAV") per share as at 31st December 2020 was HK\$44.66.

As at 31st December 2020, the Group's liability-to-asset ratio (i.e. the ratio between total liabilities and total assets, excluding non-controlling interests) was 67% (31st December 2019: 63%).

As at 31st December 2020, the Group had cash and bank deposits amounting to HK\$29,650 million (31st December 2019: HK\$14,102 million), of which approximately HK\$2 million (31st December 2019: HK\$2 million) was charged by certain banks in respect of the processing of mortgage facilities granted by the banks to the buyers of the Group's properties. 92.31% of the cash and bank deposits were denominated in Renminbi, 3.22% in Hong Kong dollars, 4.46% in United States dollars and 0.01% in other currencies.

Total borrowings from banks and financial institutions amounted to HK\$90,109 million as at 31st December 2020, representing an increase of 75% or HK\$38,573 million as compared to those as at 31st December 2019. Gearing ratio, measured by net bank and financial institution borrowings, senior notes and commercial mortgage-backed securities (i.e. total bank and financial institution borrowings, senior notes and commercial mortgage-backed securities less cash and bank deposits) as a percentage of shareholders' equity, was 80% as at 31st December 2020 (increased by 14% as compared with 66% as at 31st December 2019).

All of the bank and financial institution borrowings were either secured or covered by guarantees and substantially denominated in Renminbi with fixed interest rates.

All of the commercial mortgage-backed securities were secured and denominated in Renminbi.

All of the senior notes were secured and denominated in United States dollars.

All of the other borrowings were unsecured and substantially denominated in Renminbi.

The Group's borrowings repayment profile as at 31st December 2020 was as follows:

(HK\$ million)	As at 31st December 2020						As at 31st December 2019					
	Bank and financial institution borrowings	Commercial mortgage-backed securities	Senior notes	Other borrowings	Total	Percentage	Bank and financial institution borrowings	Commercial mortgage-backed securities	Senior notes	Other borrowings	Total	Percentage
Within one year	13,426	82	4,349	1,635	19,492	(18%)	12,662	28	—	3,383	16,073	(24%)
One to two years	27,871	129	3,841	—	31,841	(29%)	15,413	75	—	—	15,488	(23%)
Two to five years	29,956	9,028	—	—	38,984	(36%)	15,376	7,911	3,840	—	27,127	(41%)
After five years	18,856	—	—	—	18,856	(17%)	8,085	—	—	—	8,085	(12%)
Total	90,109	9,239	8,190	1,635	109,173		51,536	8,014	3,840	3,383	66,773	
Less: Total bank deposits and cash					(29,650)						(14,102)	
Net borrowings					79,523						52,671	

As at 31st December 2020, the Group had banking facilities of approximately HK\$174,795 million (31st December 2019: HK\$88,053 million) for short-term and long-term bank loans, of which HK\$67,257 million (31st December 2019: HK\$24,663 million) were unutilised.

### Charge on Assets

As at 31st December 2020, certain assets of the Group with an aggregate carrying value of HK\$89,374 million (31st December 2019: HK\$78,951 million) and the Group's equity interests in subsidiaries of HK\$9,270 million (31st December 2019: HK\$1,267 million) were pledged with banks and financial institutions for loan facilities used by subsidiaries.

### Financial Guarantees

As at 31st December 2020, the Group provided guarantees to banks for mortgage facilities granted to buyers of the Group's properties which amounted to HK\$16,869 million (31st December 2019: HK\$11,846 million).

### Commitments

The Group's commitments as at 31st December 2020 were as follows:

	<b>As at 31st December 2020 <i>HK\$ million</i></b>	As at 31st December 2019 <i>HK\$ million</i>
Capital commitments		
Contracted but not provided for		
— Acquisition of land and equity interests in certain land holding entities	—	916
— Property construction costs	<b>3,964</b>	1,532
— Capital contribution to an associate	<b>255</b>	239
— Acquisition of equity investments	<b>3,031</b>	—
	<b>7,250</b>	2,687
Property development commitments		
Contracted but not provided for		
— Property construction costs	<b>29,362</b>	25,390

The Group has operating lease commitments in respect of leased premises under various non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating lease are as follows:

	<b>As at 31st December 2020 HK\$ million</b>	<b>As at 31st December 2019 HK\$ million</b>
Amounts payable		
— Within one year	<b>9</b>	16
— Over one year	<b>—</b>	4
	<b>9</b>	20

## EVENTS AFTER THE BALANCE SHEET DATE

### (A) Issue of Senior Notes

On 13th January 2021, Hopson Capital International Group Co Ltd 合生資本國際集團有限公司 (“Hopson Capital”), an indirect wholly-owned subsidiary of the Company, issued 5.8% senior notes due 2022 in an aggregate principal amount of US\$400,000,000 (equivalent to approximately HK\$3,101,900,000). On 4th February 2021, Hopson Capital issued additional US\$100,000,000 (equivalent to approximately HK\$775,480,000) 5.8% senior notes due 2022, which were consolidated and form a single series with the US\$400,000,000 5.8% senior notes due 2022.

The senior notes were guaranteed by the Company and certain wholly-owned subsidiaries of the Company. The Directors believe that the issue of the guaranteed senior notes will be beneficial to the Group as it will allow the Group to obtain financing from international investors and improve its capital structure. The Group intends to use the proceeds from the issue of the guaranteed senior notes for refinancing and general corporate purposes.

### (B) Acquisition of Lands in Beijing, PRC

On 26th January 2021, Beijing Shenghong Chenyue Real Estate Development Limited \* (北京盛宏辰悦房地產開發有限公司), a wholly-owned subsidiary of the Company, became the successful bidder for the land use rights in respect of plots DX05-0200-0037, 0038 and 6002, Shanty Town, Nanjiao Farm, Jiugong Town, Daxing District, Beijing (北京大興區舊宮鎮南郊農場棚戶區) (the “Land”) at the total consideration of RMB4.657 billion through a public bidding process. The Group intends to develop Land into residential buildings.

## **FOREIGN EXCHANGE FLUCTUATIONS**

The Group earns revenue and incurs costs and expenses mainly in Renminbi and is exposed to foreign exchange fluctuation arising from the exposure of Renminbi against Hong Kong dollar and US dollar. However, the Directors do not anticipate any significant foreign exchange loss as a result of changes in exchange rate between Hong Kong dollar, US dollar and Renminbi in the foreseeable future.

## **MANAGEMENT CONTRACT**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

## **EMPLOYEES**

As at 31st December 2020, the Group, excluding its associates and joint ventures, employed a total of 11,368 (as at 31st December 2019: 10,385) staff, the majority of which were employed in Mainland China. Employees' costs (including Directors' emoluments) amounted to HK\$1,773 million for the year ended 31st December 2020 (2019: HK\$1,581 million).

## **CORPORATE GOVERNANCE**

The Company has complied with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the year ended 31st December 2020, except for the code provisions A.4.1 and E.1.2 as described below.

Code provision A.4.1 stipulates that non-executive directors should be appointed for a specific term, subject to re-election. Save for Mr. Ching Yu Lung, whose appointment is for a 3-year term subject to renewal, none of the independent non-executive Directors is appointed for a specific term. This constitutes a deviation from code provision A.4.1. However, as all the independent non-executive Directors are subject to retirement by rotation and re-election by shareholders at the annual general meetings of the Company in accordance with the Company's Bye-laws, in the opinion of the Directors, this meets the objective of the CG Code.

Code provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. The Chairman of the Board did not attend the annual general meeting for the year 2020 due to other business commitment.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirm that the Company has maintained during the year under review the amount of public float as required under the Listing Rules.

## PURCHASE, REDEMPTION AND SALE OF THE COMPANY'S LISTED SECURITIES

During the year ended 31st December 2020, the Company repurchased a total of 34,192,000 shares of HK\$0.10 each in the capital of the Company on the Stock Exchange, details of which are as follows:

Month of repurchase	Number of shares repurchased	Highest price paid per share (HK\$)	Lowest price paid per share (HK\$)	Aggregate consideration (excluding expenses) (HK\$)
July 2020	196,000	9.35	9.07	1,796,460
August 2020	2,932,000	15.44	13.74	43,428,460
September 2020	13,630,000	17.74	14.70	226,485,610
October 2020	3,010,000	20.40	19.06	59,901,440
November 2020	3,624,000	19.80	18.64	69,885,430
December 2020	10,800,000	19.96	17.36	201,317,700

The issued share capital of the Company was reduced by the nominal value of the repurchased shares which had been cancelled. The premium paid for the repurchase of the shares and related expenses totaling approximately HK\$600,218,000 were charged to the reserves.

The repurchases of the above shares were effected by the Directors pursuant to the general mandate approved by the shareholders at the annual general meeting of the Company held on 12th June 2020, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

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

## AUDIT COMMITTEE AND REVIEW OF RESULTS

The Company's audit committee currently comprises all the two independent non-executive Directors which is less than three as required under Rule 3.21 of the Listing Rules. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed the risk management and internal controls and financial reporting matters including a review of the financial statements for the year ended 31st December 2020.

The figures in this preliminary announcement of the Group's results for the year ended 31st December 2020 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by PricewaterhouseCoopers on this preliminary announcement.

## **REMUNERATION COMMITTEE**

In accordance with the requirements of the CG Code, the Company has established a remuneration committee which currently comprises all the two independent non-executive Directors.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Tuesday, 8th June 2021 to Friday, 11th June 2021 (both days inclusive), during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the annual general meeting to be held on Friday, 11th June 2021, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Monday, 7th June 2021.

The register of members of the Company will also be closed from Friday, 18th June 2021 to Tuesday, 22nd June 2021 (both days inclusive) for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 17th June 2021.

## **ANNUAL REPORT**

The 2020 annual report containing all the information required by the Listing Rules will be published on the Stock Exchange's website and the Company's website <http://www.irasia.com/listco/hk/hopson> in due course.

## **DIRECTORS**

As at the date of this announcement, the Board comprises seven Directors. The Executive Directors are Ms. Chu Kut Yung (Chairman), Mr. Zhang Fan (Co-president), Mr. Au Wai Kin, Mr. Xie Bao Xin and Mr. Bao Wenge; and the independent non-executive Directors are Mr. Tan Leng Cheng, Aaron and Mr. Ching Yu Lung.

By order of the Board  
**Hopson Development Holdings Limited**  
**Chu Kut Yung**  
*Chairman*

Hong Kong, 24th March 2021

\* *For identification purpose only*

\*\* *For ease of reference, the names of PRC established companies or entities (if any) and PRC laws, regulations and organisations (if any) have generally been included in this announcement in both Chinese and English languages and in the event of inconsistency, the Chinese language shall prevail*