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HUIJING HOLDINGS COMPANY LIMITED

滙景控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9968)

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

2020 RESULTS HIGHLIGHTS

- Contracted sales (including contracted sales from the joint venture) increased by 75.5% to approximately RMB7,705.9 million for the year ended 31 December 2020.
- Revenue increased by 42.9% to approximately RMB5,153.2 million for the year ended 31 December 2020.
- Gross profit amounted to approximately RMB1,784.3 million for the year ended 31 December 2020, of which gross profit on property development was approximately RMB1,786.6 million. Gross profit margin on this segment was approximately 34.7%.
- Net profit amounted to approximately RMB740.5 million for the year ended 31 December 2020, which represented a year-on-year increase of 19.4%, of which approximately RMB516.4 million was attributable to owners of the parent company.
- Cash and bank balances (including restricted and pledged deposits) were RMB2,083.7 million as at 31 December 2020. Net gearing ratio was 18.0%, which is calculated by net debt divided by total equity. Net debt includes interest-bearing bank and other borrowings, senior notes and lease liabilities less cash and cash equivalents and restricted cash.
- Proposed final dividend of HK4.95 cents per share (2019: special dividend of HK4.5 cents per share) was recommended by the Board for the year ended 31 December 2020.

ANNUAL RESULTS

The board of directors (the “**Board**”) of Huijing Holdings Company Limited (the “**Company**”) announces that the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2020 together with the comparative figures for the year ended 31 December 2019 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

		2020	2019
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	4	5,153,233	3,605,606
Cost of sales		<u>(3,368,907)</u>	<u>(1,960,659)</u>
Gross profit		1,784,326	1,644,947
Other income and gains	4	142,329	27,403
Selling and distribution expenses		(157,595)	(83,818)
Administrative expenses		(510,150)	(263,395)
Fair value gains on investment properties, net		41,559	11,027
Other expenses		(31,889)	(12,466)
Finance costs	5	(135,554)	(82,421)
Share of profit/(loss) of a joint venture		<u>196,103</u>	<u>(14,468)</u>
PROFIT BEFORE TAX	6	1,329,129	1,226,809
Income tax expense	7	<u>(588,655)</u>	<u>(606,798)</u>
PROFIT FOR THE YEAR		<u>740,474</u>	<u>620,011</u>
ATTRIBUTABLE TO:			
Owners of the parent		516,356	615,390
Non-controlling interests		<u>224,118</u>	<u>4,621</u>
		<u>740,474</u>	<u>620,011</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT	9		
Basic and diluted (<i>RMB per share</i>)		<u>0.10</u>	<u>0.14</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020	2019
	RMB'000	RMB'000
PROFIT FOR THE YEAR	<u>740,474</u>	<u>620,011</u>
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>(30,551)</u>	<u>(1,595)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR	<u>(30,551)</u>	<u>(1,595)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>709,923</u>	<u>618,416</u>
ATTRIBUTABLE TO:		
Owners of the parent	485,805	613,795
Non-controlling interests	<u>224,118</u>	<u>4,621</u>
	<u>709,923</u>	<u>618,416</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		65,330	17,607
Right-of-use assets		6,684	10,134
Investment properties		1,433,900	1,002,900
Intangible assets		7,618	5,460
Investment in a joint venture		225,061	28,958
Land held for development for sale		496,728	286,975
Receivable from a joint venture		–	492,149
Deferred tax assets		165,802	154,076
		<u>2,401,123</u>	<u>1,998,259</u>
Total non-current assets			
CURRENT ASSETS			
Land held for development for sale		1,161,151	757,842
Properties under development		2,944,941	2,875,681
Completed properties held for sale		1,153,279	1,075,239
Trade receivables	10	56,760	112,806
Prepayments, other receivables and other assets		2,181,815	1,046,327
Receivable from a joint venture		258,121	–
Financial assets at fair value through profit or loss		494,838	–
Prepaid land appreciation tax		3,241	22,336
Restricted cash		386,855	276,304
Cash and cash equivalents		1,696,868	452,464
		<u>10,337,869</u>	<u>6,618,999</u>
Total current assets			
CURRENT LIABILITIES			
Trade payables	11	1,738,948	1,582,636
Other payables, deposits received and accruals		719,989	313,602
Lease liabilities		5,163	5,709
Contract liabilities		2,223,304	1,724,907
Amounts due to directors		–	62,442
Interest-bearing bank and other borrowings		823,100	1,277,150
Senior notes		871,332	–
Provision for corporate income tax		644,145	564,036
Provision for land appreciation tax		697,045	595,145
		<u>7,723,026</u>	<u>6,125,627</u>
Total current liabilities			
NET CURRENT ASSETS		<u>2,614,843</u>	<u>493,372</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,015,966</u>	<u>2,491,631</u>

	<i>Note</i>	2020 RMB'000	2019 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		1,073,040	781,860
Lease liabilities		2,134	4,663
Deferred tax liabilities		111,156	82,484
		<u>1,186,330</u>	<u>869,007</u>
Total non-current liabilities		1,186,330	869,007
NET ASSETS			
		3,829,636	1,622,624
EQUITY			
Equity attributable to owners of the parent			
Issued capital	<i>12</i>	47,972	—*
Reserves		3,196,838	1,585,879
		<u>3,244,810</u>	1,585,879
Non-controlling interests		584,826	36,745
		<u>584,826</u>	<u>36,745</u>
TOTAL EQUITY		3,829,636	1,622,624
		<u>3,829,636</u>	<u>1,622,624</u>

* The amount is less than RMB500.

NOTES

1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 9 January 2019 under the Companies Law, Cap 22 of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business in Hong Kong is located at Unit 2403-2408, 24/F, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. During the year, the Company's subsidiaries were involved in property development and investment in the People's Republic of China (the "**PRC**"). In the opinion of the directors of the Company (the "**Directors**"), the ultimate and immediate holding company of the Company is Wui Ying Holdings Limited and the controlling shareholders of the Company (the "**Controlling Shareholders**") are Mr. Lun Ruixiang ("**Mr. Lun RX**") and Ms. Chan Hau Wan ("**Ms. Chan**"), spouse of Mr. Lun RX.

Pursuant to the reorganisation of the Company in connection with the listing of the shares of the Company on the Stock Exchange of Hong Kong Limited ("**Stock Exchange**") (the "**Reorganisation**"), the Company became the holding company of the companies now comprising the Group on 25 March 2019. Details of Reorganisation as set out in the paragraph headed "Reorganisation" in the section headed "History, Reorganisation and Group Structure" in the prospectus of the Company dated 31 December 2019 (the "**Prospectus**").

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 25 March 2019. The companies now comprising the Group were under the common control of the Controlling Shareholders before and after the Reorganisation. Accordingly, these financial statements have been presented by applying the principles of merger accounting.

The consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year ended 31 December 2019 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the Controlling Shareholders, where this is a shorter period. The consolidated statement of financial position of the Group as at 31 December 2019 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the Controlling Shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries held by parties other than the Controlling Shareholders, and changes therein, prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on consolidation.

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised HKFRSs for the first time for the current year’s financial statements.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the “**Conceptual Framework**”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
- (b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

- (c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.
- (d) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

3. OPERATING SEGMENT INFORMATION

The Group is principally engaged in one single operating segment, i.e., the property development and investment business. Accordingly, no operating segment information is presented.

Geographical information

No geographical information about the Group’s operating segment is presented as the Group’s revenue from the external customers is derived solely from its operations in the PRC and more than 90% of the non-current assets of the Group are located in the PRC. Accordingly, in the opinion of the Directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

Information about major customers

During the current and prior years, no revenue from transactions with a single external customer contributed 10% or more of the Group’s total revenue.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group’s revenue is as follows:

	2020	2019
	RMB’000	RMB’000
Revenue		
<i>Revenue from contracts with customers</i>		
Sale of properties in the PRC	5,149,966	3,601,049
<i>Revenue from another source</i>		
Gross rental income from investment property operating leases	<u>3,267</u>	<u>4,557</u>
	<u>5,153,233</u>	<u>3,605,606</u>

Revenue from contracts with customer

(i) *Disaggregated revenue information*

All revenue from contracts with customers are recognised at a point in time.

The following table shows the amount of revenue recognised in the current year that were included in the contract liabilities at the beginning of the year:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Sale of properties	<u>1,692,986</u>	<u>1,570,921</u>

(ii) *Performance obligations*

Information about the Group's performance obligation is summarised below:

Sales of properties

The performance obligation is satisfied when the physical possession or the legal title of the completed property is obtained by the customer.

The contracted sales amounts allocated to the remaining performance obligations as at the end of the year:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	3,795,407	1,735,375
After one year	<u>84,371</u>	<u>52,396</u>
	<u>3,879,778</u>	<u>1,787,771</u>

The contracted sales amounts allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to sale of properties, of which the performance obligations are to be satisfied within two years. All the other contracted sales amounts allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of the Group's other income and gains is as follows:

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Fair value gains on financial assets at fair value through profit or loss	71,086	–
Dividend income from financial assets at fair value through profit or loss	18,412	–
Interest income of a loan to a joint venture	16,653	13,587
Foreign exchange differences, net	9,490	–
Bank interest income	5,208	7,883
Forfeiture of deposits	1,605	2,997
Gain on disposal of items of property, plant and equipment	91	–
Others	19,784	2,936
	<u>142,329</u>	<u>27,403</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on lease liabilities	331	463
Interest on bank and other borrowings	167,581	277,982
Interest on senior notes	56,488	–
Interest expense arising from revenue contracts	10,592	30,879
Less: Interest capitalised	(99,438)	(226,903)
	<u>135,554</u>	<u>82,421</u>

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2020	2019
	RMB'000	RMB'000
Cost of properties sold	3,363,348	1,958,259
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	5,559	2,400
Depreciation of property, plant and equipment	8,307	4,848
Depreciation of right-of-use assets	5,913	7,073
Amortisation of intangible assets [#]	2,930	1,390
Gain on disposal of items of property, plant and equipment*	(91)	–
Impairment of other receivables	13,309	–
Change in fair value of financial assets at fair value through profit or loss*	(71,086)	–
Dividend income from financial assets at fair value through profit or loss*	(18,412)	–
Lease payments not included in the measurement of lease liabilities	642	1,262
Auditor's remuneration	4,600	4,752
Employee benefit expense (including directors' remuneration):		
Salaries, bonuses and benefits in kind	202,034	97,125
Equity-settled share option expense	33,774	46,519
Pension scheme contributions	6,588	6,252
	242,396	149,896
Foreign exchange differences, net*/ [#]	(9,490)	1,183

* Included in "Other income and gains" in the consolidated statement of profit or loss.

Included in "Administrative expenses" in the consolidated statement of profit or loss.

7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the entities within the Group incorporated in the Cayman Islands and the British Virgin Islands are not subject to any income tax. No provision for Hong Kong profits tax has been made for the year as the Group did not generate any assessable profits arising in Hong Kong during the year (2019: Nil). Subsidiaries of the Group operating in the PRC are subject to the PRC corporate income tax (“CIT”) at a rate of 25% (2019: 25%).

PRC land appreciation tax (“LAT”) is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Current:		
PRC CIT	230,655	303,842
PRC LAT	366,283	339,929
	596,938	643,771
Deferred	(8,283)	(36,973)
Total tax charge for the year	<u>588,655</u>	<u>606,798</u>

8. DIVIDENDS

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Proposed final – HK4.95 cents (2019: Nil) per ordinary share	218,643	–
2019 Special dividend – HK4.5 cents per ordinary share	–	212,159
	<u>218,643</u>	<u>212,159</u>

The proposed final dividend is subject to the approval of the Company’s shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The calculation of the basic earnings per share for the year ended 31 December 2020 is based on the profit for the year attributable to owners of the parent of RMB516,356,000 (2019: RMB615,390,000), and the weighted average number of ordinary shares of 5,221,700,820 (2019: 4,465,899,977) in issue during the year.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the year ended 31 December 2020 represented 100 ordinary shares of the Company issued, 4,465,899,900 ordinary shares issued pursuant to the Capitalisation Issue (as defined in note 12(d)) as if these shares had been in issue throughout the year, as well as 788,100,000 ordinary shares issued upon the completion of the listing of the Company.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the year ended 31 December 2019 represented 1 ordinary share of the Company issued on the date of incorporation, 99 ordinary shares of the Company issued by allotment on 27 March 2019, as well as 4,465,899,900 ordinary shares issued pursuant to the Capitalisation Issue as if these shares had been in issue throughout the year ended 31 December 2019.

The calculations of the basic and diluted earnings per share are based on:

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Earnings		
Profit attributable to owners of the parent, used in the basic and diluted earnings per share calculation	<u>516,356</u>	<u>615,390</u>
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	5,221,700,820	4,465,899,977
Effect of dilution – weighted average number of ordinary shares:		
Share options	<u>1,348,261</u>	<u>38,946</u>
Weighted average number of ordinary shares in issue during the year used in the diluted earnings per share calculation	<u>5,223,049,081</u>	<u>4,465,938,923</u>

10. TRADE RECEIVABLES

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	<u>56,760</u>	<u>112,806</u>

Trade receivables represent receivable arising from the sale of properties. Consideration in respect of properties is payable by the customers in accordance with the terms of the related sale and purchase agreements. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by management.

Since the Group's trade receivables are related to a number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the year, based on the revenue recognition date or invoice date, is as follows:

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Less than 1 year	<u>56,760</u>	<u>112,806</u>

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. Based on evaluation on expected credit loss rate and gross carrying amount, the directors of the Company are of the opinion that the financial impact of expected credit loss in respect of these balance is considered immaterial. As at 31 December 2020 and 2019, the loss allowance for trade receivables was assessed to be minimal.

11. TRADE PAYABLES

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables to third parties	1,708,751	1,556,470
Trade payables to related companies controlled by Mr. Lun RX	<u>30,197</u>	<u>26,166</u>
	<u>1,738,948</u>	<u>1,582,636</u>

An ageing analysis of the trade payables as at the end of the year, based on the invoice date, is as follows:

	2020	2019
	RMB'000	RMB'000
Less than 1 year	1,389,669	1,433,818
1 to 2 years	277,233	128,009
3 to 5 years	72,046	20,809
	<u>1,738,948</u>	<u>1,582,636</u>

The trade payables are unsecured and interest-free and are normally settled based on the progress of the construction of the Group's properties under development.

12. SHARE CAPITAL

Shares

	2020	2019
	RMB'000	RMB'000
Authorised:		
10,000,000,000 ordinary shares of HK\$0.01 each	<u>90,141</u>	<u>90,141</u>
Issued and fully paid:		
5,254,000,000 (2019: 100) ordinary shares of HK\$0.01 each	<u>47,972</u>	<u>—*</u>

A summary of movements in the Company's share capital were as follows:

	<i>Notes</i>	Number of ordinary shares	Nominal value of ordinary shares
			<i>RMB'000</i>
Authorised:			
At 9 January 2019 (date of incorporation)	<i>(a)</i>	38,000,000	331
Increase in authorised share capital on 11 December 2019	<i>(b)</i>	<u>9,962,000,000</u>	<u>89,810</u>
At 31 December 2019, 1 January 2020 and 31 December 2020		<u>10,000,000,000</u>	<u>90,141</u>

	<i>Notes</i>	Number of ordinary shares in issue	Issued capital RMB'000
Issued and fully paid:			
At 9 January 2019 (date of incorporation)	<i>(a)</i>	1	—*
Shares issued on 27 March 2019	<i>(c)</i>	<u>99</u>	<u>—*</u>
At 31 December 2019 and 1 January 2020		<u>100</u>	<u>—*</u>
Capitalisation Issue	<i>(d)</i>	4,465,899,900	40,776
Issuance of new shares in connection with the listing of the Company	<i>(e)</i>	<u>788,100,000</u>	<u>7,196</u>
As at 31 December 2020		<u><u>5,254,000,000</u></u>	<u><u>47,972</u></u>

* The amount is less than RMB500.

Notes:

- (a) The Company was incorporated in the Cayman Islands on 9 January 2019 with an authorised share capital of HK\$380,000 at par value of HK\$0.01. On its date of incorporation, 1 ordinary share was allotted and issued by the Company.
- (b) Pursuant to the shareholders' resolution passed on 11 December 2019, the authorised share capital of the Company was increased from HK\$380,000 to HK\$100,000,000 by the creation of an additional 9,962,000,000 ordinary shares of HK\$0.01 each.
- (c) On 27 March 2019, pursuant to the Reorganisation, 98 ordinary shares and 1 ordinary share of HK\$0.01 each were allotted and issued to Wui Ying Holdings Limited (“**Wui Ying**”), a company wholly-owned by Mr. Lun RX, and Wui Shing Holdings Limited (“**Wui Shing**”), a company wholly-owned by Ms. Chan, respectively.
- (d) Pursuant to the shareholders' resolution passed on 11 December 2019, the Company shall allot and issue a total of 4,465,899,900 ordinary shares, credited as fully paid at par, to Wui Ying and Wui Shing by way of capitalisation of the sum of HK\$44,658,999 standing to the credit of the share premium account of the Company (the “**Capitalisation Issue**”). The Capitalisation Issue became unconditional on 16 January 2020.
- (e) In connection with the listing of the shares of the Company on the Stock Exchange, 788,100,000 new ordinary shares of HK\$0.01 each were issued at a price of HK\$1.93 per share for a total cash consideration, before expenses, of HK\$1,521,033,000 (equivalent to RMB1,388,780,000). Dealings in the shares of the Company on the Stock Exchange commenced on 16 January 2020.

FINAL DIVIDEND

The Board recommends a final dividend of HK4.95 cents (2019: special dividend of HK4.5 cents) per ordinary share of the Company, amounting to a total final dividend of approximately RMB218.6 million (2019: RMB212.2 million) for the year ended 31 December 2020.

The proposed final dividend, if approved at the forthcoming annual general meeting of the Company (the “**2021 AGM**”) to be held on Wednesday, 23 June 2021, is expected to be payable on Monday, 20 September 2021 to shareholders whose names appear on the register of members of the Company on Friday, 2 July 2021.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

- (a) from Friday, 18 June 2021 to Wednesday, 23 June 2021 (both days inclusive), for the purpose of ascertaining shareholders’ entitlement to attend and vote at the 2021 AGM. In order to be entitled to attend and vote at the 2021 AGM, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited of Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. (Hong Kong Time) on Thursday, 17 June 2021; and
- (b) from Wednesday, 30 June 2021 to Friday, 2 July 2021 (both days inclusive), for the purpose of ascertaining shareholders’ entitlement to the proposed final dividend. In order to be qualified for the proposed final dividend, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited at the address as set out in sub-paragraph (a) above no later than 4:30 p.m. (Hong Kong Time) on Tuesday, 29 June 2021.

During the periods mentioned in sub-paragraphs (a) and (b) above, no transfer of shares will be registered.

MANAGEMENT DISCUSSION AND ANALYSIS

GENERAL OVERVIEW

In 2020, the outbreak of the coronavirus (“**COVID-19**”) has caused an unprecedented impact on the global economy, the economic growth is slowing down in the major economic zones world wide, while China is the only economic zone that still enjoys a positive growth in 2020. As real estate is a major part of the macro economy in China, the PRC government focused more on city-specific measures regarding market regulation to ensure the steady development of the industry. The PRC government also pledged to adhere to the principle of housing is “for living in, not for speculation”, fend off and defuse major risks of the real estate industry and facilitate the development of a long-term healthy growth for the real estate market.

Confronted with the ever-changing industry policy control and the increasingly fierce competition in the industry, the Group takes advantage of its competitive edge in the Greater Bay Area, especially the urban renewal and industry integration property projects opportunities in Dongguan, and continues to develop the Group’s market share in the central and eastern region, especially the tourism-healthy living property projects and expand to the west and north part of China, thus continuously increasing our land reserve and the development opportunity to cater for the market changes.

BUSINESS REVIEW

The Group derives its revenue primarily from sales of properties and, to a lesser extent, lease of investment properties. For the year ended 31 December 2020, the Group recorded a total revenue of approximately RMB5,153.2 million, representing a year-on-year increase of approximately 42.9%.

Contracted sales

For the year ended 31 December 2020, including the joint venture, the Group recorded contracted sales of approximately RMB7,705.9 million, representing an increase of approximately 75.5% compared to the year ended 31 December 2019, and contracted gross floor area (“**GFA**”) sold of approximately 757,828 sq.m., representing an increase of approximately 124.0% compared to the year ended 31 December 2019.

Sales of properties

For the year ended 31 December 2020, the revenue from sales of properties recorded a year-on-year increase of approximately 43.0% to approximately RMB5,150.0 million, which accounted for approximately 99.9% of the total revenue of the Group. For the year ended 31 December 2020, the Group recognised total GFA of approximately 578,747 sq.m., which represented an increase of approximately 78.7% as compared to the previous year. The average selling price (“ASP”) of the properties recognised as property sales was approximately RMB8,898 per sq.m., representing a year-on-year decrease of approximately 20.0%.

Based in Guangdong Province, the Group continued to expand into the west and north region of China during the year.

The following table sets out the recognised sales and GFA sold of each city in 2020:

City	Recognised GFA sq.m.	Percentage of total recognised GFA (%)	Recognised ASP RMB/sq.m.	Recognised revenue RMB'000	Percentage of total recognised revenue (%)
Dongguan	118,008	20.4%	14,589	1,721,575	33.4%
Heyuan	250,291	43.2%	5,811	1,454,340	28.2%
Hefei	4,636	0.8%	6,633	30,751	0.6%
Hengyeng	12,592	2.2%	9,348	117,710	2.3%
Xichang	145,873	25.2%	10,374	1,513,350	29.4%
Bazhou	<u>47,347</u>	<u>8.2%</u>	6,595	<u>312,240</u>	6.1%
Total	<u><u>578,747</u></u>	<u><u>100.0%</u></u>	8,898	<u><u>5,149,966</u></u>	<u><u>100.0%</u></u>

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

Name of Project	City	The Group's Equity Interest	Saleable				Total estimate GFA for future development (sq.m.)	Total Consideration* (RMB'000)	Attributable Consideration (RMB'000)	Land Cost (RMB/sq.m.)
			Sold GFA (sq.m.)	GFA (Note 1) (sq.m.)	Investment Property (sq.m.)	Unsaleable GFA (sq.m.)				
Huijing Riverside Villa (御海藍岸)	Dongguan	100%	426,051	14,022	-	49,257	-	559,891	559,891	1,144.2
Huijing Riverside Villa•Perfection (御海藍岸•臻品)	Dongguan	100%	31,961	910	-	5,276	-	80,059	80,059	2,098.7
Royal Spring Hill (御泉香山)	Dongguan	100%	217,867	6,526	-	42,024	-	184,600	184,600	692.9
City Valley (城市山谷)	Dongguan	100%	119,860	4,350	-	24,566	-	91,794	91,794	617.0
Huijing City Centre (滙景城市中心)	Dongguan	100%	120,224	5,776	15,329	28,659	-	231,031	231,031	1,359.1
Century Gemini (世紀雙子) (Note 4)	Dongguan	100%	49,749	8,759	-	27,168	-	102,639	102,639	920.9
Huijing City (滙景城) (Note 4)	Dongguan	100%	-	-	25,780	-	-	102,639	102,639	920.9
Central Palace (中央華府)	Dongguan	100%	62,590	4,770	-	11,670	-	80,097	80,097	1,013.5
Huijing Palace (滙景華府) and Huijing Ginza (滙景銀座)	Dongguan	100%	153,010	118	-	23,619	-	144,598	144,598	818.1
Emperor View Peak (帝景峰)	Dongguan	100%	38,698	-	-	11,661	-	37,023	37,023	735.2
Humen Marina City (虎門濱海城)	Dongguan	98%	102,026	21	-	19,509	-	377,298	369,752	3,103.9
Fenghua Mansion (豐華公館)	Dongguan	100%	12,794	3,356	-	2,745	-	105,260	105,260	5,570.8
Houjie Town Baotun Village Area (厚街鎮寶屯村地塊) (Note 2)	Dongguan	100%	-	-	-	-	-	23,701	23,701	-
Hongmei Hongwugao (洪梅洪屋渦) (Note 3)	Dongguan	100%	-	-	-	-	-	259,154	259,154	-
Qingxi Sanzhong Area (清溪三片中區) (Note 3)	Dongguan	100%	-	-	-	-	-	186,300	186,300	-
Shatian Renzhou Area (沙田稔洲片區) (Note 3)	Dongguan	100%	-	-	-	-	-	115,075	115,075	-
Bund No.8 (外灘8號)	Heyuan	100%	179,797	988	-	35,244	-	186,131	186,131	861.6
Nine Miles Bay (九里灣花園)	Heyuan	100%	187,189	508,908	-	125,413	-	747,084	747,084	909.4
Star River Court (星河豪庭)	Heyuan	40%	61,392	21,020	13,070	19,163	-	59,412	23,765	518.2
Dongjiang River Galleries (a portion of 東江畫廊 (部份))	Heyuan	80%	-	-	-	-	532,707	490,517	392,414	920.8
Hefei Huijing City Centre (合肥滙景城市中心)	Hefei	100%	102,182	105,278	84,121	69,960	-	182,723	182,723	505.4
Huijing Yanhu International Resort (衡陽滙景•雁湖生態文旅小鎮)	Hengyang	100%	40,463	134,378	-	27,441	1,105,596	330,283	330,283	252.5
Xingfu District (幸福里)	Pinghu	80%	-	61,525	-	22,996	-	268,977	215,182	3,182.4
Yonghe District (雍和居)	Chenzhou	100%	-	-	-	-	246,835	418,600	418,600	1,695.9
Jieyou Lake (解憂湖)	Xuzhou	100%	-	-	-	-	221,715	658,200	658,200	2,968.7
Feili Garden (翡麗莊園)	Xichang	40%	145,873	20,267	-	20,054	-	472,061	188,824	2,535.3
Feili Palace (翡麗華府)	Xichang	40%	-	87,401	-	2,679	-	381,842	152,737	4,238.9
Star City District (星城項目)	Bazhou	40%	47,347	37,405	-	10,277	-	44,994	17,998	473.5
Huijing Global Centre (滙景發展環球中心)	Changsha	49%	83,012	148,930	-	64,672	-	826,040	404,760	2,784.9
Total			2,182,085	1,174,708	138,300	644,053	2,106,853	7,645,384	6,489,675	1,224.0

* Refer to the cost of land which the project company acquired

Notes:

1. Saleable/leasable GFA refer to the internal floor area of a property, which has been derived from the relevant (i) pre-sale permit; (ii) floor area prediction report (房產面積預測報告), where a pre-sale permit is not available for the whole or a part of a property; and/or (iii) relevant development indicators approved by the relevant authority responsible for urban and rural planning or the Group's internal records, where neither a pre-sale permit nor floor area prediction report is available for the whole or a part of the development.
2. The expected GFA is not available for Houjie Town Baotun Village Area as the latest land planning remains subject to approval. For further details, please refer to the subsection under the prospectus headed "Compliance with Laws and Regulations – Historical Non-compliance Incidents – (A) Delay in Commencement and/or completion of construction within the prescribed period as stipulated in the relevant land grant contracts".

3. As at 31 December 2020, the land in Qingxi Sanzhong Area, Hongmei Hongwugao and Shatian Renzhou Area was zoned for industrial use, current information (including plot ratio) is not relevant for our Group's purpose. For further details, please refer to the subsection under the prospectus headed "Business – Land reserves".
4. Century Gemini and Huijing City are situated on the same parcel of land and therefore share the same site area.

Investment properties

As at 31 December 2020, the Group had a total GFA of approximately 138,300 sq.m. (leasable area of approximately 41,178 sq.m.) with rental income of approximately RMB3.3 million for the year ended 31 December 2020.

Land reserves

Leveraging on the Group's in-depth understanding of the property markets in the Greater Bay Area, the Yangtze River Delta Urban Cluster, the Mid-Stream Urban Cluster and intensive studies on its target cities, the Group continued to strategically develop and operate property projects at strategic and advantageous locations in those regions. In 2020, the Group also expanded into the west and north region of China, such as Sichuan and Hebei provinces, to further establish the Group's present in those market. As at 31 December 2020, the Group has land reserves amounting to approximately 3,281,561 sq.m., with 22 projects and 7 parcels of land located in 10 cities all over China.

The following table sets out the GFA of the Group's land reserves by geographical locations as at 31 December 2020:

	Total land reserve GFA <i>(sq.m.)</i>	Percentage of total land reserve GFA <i>(%)</i>
Dongguan	48,608	1.5%
Heyuan	1,063,623	32.4%
Hefei	105,278	3.2%
Hengyang	1,239,974	37.8%
Changsha	148,930	4.5%
Pinghu	61,525	1.9%
Chenzhou	246,835	7.5%
Xuzhou	221,715	6.8%
Xichang	107,668	3.3%
Bazhou	37,405	1.1%
Total	3,281,561	100.0%

As at the date of this announcement, the progress of the Three-old Transformation Schemes was as follows:

1. Project Zhangmutou Baoshan Area: The Three-old Transformation for this project is carried out under the Cooperation Scenario. Currently, the Company completes the negotiation with local village committee, and moves forward to obtain the final approval by the relevant government authorities and then apply to deregister the current land title and be issued a new land use right. It is expected that the Company will obtain the new land use right certificate before the third quarter of 2021 subsequent to relocation of residents and payment of land premium. The total site area of this project is 171,330 sq.m. with an expected plot ratio accountable gross floor area of 385,000 sq.m..
2. Humen Xinwan Area: The Three-old Transformation for this project is carried out under the Right Owners Scenario. As the project is located in Humen area, which is within the territorial spatial planning of Guangdong Province (2020–2035), the urban renewal procedure is suspended until the completion of the planning by relevant government authorities. The Company anticipates that the urban renewal procedure of Humen Xinwan Area will resume in 2021 following completion of the aforesaid government work. The total site area of this project is 14,910 sq.m. with an expected plot ratio accountable gross floor area of 44,730 sq.m..
3. Shatian Renzhou Area: The Three-old Transformation for this project is carried out under the Right Owners Scenario. The project is located in Shatian town with a total site area of approximately 77,688 sq.m. After the Three-old Transformation, the land use right is expected to be changed to emerging industry use (M0), with an expected plot ratio accountable gross floor area of 272,000 sq.m. The Company expects that the Three-old Transformation for this project will be completed within the year 2021 and begin the construction afterwards.

4. The Company had entered into seven agreements as preparatory services providers with relevant parties. The relevant projects are all located in Dongguan city carrying out preparatory services and have a total site area of 1,557,500 sq.m.. The Three-old Transformation for the relevant projects is expected to be carried out under the Single Party Scenario. The details of the projects are as follows:

Project	Location	Total site area (sq.m.)
Xie Gang Li Village (謝崗黎村)	Xiegang town, Dongguan city	323,000
AI Smart Town (AI智能小鎮)	Shatian town, Dongguan city	294,400
Qishi South Town (企石南鎮)	Qishi town, Dongguan city	255,300
Cha Shan Shang Yuan (茶山上元)	Chashan town, Dongguan city	207,800
Qingxi Qingxia (清溪清廈)	Qingxi town, Dongguan city	161,300
Chashan Waterworks Area (茶山水廠片區)	Chashan town, Dongguan city	105,700
Wanjiang Gonglian Area (萬江共聯片區)	Wanjiang Gonglian area, Dongguan city	210,000
Total		<u>1,557,500</u>

5. The Company is currently working on obtaining the qualifications of the preparatory services providers for the other nine projects. The relevant projects are all located in Dongguan city and the proposed total site area of the nine projects for Three-old Transformation will be approximately 1.86 million sq.m..

FINANCIAL REVIEW

Overall performance

For the year ended 31 December 2020, total revenue of the Group was approximately RMB5,153.2 million, which represented a year-on-year increase of approximately 42.9%. Gross profit was approximately RMB1,784.3 million, which represented a year-on-year increase of approximately 8.5%. Gross profit margin was approximately 34.6%, which represented a year-on-year decrease of approximately 11.0 percentage points. Profit for the year recorded a year-on-year increase of approximately 19.4% to approximately RMB740.5 million and profit attributable to owners of the parent recorded a year-on-year decrease of approximately 16.1% to approximately RMB516.4 million for the year ended 31 December 2020.

Revenue

Revenue increased from approximately RMB3,605.6 million for the year ended 31 December 2019 to approximately RMB5,153.2 million for the year ended 31 December 2020, which represented a year-on-year increase of approximately 42.9%. The GFA delivered increased from 323,795 sq.m. for the year ended 31 December 2019 to 578,747 sq.m. for year ended 31 December 2020, which represented a year-on-year increase of approximately 78.7%, while the ASP decreased from RMB11,121 per sq.m. to RMB8,898 per sq.m. mainly as a result of the higher portion of GFA delivered in Heyuan and Xichang, such as projects Nine Miles Bay and Feili Garden, which have relatively lower average selling price compared with the higher average selling price in Dongguan where the major portion of GFA was delivered in the 2019.

Cost of sales

Corresponding to the significant increase in revenue, the cost of sales increased accordingly from approximately RMB1,960.7 million for the year ended 31 December 2019 to approximately RMB3,368.9 million for the year ended 31 December 2020, which resulted from the increase in GFA delivered during the year ended 31 December 2020 as compared to the same period in 2019.

Gross Profit and Gross Profit Margin

Gross profit increased from approximately RMB1,644.9 million for the year ended 31 December 2019 to approximately RMB1,784.3 million for the year ended 31 December 2020, with gross profit margin being approximately 45.6% and 34.6%, respectively. The decrease in gross profit margin was mainly due to the regional portfolio of property delivery and the relatively lower average selling price of the properties in 2020.

Other Income and Gains

Other income and gains increased from approximately RMB27.4 million for the year ended 31 December 2019 to approximately RMB142.3 million for the year ended 31 December 2020. Such increase was mainly due to (i) the fair value gains on financial assets at fair value through profit or loss of approximately RMB71.1 million; (ii) the dividend income on financial assets at fair value through profit or loss of approximately RMB18.4 million; (iii) government subsidies of approximately RMB11.0 million; and (iv) the foreign exchange gains of approximately RMB9.5 million.

Fair Value Gains on Investment Properties

Fair value gains on investment properties increased from approximately RMB11.0 million for the year ended 31 December 2019 to approximately RMB41.6 million for the year ended 31 December 2020, the increase was primarily due to the increased fair value of the Group's investment property of hotel and retail in Hefei.

Selling and Distribution Expenses

Selling and distribution expenses increased from approximately RMB83.8 million for the year ended 31 December 2019 to approximately RMB157.6 million for the year ended 31 December 2020. Such increase was primarily due to (i) the increase of approximately RMB34.0 million of advertisement expense for the year ended 31 December 2020 as compared to the same period in 2019, as a result of the increase in advertising and marketing activities held for the year ended 31 December 2020; (ii) the increase of approximately RMB41.2 million in commission expense for the year ended 31 December 2020, as a result of the increase in contracted sales.

Administrative Expenses

Administrative expenses increased from RMB263.4 million for the year ended 31 December 2019 to RMB510.2 million for the year ended 31 December 2020. Such increase was primarily due to (i) the increase of approximately RMB105.6 million in salaries expenses for the year ended 31 December 2020 as compared to the same period in 2019; (ii) the increase of approximately RMB71.8 million in legal and professional fee regarding consulting services and post-listing related activities due to the increase in demand of various capital market service, such as senior notes and other post-listing activities; (iii) the increase of approximately RMB31.0 million in other related tax expense.

Other Expenses

Other expenses increased from RMB12.5 million for the year ended 31 December 2019 to RMB31.9 million for the year ended 31 December 2020. Such increase was primarily due to the impairment of aged receivables of approximately RMB13.3 million and increase in donation of approximately RMB4.2 million.

Share of Profit or Loss of a Joint Venture

Share of profit or loss of a joint venture turned around from a share of loss of approximately RMB14.5 million for the year ended 31 December 2019 to a share of profit of approximately RMB196.1 million for the year ended 31 December 2020, which primarily due to the revenue generated from the property delivery of the joint venture in 2020.

Finance Costs

Finance cost increased from approximately RMB82.4 million for the year ended 31 December 2019 to approximately RMB135.6 million for the year ended 31 December 2020, which was primarily due to the decrease in the amount of capitalised finance cost.

Income Tax Expenses

Income tax expenses decreased from approximately RMB606.8 million for the year ended 31 December 2019 to approximately RMB588.7 million for the year ended 31 December 2020, with effective income tax rate of approximately 49.5% and 44.3% for the respective year. The decrease in effective income tax rate was primarily due to the decrease in gross profit margin, which resulted in the decrease of appreciation rate and therefore the decrease in LAT charge rate.

Net Profit and Net Profit Margin

Net profit increased from approximately RMB620.0 million for the year ended 31 December 2019 to approximately RMB740.5 million for the year ended 31 December 2020, while net profit margin decreased from approximately 17.2% for the year ended 31 December 2019 to approximately 14.4% for the year ended 31 December 2020. The decrease in net profit margin was primarily due to the decrease in gross profit margin and the increase in salary expense, interest expense, marketing and commission expense.

Our adjusted net profit for the year ended 31 December 2020 after excluding listing-related expenses and share-based compensation expenses of approximately RMB5.6 million and RMB33.8 million respectively, was approximately RMB779.9 million with net profit margin of approximately 15.1%.

The increase in net profit was primarily due to an increase in revenue by 42.9% for the year ended 31 December 2020 as a result of an increase in properties delivered, which was partially offset by an increase in selling and distribution expenses and administrative expenses by 88.0% and 93.7%, respectively, compared to the year ended 31 December 2019.

LIQUIDITY AND CAPITAL RESOURCES

The Group operated in a capital-intensive industry and has funded its growth primarily through cash generated from operations including proceeds from the sale of its properties, debt financing and capital contributions from shareholders. The Group's cash requirements relate primarily to acquisitions of lands, properties development, debt repayment, and clearance of all applicable taxes for projects developed.

Going forward, the Group believes that its liquidity requirements will be satisfied by cash generated from its operating activities, banking facilities available to us, and the net proceeds received from the Company's global initial public offering (the "**Global Offering**") and issuing notes.

As at 31 December 2020, the Group had a total cash and bank balance (including restricted cash) of approximately RMB2,083.7 million as compared to approximately RMB728.8 million as at 31 December 2019. The increase was primarily due to the increase in proceeds from sales of properties, borrowing from banks, issuance of senior notes and proceeds from the Global Offering. Substantially all of the Group's cash and bank balance are denominated in RMB.

The Group's net current assets were approximately RMB493.4 million and RMB2,614.8 million as at 31 December 2019 and 2020, respectively. The increase in net current assets was mainly attributable to (i) the increase of cash and cash equivalents and restricted cash of approximately RMB1,355.0 million as at 31 December 2020, (ii) the increase of prepayment, other receivables and other assets of approximately RMB1,135.5 million and (iii) the increase of land held for development for sale of approximately RMB403.3 million; being partially offset by (i) the increase of contract liabilities of approximately RMB498.4 million as at 31 December 2020 and (ii) the net increase of current portion of interest-bearing bank and other borrowings and senior notes of approximately RMB417.3 million as at 31 December 2020.

As at 31 December 2020, the Group's borrowings of RMB931.9 million (2019: RMB2,059.0 million) were borrowings with floating interest rates.

As at 31 December 2020, the Group had banking facilities in the total amount of RMB2,605.4 million, of which approximately RMB1,896.1 million, representing 72.8% has been utilized.

Key financial ratios

As at 31 December 2020, the Group's net gearing ratio (calculated as the total borrowings and lease liabilities net of restricted cash, cash and cash equivalents divided by total equity) was approximately 18.0%, which represented a decrease of 64.6 percentage points as compared to approximately 82.6% as at 31 December 2019. The decrease was primarily attributable to the (i) increase in cash and cash equivalents balance as at 31 December 2020; and (ii) increase in the balance of total equity as at 31 December 2020, which resulted in a better optimised capital structure.

The Group's current ratio was calculated based on its total current assets divided by its total current liabilities as of the respective dates and remained relatively stable at 1.1 times and 1.3 times as at 31 December 2019 and 2020, respectively.

Foreign exchange risk

Substantially all of the Group's revenue and expenditure are denominated in RMB. As at 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 long-term borrowings. As all of the Group's borrowings are denominated in RMB, the interest rates on the Group's borrowings are primarily affected by interest-bearing bank and other borrowings. 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

The Group's bank and other borrowings as at 31 December 2020 of approximately RMB1,896.1 million (2019: approximately RMB2,059.0 million) were secured by certain land held for development for sale, equity interests in certain subsidiaries, properties under development and completed properties held for sale of the Group with total carrying values of approximately RMB2,602.1 million (2019: approximately RMB3,111.2 million).

Capital commitments

As at 31 December 2020, the Group had commitments that are contracted but not provided for in respect of property development expenditure as follows:

	As at 31 December	
	2020	2019
	(RMB'000)	(RMB'000)
Contracted, but not provided for:		
Properties under development	1,339,627	1,371,239
Purchase of land through acquisition of subsidiaries	491,790	840,108
Investment properties under construction	<u>122,520</u>	<u>119,832</u>
Total	<u>1,953,937</u>	<u>2,331,179</u>

Financial guarantees and contingent liabilities

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

	As at 31 December	
	2020	2019
	(RMB'000)	(RMB'000)
Guarantees given to banks in connection with mortgage facilities provided to customers of the Group's properties (Note a)	4,516,730	5,468,152
Guarantee given to banks in connection with facilities granted to related companies controlled by Mr. Lun RX (Note b)	—	113,600
Total	<u>4,516,730</u>	<u>5,581,752</u>

Notes:

- (a) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the customers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the customers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted customers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, upon default on mortgage repayments by these customers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction.

The Group's guarantee period starts from the start of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the customers take possession of the relevant properties.

The Group did not incur any material losses during the year in respect of the guarantees provided for mortgage facilities granted to customers of the Group's completed properties held for sale. In the opinion of the directors of the Company that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans principals together with any accrued interest and penalties and accordingly, no financial liability has been made in connection with these guarantees.

- (b) As at 31 December 2019, the Group provided guarantees in respect of bank loans granted to certain related companies controlled by Mr. Lun RX. The respective bank loans were also pledged by certain properties owned by Mr. Lun RX or by the Group and guaranteed by Mr. Lun RX.

In determining whether financial liabilities should be recognised in respect of the relevant financial guarantee contracts, the directors of the Company exercise judgement in the evaluation of the probability of a resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation.

In the opinion of the directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the directors consider that the possibility of the default of the parties involved is remote, and accordingly, no financial liability has been recognised in the financial statements.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

In December 2020, the Group acquired (i) 40% of the equity interest in Xichang Shuxin Property Development Company Limited, which holds a property development project under construction located in Xichang city, Sichuan Province, the PRC; (ii) 40% of the equity interest in Xichang Shugao Property Development Company Limited, which holds a property development project under construction located in Xichang city, Sichuan Province, the PRC; and (iii) 40% of the equity interest in Bazhou City Yongzheng Property Development Company Limited, which holds a property development project under construction located in Bazhou city, Hebei Province, the PRC. For details, please refer to “Discloseable Transactions: Investment In The Target Companies By Way of Capital Injection” of the Company’s announcement dated 10 December 2020 and the clarification and supplemental announcement dated 11 February 2021.

Save as disclosed above, the Group had no material acquisition or disposal of subsidiaries, associates and joint ventures or updates in relation thereto during the year ended 31 December 2020.

Significant investment held

On 21 December 2020, Huijing Holdings Company Limited entered into an agreement with Shenzhen Runhang Investment Industrial Partnership (“**Shenzhen Runhang**”), pursuant to which Shenzhen Runhang agreed to make an investment of an amount not exceeding RMB1,288,240,000 in Dongguan Huijing East Automobile Development Limited (“**Dongguan Huijing East Automobile**”) and Huijing Group Limited, which is a wholly-owned subsidiary of Huijing Holdings Company Limited, has agreed to make an investment of approximately RMB575,000,000 in Dongguan Huijing East Automobile simultaneously regarding the three-old transformation project located in Zhangmutou Town, Dongguan City. For further detail, please refer to “Discloseable Transaction Cooperation Agreement” of the Company’s announcement dated 21 December 2020, and “Supplemental Announcement in Relation to the Discloseable Transaction: Cooperation Agreement” dated 12 March 2021.

Other than the above mentioned investment, there were no significant investment held by the Group during the year ended 31 December 2020.

Employee and remuneration policy

As at 31 December 2020, the Group had a total of 642 employees. Total expenditure on salary and welfare of the Group's employees for the year ended 31 December 2020 amounted to approximately RMB242.4 million (2019: approximately RMB149.9 million). The Group has adopted a system of determining the remuneration of employees based on employees qualification, experience, position and seniority. In general, the Group provides competitive remuneration packages to employees, which include basic salaries, allowances, discretionary bonus, performance-based rewards and year-end bonus. The Group also pays social security insurance for the Group's employees, including social 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.

Future outlook

Looking ahead, the Group foresees the PRC economic development will continue to maintain steady growth. As real estate is a major part of the macro economy, the PRC government will focus more on city-specific measures regarding market regulation, so as to ensure the steady development of the industry as a whole, while the real estate macro control and the liquidity requirement emphasized on the industry will continue to bring challenges to the operation of the Group.

The outbreak of COVID-19 since early 2020 has also caused an unprecedented impact on the global economy, the economic growth is slowing down with more uncertainty. Under the effective control measures of the PRC government, the epidemic has generally been under control. Due to the differences in the size and structure of the PRC economy, the impact of the epidemic on the economy is higher than that of during the Severe Acute Respiratory Syndrome (SARS) in 2003. The revenue from the service industries such as catering, retail, transportation, and tourism declined significantly. As the global epidemic spreads, trade is affected and resulted in a weaker foreign demand. In order to achieve the 2021 economic goals, the PRC government will adopt a more proactive monetary and fiscal policy to increase investment, promote consumption and stabilize foreign demand.

The outbreak of COVID-19 will also have certain impact on the Group, and the specific impact depends on the duration and development trend of the epidemic situation. With the appropriate measures and proactive review of project executions by our management, it is believed the Group would overcome the difficult times and move forward cautiously. The Group will adopt a more aggressive sales strategy by adjusting marketing plans and strategies in a timely manner to intensify its marketing effort. Meanwhile, the Group will continue to strengthen cash flow management, speed up the contracted sales of the Group's projects and maintain a healthy capital structure.

The Group will also maintain a prudent investment strategy and ensure sufficient and quality land reserve through proactively participating in urban redevelopment and renewal. The Group will continue to strengthen its presence across the Guangdong-Hong Kong-Macau Greater Bay Area, vigorously boost its market share in regions where the Group has established its presence, gradually extending its outreach across areas with high growth potential such as the Yangtze River Delta, Chengdu-Chongqing and the mid-stream of the Yangtze River.

Faced with new challenges, the Group will pay close attention to the changes in market environment, continue to meet customers' demand as its orientation and concentrate on a balanced and steady development. The Group adheres to the strategy of a steady and balanced development and focuses on the mission of "Maintain foothold in Greater Bay Area, based in Dongguan, and service cover the Southern, Central and Eastern China area" (立足大灣區，深耕東莞，佈局華南，華中及華東地區), thus constantly improving operational efficiency and business structure. With a foothold in Dongguan, the Group will continue to focus on developments in Guangdong Province and expand into regions such as the Central China Region.

The following table sets out the GFA breakdown of the Group's land reserves by property project as at 31 December 2020:

As at 31 December 2020

Property Type	Completed as at 31 December 2020				Under development as at 31 December 2020				Total GFA	
	Unsaleable		GFA available	Investment	Saleable	Unsaleable		Total estimate GFA		
	GFA	GFA sold	for sale	Property	GFA	GFA	Property	for future development		
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	
Residential property project										
Dongguan	217,495	1,214,606	42,832	-	-	-	-	-	-	1,474,933
Heyuan	89,769	366,986	37,110	-	472,786	70,888	-	532,707	-	1,570,246
Pinghu	-	-	-	-	61,525	22,996	-	-	-	84,521
Xichang	20,054	145,873	20,267	-	87,401	2,679	-	-	-	276,274
Chenzhou	-	-	-	-	-	-	-	246,835	-	246,835
Xuzhou	-	-	-	-	-	-	-	221,715	-	221,715
Bazhou	4,634	47,347	12,937	-	24,468	5,643	-	-	-	95,029
Subtotal	331,952	1,774,812	113,146	-	646,180	102,206	-	1,001,257	-	3,969,553
Integrated property project										
Dongguan	28,659	120,224	5,776	-	-	-	-	-	-	154,659
Heyuan	17,307	61,392	8,459	-	12,561	1,856	-	-	-	101,575
Hefei	7,415	102,182	43,758	-	61,520	62,545	-	-	-	277,420
Changsha	64,672	83,012	148,930	-	-	-	-	-	-	296,614
Subtotal	118,053	366,810	206,923	-	74,081	64,401	-	-	-	830,268

Property Type	Completed as at 31 December 2020				Under development as at 31 December 2020				Total estimate GFA for future development (sq.m.)	Total GFA (sq.m.)
	Unsaleable GFA		GFA available for sale		Investment Property		Saleable GFA			
	(sq.m.)	GFA sold (sq.m.)	(sq.m.)	Investment Property (sq.m.)	(sq.m.)	Unsaleable GFA (sq.m.)	Investment Property (sq.m.)	(sq.m.)		
Investment property										
Dongguan	-	-	-	41,109	-	-	-	-	41,109	
Heyuan	-	-	-	-	-	-	13,070	-	13,070	
Hefei	-	-	-	-	-	-	84,121	-	84,121	
Subtotal	-	-	-	41,109	-	-	97,191	-	138,300	
Property promoting specific industry										
Hengyang	12,867	40,463	53,009	-	81,369	14,574	-	1,105,596	1,307,878	
Subtotal	12,867	40,463	53,009	-	81,369	14,574	-	1,105,596	1,307,878	
Total	462,872	2,182,085	373,078	41,109	801,630	181,181	97,191	2,106,853	6,245,999	

The following table sets forth a summary of the Group's property projects and project phases developed, including projects and project phases held for future development as at 31 December 2020:

As at 31 December 2020

Location	Completed as at 31 December 2020						Under development as at 31 December 2020						Total GFA under development (sq.m.)	Total estimate GFA for future development (sq.m.)	Actual/Estimated Construction Commencement Time	Actual/Estimated Pre-sale Commencement Time	Actual/Estimated Construction Completion Time
	Total site area (sq.m.)	Unsaleable GFA		GFA available for sale		Investment Property (sq.m.)	Total GFA completed (sq.m.)	Saleable GFA (sq.m.)	Pre-saleable GFA (sq.m.)	Pre-sold GFA (sq.m.)	Unsaleable GFA (sq.m.)	Investment Property (sq.m.)					
		(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)												
Huijing Riverside Villa (御海藍岸)	Dongguan	315,867	49,257	426,051	14,022	-	489,330	-	-	-	-	-	-	489,330	2010.9.30	2011.4.1	2020.6.11
Huijing Riverside Villa•Perfection (御海藍岸•臻品)	Dongguan	10,220	5,276	31,961	910	-	38,147	-	-	-	-	-	-	38,147	2017.9.1	2018.4.28	2019.6.26
Royal Spring Hill (御泉香山)	Dongguan	119,999	42,024	217,867	6,526	-	266,417	-	-	-	-	-	-	266,417	2010.12.28	2011.5.20	2017.3.9
City Valley (城市山谷)	Dongguan	59,665	24,566	119,860	4,350	-	148,776	-	-	-	-	-	-	148,776	2014.4.15	2014.11.25	2018.7.6
Huijing City Centre (匯景城市中心)	Dongguan	37,025	28,659	120,224	5,776	15,329	169,988	-	-	-	-	-	-	169,988	2015.10.16	2016.4.8	2019.7.8
Century Gemini (世紀雙子)	Dongguan	17,314	27,168	49,749	8,759	-	85,676	-	-	-	-	-	-	85,676	2011.1.21	2012.5.21	2015.1.5
Huijing City (匯景城)	Dongguan	-	-	-	-	25,780	25,780	-	-	-	-	-	-	25,780	2011.1.21	n.a.	2015.4.30
Central Palace (中央華府)	Dongguan	18,914	11,670	62,590	4,770	-	79,030	-	-	-	-	-	-	79,030	2010.4.14	2010.4.28	2011.11.21
Huijing Palace (匯景華府) and Huijing Grinza (匯景銀座)	Dongguan	38,001	23,619	153,010	118	-	176,747	-	-	-	-	-	-	176,747	2005.6.14	2005.10.26	2008.9.28
Emperor View Peak (帝景峰)	Dongguan	12,240	11,661	38,698	-	-	50,359	-	-	-	-	-	-	50,359	2008.3.19	2008.9.23	2009.9.16
Humen Marina City (虎門濱海城)	Dongguan	37,407	19,509	102,026	21	-	121,556	-	-	-	-	-	-	121,556	2018.7.27	2018.12.14	2020.9.30
Fenghua Mansion (豐華公館)	Dongguan	6,042	2,745	12,794	3,356	-	18,895	-	-	-	-	-	-	18,895	2018.10.24	2019.11.29	2020.6.30
Subtotal		672,694	246,154	1,334,830	48,608	41,109	1,670,701	-	-	-	-	-	-	1,670,701			

Location	Completed as at 31 December 2020						Under development as at 31 December 2020						Total estimate GFA for future development (sq.m.)	Actual/Estimated Construction Commencement Time	Actual/Estimated Pre-sale Commencement Time	Actual/Estimated Construction Completion Time		
	Total site area (sq.m.)	Unsaleable GFA (sq.m.)	GFA available for sale (sq.m.)	Investment Property (sq.m.)	Total GFA completed (sq.m.)	Saleable GFA (sq.m.)	Pre-saleable GFA (sq.m.)	Pre-sold GFA (sq.m.)	Unsaleable GFA (sq.m.)	Investment Property (sq.m.)	Total GFA under development (sq.m.)							
Bund No.8 (外灘8號)	Heyuan	60,007	35,244	179,797	988	-	216,029	-	-	-	-	-	-	216,029	2016.7.27	2019.5.8	2018.12.25	
Nine Miles Bay (九里灣花園)	Heyuan	273,500	54,525	187,189	36,122	-	277,836	472,786	137,327	105,027	70,888	-	543,674	-	821,510	2018.11.30	2018.12.20	2021.12.31
Star River Court (星河家庭)	Heyuan	20,000	17,307	61,392	8,459	-	87,158	12,561	12,561	3,557	1,856	13,070	27,487	-	114,645	2017.8.30	2017.12.15	2022.12.31
Dongjiang River Galleries (a portion of) (東江畫廊(部分))	Heyuan	266,353	-	-	-	-	-	-	-	-	-	-	-	532,707	532,707	n.a.	n.a.	n.a.
Subtotal		619,860	107,076	428,378	45,569	-	581,023	485,347	149,888	108,584	72,744	13,070	571,161	532,707	1,684,891			
Hefei Huijing City Centre (合肥濶景城市中心)	Hefei	37,779	7,415	102,182	43,758	-	153,355	61,520	43,356	6,857	62,545	84,121	208,186	-	361,541	2017.1.19	2017.8.31	2021.12.31
Huijing Yanhu International Resort (衡陽濶景·雁湖生態文旅小鎮)	Hengyang	938,427	12,867	40,463	53,009	-	106,339	81,369	50,709	374	14,574	-	95,943	1,105,596	1,307,878	2016.4.28	2017.10.30	2024.12.31
Xingfu District (幸福里)	Pinghu	25,114	-	-	-	-	-	61,525	27,875	26,661	22,996	-	84,521	-	84,521	2020.6.30	2020.12.15	2022.12.31
Yonghe District (雍和居)	Chenzhou	107,319	-	-	-	-	-	-	-	-	-	-	-	246,835	246,835	2021.9.23	2022.3.31	2024.9.22
Jiyou Lake (解憂湖)	Xuzhou	96,398	-	-	-	-	-	-	-	-	-	-	-	221,715	221,715	2022.1.11	2022.7.31	2024.1.10
Feili Garden (翡麗莊園)	Xichang	65,455	20,054	145,873	20,267	-	186,194	-	-	-	-	-	-	-	186,194	2018.6.25	2018.8.17	2020.12.19
Feili Palace (翡麗華府)	Xichang	20,297	-	-	-	-	-	87,401	74,622	74,402	2,679	-	90,080	-	90,080	2019.10.18	2020.10.29	2021.12.31
Star City District (星城項目)	Bazhou	32,464	4,634	47,347	12,937	-	64,918	24,468	19,645	-	5,643	-	30,111	-	95,029	2017.4.27	2017.9.15	2023.12.31
Huijing Global Centre (濶景發展環球中心)	Changsha	27,081	64,672	83,012	148,930	-	296,614	-	-	-	-	-	-	-	296,614	2016.6.30	2017.12.25	2020.6.30
Total		2,642,888	462,872	2,182,085	373,078	41,109	3,059,144	801,630	366,095	216,878	181,181	97,191	1,080,002	2,106,853	6,245,999			

Note: Century Gemini and Huijing City are situated on the same parcel of land and therefore share the same site area.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Company has reviewed the Group's consolidated financial statements and the annual results for the year ended 31 December 2020.

SCOPE OF WORK OF THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this preliminary announcement have been agreed by the Company's auditors, Ernst & Young, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Ernst & Young 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 Ernst & Young on this preliminary announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (“CG CODE”)

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as set out in Appendix 14 to the Listing Rules. As the Company’s shares were listed on the Stock Exchange since 16 January 2020 (the “**Listing Date**”), the CG Code was not applicable to the Company before the Listing Date. To the best of the knowledge of the Directors, the Company has fully complied with all applicable code provisions set out in the CG Code during the period commencing from the Listing Date to the period ended 31 December 2020 (the “**Period**”). The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the Period.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This preliminary announcement is published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://huijingholdings.com>). The annual report of the Company for the year ended 31 December 2020 containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
Huijing Holdings Company Limited
Lun Ruixiang
Chairman and Non-executive Director

Hong Kong, 25 March 2021

As at the date of this announcement, the Board comprises Mr. Lun Zhao Ming, Mr. Lau Kam Kwok Dickson and Mr. Lu Peijun as Executive Directors, Mr. Lun Ruixiang as a Non-executive Director, and Ms. Chiu Lai Kuen Susanna, Mr. Hung Wan Shun Stephen and Ms. Lin Yanna as Independent Non-executive Directors.