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中國奧園集團股份有限公司
China Aoyuan Group Limited
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 3883)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

2020 RESULTS HIGHLIGHTS

- Property contracted sales for the year was RMB133.01 billion, representing a year-on-year increase of 13%.
- Revenue for the year was RMB67.79 billion, representing a year-on-year increase of 34%.
- Net profit for the year was RMB7.05 billion, representing a year-on-year increase of 35%; net profit margin was 10.4%.
- Net profit attributable to owners of the Company was RMB5.91 billion, representing a year-on-year increase of 41%.
- Basic earnings per share was RMB218.84 cents, representing a year-on-year increase of 40%.
- As at 31 December 2020, total bank balances and cash were RMB70.03 billion.
- The Board proposed to recommend a final dividend of RMB66 cents per share and a special dividend of RMB11 cents per share. The total proposed dividends are RMB77 cents (equivalent to HK91.5 cents), representing a year-on-year increase of 40% for the year ended 31 December 2020.

The board of directors (the "Board") of China Aoyuan Group Limited ("China Aoyuan" or "Aoyuan" or the "Company") announces the annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2020, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2020

	NOTES	**2020** *RMB'000*	2019 *RMB'000*
Revenue	*3*		
Contracts with customers		**67,554,967**	50,258,139
Leases		**238,825**	273,011
Total revenue		**67,793,792**	50,531,150
Cost of sales		**(50,784,935)**	(35,509,984)
Gross profit		**17,008,857**	15,021,166
Other income, gains and losses	*5*	**2,178,106**	337,789
Change in fair value of investment properties		**117,454**	393,912
Recognition of change in fair value of properties for sale upon transfer to investment properties		**162,046**	3,392
Gain on disposal of subsidiaries		**1,227,798**	174,726
Selling and distribution expenses		**(2,530,938)**	(2,138,052)
Administrative expenses		**(3,330,082)**	(2,434,697)
Share of results of joint ventures		**(229,075)**	(45,235)
Share of results of associates		**10,531**	(5,332)
Finance costs	*6*	**(1,006,170)**	(718,177)
Profit before tax	*7*	**13,608,527**	10,589,492
Income tax expense	*8*	**(6,557,481)**	(5,367,662)
Profit for the year		**7,051,046**	5,221,830

	NOTES	2020 RMB'000	2019 RMB'000
Other comprehensive income (expense)			
Item that will not be reclassified to profit or loss:			
Fair value gain on equity instruments at fair value through other comprehensive income ("FVTOCI")		**19,470**	–
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**32,133**	(3,983)
Other comprehensive income (expense) for the year, net of income tax		**51,603**	(3,983)
Profit and total comprehensive income for the year		**7,102,649**	5,217,847
Profit for the year attributable to:			
– Owners of the Company		**5,907,550**	4,200,780
– Non-controlling interests		**1,143,496**	1,021,050
		7,051,046	5,221,830
Profit and total comprehensive income for the year attributable to:			
– Owners of the Company		**5,957,410**	4,196,347
– Non-controlling interests		**1,145,239**	1,021,500
		7,102,649	5,217,847
Earnings per share *(RMB cents)*			
Basic	*10*	**218.84**	156.48
Diluted	*10*	**218.71**	156.16

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	NOTES	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**4,188,978**	2,686,443
Right-of-use assets		**1,622,716**	1,552,814
Investment properties		**12,408,539**	10,072,375
Goodwill		**688,144**	3,491
Intangible assets		**282,038**	4,320
Interests in joint ventures		**6,735,883**	4,280,364
Interests in associates		**4,008,334**	1,584,516
Equity instruments at fair value through profit or loss ("FVTPL")		**249,784**	–
Equity instruments at FVTOCI		**628,517**	245,777
Deferred tax assets		**1,636,606**	998,444
Deposits paid for acquisitions of subsidiaries		**81,600**	4,110,308
Deposits paid for acquisition of property, plant and equipment		**41,382**	–
Deposits paid for acquisitions of joint ventures		**877,611**	44,377
Amounts due from non-controlling shareholders of subsidiaries		**27,000**	363,920
Amounts due from joint ventures		**1,292,472**	1,167,161
Trade and other receivables	*11*	**259,433**	308,596
		35,029,037	27,422,906
CURRENT ASSETS			
Properties for sale		**158,280,712**	158,931,481
Inventories		**265,954**	83,530
Trade and other receivables	*11*	**29,167,308**	26,258,864
Deposits paid for acquisitions of land use rights and property projects		**–**	266,454
Amounts due from non-controlling shareholders of subsidiaries		**5,548,176**	3,588,439
Amounts due from joint ventures		**21,916,040**	1,316,451
Amounts due from associates		**1,040,784**	464,419
Financial assets at FVTPL		**791,042**	574,400
Tax recoverable		**3,613,743**	2,913,645
Structured deposits		**–**	704,500
Restricted bank deposits		**17,521,833**	9,312,790
Bank balances and cash		**52,503,827**	58,042,554
		290,649,419	262,457,527

	NOTE	**2020** *RMB'000*	2019 *RMB'000*
CURRENT LIABILITIES			
Trade and other payables	*12*	**40,557,088**	36,837,682
Financial liability at FVTPL		**29,050**	–
Contract liabilities		**69,039,857**	86,056,335
Amounts due to non-controlling shareholders of subsidiaries		**5,481,613**	9,991,460
Amounts due to joint ventures		**23,938,123**	12,713,851
Amounts due to associates		**683,862**	116,632
Tax liabilities		**11,732,743**	8,081,061
Bank and other borrowings		**38,514,135**	33,809,040
Lease liabilities		**148,036**	242,844
Senior notes and bonds		**13,753,322**	8,064,013
Provisions		**2,274,284**	934,406
		206,152,113	196,847,324
NET CURRENT ASSETS		**84,497,306**	65,610,203
TOTAL ASSETS LESS CURRENT LIABILITIES		**119,526,343**	93,033,109
NON-CURRENT LIABILITIES			
Bank and other borrowings		**42,439,159**	35,151,698
Deferred tax liabilities		**1,959,942**	1,441,881
Lease liabilities		**521,361**	703,743
Senior notes and bonds		**20,166,368**	18,739,179
Deferred income		**186,867**	–
		65,273,697	56,036,501
NET ASSETS		**54,252,646**	36,996,608
CAPITAL AND RESERVES			
Share capital		**25,567**	25,453
Reserves		**18,527,320**	15,004,428
Equity attributable to owners of the Company		**18,552,887**	15,029,881
Non-controlling interests		**35,699,759**	21,966,727
TOTAL EQUITY		**54,252,646**	36,996,608

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

The Company is a limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "SEHK"). The addresses of the registered office and the principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company and its subsidiaries (collectively referred to herein as "the Group") has applied the *Amendments to References to the Conceptual Framework in IFRS Standards* and the following amendments to IFRSs for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the *Amendments to References to the Conceptual Framework in IFRS Standards* and the amendments to IFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 Impacts on application of Amendments to IAS 1 and IAS 8 Definition of Material

The Group has applied the Amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments provide a new definition of material that states "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, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

2.2 Impacts on application of Amendments to IFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The Group has elected to apply the optional concentration test on the acquisition and concluded that such acquisitions do not constitute a business.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Standards that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to IFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1 and Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018–2020[2]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for annual periods beginning on or after a date to be determined.
4 Effective for annual periods beginning on or after 1 June 2020.
5 Effective for annual periods beginning on or after 1 January 2021.

3. REVENUE

Disaggregation of revenue from contracts with customers

	For the year ended 31 December 2020			
	Property development *RMB'000*	Property investment *RMB'000*	Others *RMB'000*	Total *RMB'000*
Types of goods or services				
Sales of properties				
Residential apartments	52,639,605	–	–	52,639,605
Commercial apartments	4,404,197	–	–	4,404,197
Retail shops and others	3,445,901	–	–	3,445,901
Low-density residential	3,926,921	–	–	3,926,921
	64,416,624	–	–	64,416,624
Others				
Property management services	–	–	951,137	951,137
Sales of goods	–	–	1,154,620	1,154,620
Others	–	–	1,032,586	1,032,586
	–	–	3,138,343	3,138,343
Revenue from contracts with customers	64,416,624	–	3,138,343	67,554,967
Property investment				
Commercial and retail shops	–	238,825	–	238,825
Total	64,416,624	238,825	3,138,343	67,793,792
Timing of revenue recognition				
At a point of time	64,416,624	–	2,014,255	66,430,879
Recognised over time	–	–	1,124,088	1,124,088
	64,416,624	–	3,138,343	67,554,967
Rental income	–	238,825	–	238,825
Total	64,416,624	238,825	3,138,343	67,793,792

	For the year ended 31 December 2019			
	Property development *RMB'000*	Property investment *RMB'000*	Others *RMB'000*	Total *RMB'000*
Types of goods or services				
Sales of properties				
Residential apartments	38,188,179	–	–	38,188,179
Commercial apartments	3,193,774	–	–	3,193,774
Retail shops and others	4,954,601	–	–	4,954,601
Low-density residential	1,754,271	–	–	1,754,271
	48,090,825	–	–	48,090,825
Others				
Property management services	–	–	562,435	562,435
Sales of goods	–	–	1,230,922	1,230,922
Others	–	–	373,957	373,957
	–	–	2,167,314	2,167,314
Revenue from contracts with customers	48,090,825	–	2,167,314	50,258,139
Property investment				
Commercial and retail shops	–	273,011	–	273,011
Total	48,090,825	273,011	2,167,314	50,531,150
Timing of revenue recognition				
At a point of time	48,090,825	–	1,344,571	49,435,396
Recognised over time	–	–	822,743	822,743
	48,090,825	–	2,167,314	50,258,139
Rental income	–	273,011	–	273,011
Total	48,090,825	273,011	2,167,314	50,531,150

Performance obligations for contracts with customers

The Group recognises revenue from goods and services from the following major sources:

- Sales of properties;
- Property management services; and
- Sales of goods.

For contracts entered into with customers on sales of properties, the relevant properties specified in the contracts will be delivered to specified customers with no alternative use on the relevant properties. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, it is concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Revenue from sales of properties is therefore recognised at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the remaining consideration is probable.

The Group receives certain percentage of the contract value as deposits from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. Such advance payment schemes result in contract liabilities being recognised throughout the property construction period for the full amount of the contract price.

For property management services income from properties managed, where the Group acts as principal and is primary responsible for providing the property management services to the property owners. As the property owners simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs, the Group recognises the fee received or receivable from property owners as its revenue over time and all related property management costs as its cost of services.

For sales of goods, revenue is recognised when the customer obtains the control of the goods, being at the point the goods are delivered to the customer's specific location, the Group has present right to payment and the collection of the consideration is probable.

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities.

	2020	2019
	RMB'000	*RMB'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**50,743,307**	35,674,528

4. SEGMENT INFORMATION

Information regularly reported to the Group's chief executive officer (the chief operating decision maker) for the purposes of resource allocation and assessment of performance focuses on the type of operation. The Group's reportable and operating segments under IFRS 8 Operating Segments are as follows:

Property development – development and sale of properties
Property investment – lease of investment properties
Others – hotel operation, provision of property management services and sales of goods

No operating segments have been aggregated in arriving at the reportable segments of the Group. The following is an analysis of the Group's revenue and results by reportable and operating segments:

	For the year ended 31 December 2020			
	Property development	**Property investment**	**Others**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
External segment revenue	**64,416,624**	**238,825**	**3,138,343**	**67,793,792**
Segment profit	**11,318,952**	**282,472**	**153,656**	**11,755,080**
Other income, gains and losses				**2,242,650**
Gain on disposal of subsidiaries				**1,227,798**
Unallocated corporate expenses				**(392,287)**
Share of results of joint ventures				**(229,075)**
Share of results of associates				**10,531**
Finance costs				**(1,006,170)**
Profit before tax				**13,608,527**

	For the year ended 31 December 2019			
	Property development	Property investment	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
External segment revenue	48,090,825	273,011	2,167,314	50,531,150
Segment profit (loss)	10,578,281	441,168	(10,123)	11,009,326
Other income, gains and losses				428,973
Gain on disposal of subsidiaries				174,726
Unallocated corporate expenses				(254,789)
Share of results of joint ventures				(45,235)
Share of results of associates				(5,332)
Finance costs				(718,177)
Profit before tax				10,589,492

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies. Segment results represent the profit generated or loss incurred by each segment without allocation of central administration costs including directors' salaries, head office operating expenses, certain amount of other income, gains and losses, gain on disposal of subsidiaries, share of results of associates and joint ventures and finance costs. This is the measure reported to the Group's chief executive officer for the purposes of resource allocation and performance assessment.

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

Segment assets

	2020	2019
	RMB'000	*RMB'000*
Property development	**194,736,861**	194,626,996
Property investment	**12,474,933**	10,136,687
Others	**5,328,893**	2,250,766
Total segment assets	**212,540,687**	207,014,449
Unallocated assets:		
Interests in joint ventures	**6,735,883**	4,280,364
Interests in associates	**4,008,334**	1,584,516
Equity instruments at FVTPL	**249,784**	–
Equity instruments at FVTOCI	**628,517**	245,777
Deferred tax assets	**1,636,606**	998,444
Amounts due from joint ventures	**23,208,512**	2,483,612
Amounts due from associates	**1,040,784**	464,419
Tax recoverable	**3,613,743**	2,913,645
Financial assets at FVTPL	**791,042**	574,400
Structured deposits	**–**	704,500
Restricted bank deposits	**17,521,833**	9,312,790
Bank balances and cash	**52,503,827**	58,042,554
Others	**1,198,904**	1,260,963
Consolidated assets	**325,678,456**	289,880,433

Segment liabilities

	2020	2019
	RMB'000	*RMB'000*
Property development	**115,832,672**	133,685,265
Property investment	**88,735**	82,955
Others	**2,093,633**	737,593
Total segment liabilities	**118,015,040**	134,505,813
Unallocated liabilities:		
Bank and other borrowings	**80,953,294**	68,960,738
Senior notes and bonds	**33,919,690**	26,803,192
Amounts due to joint ventures	**23,938,123**	12,713,851
Amounts due to associates	**683,862**	116,632
Tax liabilities	**11,732,743**	8,081,061
Deferred tax liabilities	**1,959,942**	1,441,881
Others	**223,116**	260,657
Consolidated liabilities	**271,425,810**	252,883,825

For the purposes monitoring segment performances and allocating resources among segments:

- all assets are allocated to reportable and operating segments other than certain amount of property, plant and equipment, right-of-use assets, interests in joint ventures and associates, equity instruments at FVTPL, equity instruments at FVTOCI, deferred tax assets, amounts due from joint ventures and associates, tax recoverable, financial assets at FVTPL, structured deposits, restricted bank deposits, bank balances and cash and other assets not attributable to respective segment.

- all liabilities are allocated to reportable and operating segments other than amounts due to joint ventures and associates, tax liabilities, bank and other borrowings, senior notes and bonds, deferred tax liabilities and certain amount of lease liabilities not attributable to respective segment.

Geographical information

The Group's operations and location of non-current assets are substantially in the People's Republic of China (the "PRC") Information about the Group's revenue from continuing operations from external customers is presented based on location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets. All non-current assets are allocated to reportable and operating segments other than equity instruments at FVTOCI, equity instruments at FVTPL, deferred tax assets, trade and other receivables, amounts due from non-controlling shareholders of subsidiaries and joint ventures.

	Revenue from external customers for the year ended 31 December		Non-current assets as at 31 December	
	2020	2019	**2020**	2019
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Mainland China	**65,415,071**	48,687,593	**30,312,727**	24,141,505
Hong Kong	**–**	–	**564,982**	163,006
Australia	**2,371,676**	1,837,039	**7,947**	6,876
Canada	**7,045**	6,518	**49,569**	27,621
	67,793,792	50,531,150	**30,935,225**	24,339,008

Information about major customers

There is no individual customer who contributed over 10% of the total revenue of the Group during the years ended 31 December 2020 and 2019.

5. OTHER INCOME, GAINS AND LOSSES

	2020	2019
	RMB'000	*RMB'000*
Exchange gains (losses), net	**1,839,745**	(151,073)
Gain on change in fair value of financial assets/equity instruments at FVTPL	**80,285**	–
Loss on change in fair value of financial liability at FVTPL	**(9,889)**	–
Investment return from financial assets at FVTPL	**–**	33,595
Investment return from structured deposits	**12,315**	52,909
Bank interest income	**781,226**	360,465
Other interest income	**168,689**	83,049
Government subsidy	**150,593**	11,480
Loss on disposal of property, plant and equipment	**(79,518)**	(417)
Gain on disposal of joint ventures	**252,197**	4,328
Write down of properties for sale	**(927,635)**	–
Impairment losses on trade and other receivables	**(121,509)**	(91,184)
Impairment losses on amounts due from joint ventures	**(57,543)**	–
Impairment losses on right-of-use assets	**(18,997)**	–
Others	**108,147**	34,637
	2,178,106	337,789

6. FINANCE COSTS

	2020	2019
	RMB'000	*RMB'000*
Interest on:		
Bank and other borrowings	**5,883,666**	5,094,512
Loans from non-controlling shareholders of subsidiaries	**–**	118,576
Senior notes and bonds	**2,296,623**	2,076,100
Amount due to a joint venture	**27,374**	52,471
Other payables	**13,417**	32,518
Lease liabilities	**69,324**	77,462
Total borrowing costs	**8,290,404**	7,451,639
Less: amounts capitalised to properties under development for sale	**(7,215,077)**	(6,697,978)
amounts capitalised to investment properties under construction	**(69,157)**	(35,484)
	1,006,170	718,177

7. PROFIT BEFORE TAX

	2020	2019
	RMB'000	*RMB'000*
Profit before tax has been arrived at after charging (crediting):		
Auditors' remuneration	**10,180**	8,610
Directors' emoluments	**23,232**	34,789
Other staffs' salaries	**2,537,356**	1,877,293
Other staffs' retirement benefit scheme contributions	**132,209**	112,364
Other staffs' share-based payments	**–**	4,057
Total staff costs	**2,692,797**	2,028,503
Less: amounts capitalised to properties under development for sale	**(711,702)**	(565,462)
	1,981,095	1,463,041
Cost of properties for sale/inventories recognised as an expense	**49,629,389**	34,696,000
Depreciation of property, plant and equipment	**289,332**	170,840
Depreciation of right-of-use assets	**252,894**	168,351
Amortisation of intangible assets (included in administrative expenses)	**25,001**	1,175
Loss on disposal of property, plant and equipment	**79,518**	417
Gross rental income in respect of investment properties	**(238,825)**	(273,011)
Less: direct operating expenses from investment properties that generated rental income during the year	**182,227**	159,631
	(56,598)	(113,380)

8. INCOME TAX EXPENSE

	2020	2019
	RMB'000	*RMB'000*
Income tax expense recognised comprises of:		
Current tax:		
PRC		
Enterprise Income Tax ("EIT")	**5,172,492**	3,396,796
Under (overprovision) in prior year	**3,488**	(1,450)
Land Appreciation Tax ("LAT")	**1,856,366**	1,941,866
Other jurisdiction	**69,465**	99,192
	7,101,811	5,436,404
Deferred tax		
PRC	**(489,046)**	(46,700)
Other jurisdictions	**(55,284)**	(22,042)
	(544,330)	(68,742)
Income tax expense for the year	**6,557,481**	5,367,662

Under the Law of the People's Republic of China on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

According to the provisions of Caishui [2011] No.58 and Guoshui [2012] No.12, Chongqing Sui'ao Property Management Services Company Limited and Chongqing Aoyuan Square Commercial Management Company Limited, subsidiaries of the Group and branches of Aoyuan Smart Life Services (Guangzhou) Group Company Limited, established in the western region of PRC, enjoy preferential income tax policies for enterprises developing in the western regions in 2020 and 2019, and pay enterprise income tax at a reduced rate of 15% for both years. According to the provisions of Guoshuihan [2011] No.5, Hubei Golden Ring New Materials Tech Ltd., a newly acquired subsidiary of the group, is identified as a qualified high-tech enterprise and enjoys preferential income tax policies at a reduced rate of 15% from 28 November 2017 to 1 December 2023.

According to the provisions of Caishui [2019] No.13 and Guoshui [2019] No.2, certain subsidiaries of the Group, enjoy preferential income tax policies for the small and low profit enterprises for both years.

Under the Provisional Regulations of the People's Republic of China on LAT (the "LAT Provisional Regulations") and Implementation Regulation of the LAT Provisional Regulations, the tax rate of the PRC subsidiaries 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 cost of land use rights and relevant property development expenditures.

No provision for Hong Kong profits tax has been made in the consolidated financial statements as the Group's income neither arises in, nor is derived from, Hong Kong.

Under Australian tax law, the tax rate used for the year is 30% (2019: 30%) on taxable profits on Australian incorporated entities. The Australian subsidiaries of the Company are considered as an income tax consolidated group and are taxed as a single entity. Under Canadian tax law, the tax rate used for the year is 26.5% (2019: 26.5%) on taxable profits on Canadian incorporated entities. Tax provision for Australian profits tax has been made in the consolidated financial statements for the year ended 31 December 2020 as there were assessable profits while no tax provision for Canadian profits tax has been made in the consolidated financial statements for 31 December 2020 as there were no assessable profit arises in Canada.

9. DIVIDENDS

	2020	2019
	RMB'000	*RMB'000*
Dividends, recognised as distribution during the year:		
2019 final dividend of RMB55 cents (2019: 2018 final dividend RMB36 cents) per share	**1,479,711**	990,794

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2020 of RMB66 cents (equivalent to HK78.4 cents) per ordinary share and a special dividend in respect of the year ended 31 December 2020 of RMB11 cents (equivalent to HK13.1 cents) per ordinary share in an aggregate amount of RMB2,075,830,183 (equivalent to approximately HK$2,466,733,269), taking into account the 2,695,883,354 ordinary shares in issue at the reporting date, have been proposed by the Board of Directors and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting. The final dividend and special dividend proposed after the end of the reporting period have not been recognised as liabilities in these consolidated financial statements.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2020	2019
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share, being profit for the year attributable to owners of the Company	**5,907,550**	4,200,780
Adjustment to over-allotment option issued by a subsidiary	**–**	(28)
Earnings for the purposes of diluted earnings per share	**5,907,550**	4,200,752

	2020	2019
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,699,502**	2,684,558
Effect of dilutive potential ordinary shares:		
– Share options	**1,640**	5,514
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,701,142**	2,690,072

11. TRADE AND OTHER RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**2,376,794**	916,937
Less: Allowance for credit losses	**(39,980)**	(8,721)
	2,336,814	908,216
Rental receivables	**43,960**	54,030
Other receivables	**12,474,548**	11,618,829
Security deposits	**1,353,648**	2,475,112
Less: Allowance for credit losses	**(198,554)**	(107,337)
	13,629,642	13,986,604
Contract assets	**77,540**	–
Contract costs	**564,413**	637,195
Advances to constructors and suppliers	**4,436,573**	3,440,030
Deposits paid for potential purchases of land use rights and property projects	**3,862,580**	3,621,624
Other tax prepayments	**4,475,219**	3,919,761
	29,426,741	26,567,460
Analysis for reporting purpose:		
Non-current assets	**259,433**	308,596
Current assets	**29,167,308**	26,258,864
	29,426,741	26,567,460

The following is the aging analysis of trade receivables, determined based on the date of the properties delivered and sales were recognised:

	2020	2019
	RMB'000	*RMB'000*
0 to 60 days	**1,735,473**	502,909
61 to 180 days	**102,268**	71,980
181 to 365 days	**109,460**	226,764
1 to 2 years	**352,412**	63,870
2 to 3 years	**34,828**	8,326
Over 3 years	**42,353**	43,088
	2,376,794	916,937

12. TRADE AND OTHER PAYABLES

	2020	2019
	RMB'000	*RMB'000*
Trade payables	**21,561,115**	18,074,095
Other payables	**7,541,233**	5,185,100
Project consideration payables	**2,216,739**	3,440,341
Acquisition consideration payables	**1,926,608**	2,286,898
Other taxes payables	**1,750,558**	785,095
VAT payable	**5,560,835**	7,066,153
	40,557,088	36,837,682

The following is an aging analysis of trade payables determined based on the invoice date:

	2020	2019
	RMB'000	*RMB'000*
0 to 60 days	**5,815,802**	9,522,774
61 to 180 days	**11,872,061**	6,174,922
181 to 365 days	**1,229,812**	982,462
1 to 2 years	**1,644,273**	416,058
2 to 3 years	**602,180**	362,979
Over 3 years	**396,987**	614,900
	21,561,115	18,074,095

FINAL DIVIDEND AND SPECIAL DIVIDEND

The Board recommended the payment of a final dividend of RMB66 cents per ordinary share ("Proposed Final Dividend") and a special dividend of RMB11 cents per ordinary share ("Proposed Special Dividend") (equivalent to HK78.4 cents of Proposed Final Dividend and HK13.1 cents of Proposed Special Dividend, according to the central parity rate of Renminbi to Hong Kong dollars as announced by the People's Bank of China on 29 March 2021, i.e. RMB0.84198 equivalent to HK$1.00) (2019: final dividend of RMB55 cents, equivalent to HK60.1 cents) (collectively, the "Proposed Dividends") to shareholders of the Company (the "Shareholders") for the year ended 31 December 2020. The Proposed Dividends will be paid to Shareholders whose names appear on the register of members of the Company (the "Register of Members") on Thursday, 10 June 2021, of which the aggregate amounts of the Proposed Final Dividend and Proposed Special Dividend are RMB1,779,283,014 and RMB296,547,169, respectively (equivalent to approximately HK$2,113,572,550 and HK$353,160,719, respectively), if the Proposal Final Dividend and Proposed Special Dividend are approved by the Shareholders at the forthcoming Annual General Meeting ("2021 AGM").

The Proposed Dividends shall be paid in Hong Kong dollars on Friday, 16 July 2021.

ANNUAL GENERAL MEETING

The 2021 AGM will be held on Tuesday, 25 May 2021 and the notice of 2021 AGM will be published and despatched to the Shareholders in the manner as required by the Rules Governing the Listing of Securities on SEHK (the "Listing Rules") in due course.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed during the following periods:

i) from Tuesday, 18 May 2021 to Tuesday, 25 May 2021, both days inclusive, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the 2021 AGM which is scheduled on Tuesday, 25 May 2021, the Register of Members will be closed. In order to be eligible to attend and vote at the 2021 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 17 May 2021; and

ii) from Tuesday, 8 June 2021 to Thursday, 10 June 2021, both days inclusive, for the purpose of ascertaining Shareholders' entitlement to the Proposed Dividends, the Register of Members will be closed. In order to establish entitlements to the Proposed Dividends, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 7 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

I. The China Property Market

In 2020, the unprecedented global outbreak of the COVID-19 pandemic severely disrupted the global economy. Benefiting from timely and effective response measures, China's economy rebounded first, demonstrating remarkable resilience and toughness with GDP exceeding the 100-trillion-yuan threshold in 2020. China, which saw its GDP increase 2.3% year on year, is expected to be the only major economy in the world to post positive growth.

The real estate market in China dipped at first but climbed towards the end as the economy improved. According to the National Bureau of Statistics, area of commodity housing sold nationwide increased by 2.6% year on year to approximately 1.76 billion sq.m. The sales volume of commodity housing sold nationwide increased by 8.7% year on year to approximately RMB17.4 trillion. Key policies of property market remain as "housing is for living in, not for speculation" throughout the year. In order to promote the stable and healthy development of the real estate market, policies such as the "three red lines" and the centralized management of the balance of real estate loans by financial institutions were introduced during the year. Real estate companies have shifted from growth in business scale to a new page of high-quality development by striving to maintain highly-efficient management.

II. Review of Business

Sales performance

Looking back at 2020, with the sudden outbreak of the COVID-19 pandemic, Aoyuan proactively fulfilled its corporate social responsibility, strengthened pandemic prevention and stabilized production to achieve 100% resumption of work and production in a safe and orderly manner, achieving "zero infection" within the Group.

The Group achieved property contracted sales of approximately RMB133.01 billion with a year-on-year increase of 13% during the reporting period, successfully achieving its annual targets and ranked among the top 30 in PRC developers[(1)].

(1) 2020 PRC Real Estate Companies Rankings by CRIC

Details of property contracted sales breakdown by region are as follow:

Region	Property Contracted sales amount *(RMB billion)*	Contracted GFA Sold *('000 sq.m.)*
South China	32.81	3,544.5
Core Region of Central & Western China	41.70	4,384.6
East China	40.59	3,448.5
Bohai Rim	16.50	1,475.7
Offshore	1.41	28.9
Total	133.01	12,882.2

Continued enhancement of product competitiveness and customer satisfaction

The Group adheres to offer product and services from a customer-centric perspective and formulated a three-year product strategy to build Aoyuan A+ Product Universe and constantly enhance product quality. To ensure an effective launch of products, Aoyuan established the A+ Workshop in Panyu, Guangzhou with a site area of approximately 5,000 sq.m. as the product R & D base. Standardized results of showflats, types of flats and new materials are tested and demonstrated. Meanwhile, Aoyuan established the quality control center to ensure a standardized construction and high-quality delivery, aiming to constantly enhance customer experience and satisfaction.

In 2020, Aoyuan was awarded with 54 onshore and offshore awards, including Outstanding Property Award London, The Architecture MasterPrize (U.S.) , DNA Paris Design Awards, Italy IIDA Award, The Singapore Design Award (SIDA). We also leveraged health and medical sources from the Company's sub-group, Aoyuan Healthy Life Group Company Limited (3662.HK) ("Aoyuan Healthy") to establish the WELL healthy home solutions.

Accelerating conversion of urban redevelopment projects

In 2020, the Central Economic Work Conference proposed to promote the redevelopment of old communities in cities and towns. Aoyuan seized first-mover opportunities in urban redevelopment in 2011 and has developed the "Aoyuan unban redevelopment model" integrating with industries. Laying a solid foundation for enriching land bank and profits.

During the period, 10 urban redevelopment projects were converted, and eight of them were converted into land bank with saleable resources of approximately RMB38.2 billion.

Currently, the Group has been awarded the "Top 8 China Real Estate Developers in Urban Redevelopment 2020" for achieving a full coverage of "Three Olds" urban redevelopment – old towns, old villages and old factories . As the redevelopment plan achieved the balance between local historical culture preservation and community economic development, the urban redevelopment project of Zhuhai Cuiwei Village was awarded the "Plan/Concept Project Award" of the Professional Category in the Greater Bay Area Urban Design Awards 2020 by the Hong Kong Institute of Urban Design and the Greater Bay Area Urban Designer Association.

Adhering to prudent financial strategies

Healthy and sound financial position supports long-term development of an enterprise. Aoyuan has always adhered to the prudent and stable financial strategies and the strengthening of cash collection rate to ensure cash flow safety.

The Group seized the market window and arranged onshore and offshore refinancing activities in advance during the reporting period.

In February, July, September and November 2020, the Group successfully issued USD188 million of 363-day 4.8% offshore senior notes, USD460 million of 6.35% offshore senior notes due 2024, USD350 million of 6.2% senior notes due 2026 and USD230 million of 5.98% senior notes due 2025, respectively.

In January and April 2020, the Group secured two tranches of three-year offshore syndicated bank loans equivalent to approximately USD280 million, at an annual interest rate of HIBOR/LIBOR + 4.3% per annum, with a total of nine offshore commercial banks led by Hang Seng Bank and HSBC.

In terms of onshore financing, in February 2020, the Group successfully issued RMB2.54 billion 5.5% onshore corporate bond due 2025. In August 2020, the Group successfully issued RMB1.18 billion 5.65% onshore corporate bond due 2025.

Thanks to a steady growth in scale and sound financial performance, Aoyuan continued to receive recognition of the capital market. In April and May 2020, China Aoyuan's credit rating and "positive" rating outlook were reaffirmed by S&P and Moody's. At the end of October 2020, China Aoyuan received Fitch's upgrade on its corporate credit rating from "BB-" to "BB", with a "stable" rating outlook.

Continuing to strengthen the strategy of "one core business with vertical development"

Aoyuan was the pioneer property developer that puts forward the concept of composite real estate in China, and the layout of Aoyuan in the non-property business not only constantly empower its core property business, but also create strong growth drivers for the sustainable development of the Group.

In 2020, the Company's sub-group Aoyuan Healthy (3662.HK), continued to grow, with GFA under management increased by 174.2% to 41.4 million sq.m. year-on-year and total commercial operational GFA under management increased by 4% to 806,000 sq.m.. Aoyuan Healthy also committed to the development of health and wellness-related businesses and proactively developed key businesses including intelligent health, comprehensive outpatient service and well-being residence, and applied them to the two ecosystems of "residence life & commercial center." Through the self-developed platform combining mini programs for customers, applications for service providers and backstage management system, a one-stop health service platform integrating online and offline services was established, offering services such as intelligent residential care, leisured-based elderly care and clinical treatment of Chinese and western medicine.

In July 2020, the Group formally acquired 29.30% shareholdings, which is equivalent to approximately 29.99% of the issued shares with voting rights, of Kinghand Industrial Investment Group Co., Ltd. ("Kinghand Industrial") (000615.SZ) and became its defacto controller. 11 November of the same year, Kinghand Industrial officially changed its name to Aoyuan Beauty Valley Technology Co., Ltd, and developed its strategy of medical beauty industry. We plan to quickly enter the medical beauty industry chain by acquiring downstream medical beauty institutions to achieve rapid transformation to the medical beauty industry chain, and to accumulate core resources for the in-depth layout of the medical beauty industry chain by tying up the core assets of the medical beauty industry chain in various forms.

During the reporting period, breakthroughs were also made in the cultural tourism business of Aoyuan. On 31 December 2020, Aoyuan Yingde Chocolate Kingdom, the largest demonstration base for chocolate culture in Asia, celebrated its opening in Yingde city, Guangdong province, laying a solid foundation for the development of Aoyuan's cultural tourism business.

III. Land Bank

Maintaining adequate land bank is the foundation of the Group's sustainable growth. During the reporting period, the Group continued to replenish its land bank through diversified channels, leveraging its traditional merger and acquisition ("M&A") strength in land acquisition, while exploring M&A opportunities of asset portfolios.

During the period, the Group added approximately 20.15 million sq.m. of total GFA and approximately RMB242.6 billion of saleable resources. In terms of resources, 57% were acquired through M&A, public auction accounted for 27% and urban redevelopment and others accounted for 16%. City tier of newly acquired projects continued to improve, with proportion of tier 1&2 cities increasing to 70%.

As at the end of 2020, the Group has over 60 urban redevelopment projects in different stages with planned total GFA of 42.85 million sq.m., estimated saleable GFA of approximately 22.46 million sq.m., and expected to provide additional saleable resources of approximately RMB673 billion, 97% of which are located in the Greater Bay Area with approximately RMB655.2 billion.

As at 31 December 2020, China Aoyuan's approximately 370 projects span 95 onshore and offshore cities with total GFA of approximately 57.18 million sq.m. (attributable: 71%) and total saleable resources of approximately RMB620.8 billion. Total saleable resources including urban redevelopment projects amounted to RMB1,293.8 billion and is enough for the development of the next four to five years.

IV Actively Fulfilling our Social Responsibility

Remaining true to its original aspiration, the Group has always been committed to fulfilling its corporate social responsibility while achieving high quality and sustainable corporate development.

In 2020, Aoyuan actively participated in the prevention and control of the COVID-19 pandemic, and was one of the first enterprises in China to purchase medical supplies to support the front line of the pandemic, purchasing more than 1.2 million medical masks, medical respirators, protective clothing, reagent kits, warming guns and other medical supplies, which were directly delivered to the front line of the pandemic in Wuhan and Guangzhou and was awarded by the Guangzhou Municipal Government as an enterprise with outstanding contribution to the fight against pandemic and "Pioneer Enterprise in the Fight against COVID-19 of 2020" by Southern Weekend.

The Group also continued to contribute to the public welfare and charity activities by keep implementing the targeted poverty alleviation project of "Double Tens, Double Hundreds", supporting education with love, donation of student subsidies, disaster relief, "mountain-sea dialogue", public welfare volunteer services and other charitable activities. Therefore, the Group successively won the "People's Corporate Social Responsibility Annual Poverty Alleviation Award" by People's Daily and people.cn, "Poverty Alleviation Enterprise of 2020", "Ten Thousand Enterprises Helping Ten Thousand Villages" of Guangdong Province in recognition of its outstanding contributions.

V. Outlook

Year 2021 is the opening year of the "14th five-year" plan and "stability" will still be the first priority in terms of policies for property market. Key policies of property market remain as "housing is for living in, not for speculation; and implementation of city-specific policies".

Year 2021 is a milestone year for the Group's 25-year development, also marks the opening year for Aoyuan's striving towards Global top 500. Aoyuan has taken the initiative to seek changes, driving flatten management, strengthened the direct control of the headquarters to city companies, focused on higher tiers cities, building 10-billion-yuan city companies, and has established Yuekang Holdings*(悅康控股) to fully coordinate the non-property businesses, forming a two-way empowerment with the core property business. Looking forward, Aoyuan will continue to deepen the strategies of "one core business with vertical development" and cultivation in cities. The Group will also accelerate the conversion of urban redevelopment projects, continue to improve management efficiency, insist on shouldering its corporate social responsibility, develop the comprehensive competitiveness of the enterprise and achieve high-quality and sustainable development, thereby creating more value for the shareholders, investors and the society.

FINANCIAL REVIEW

Operating Results

The revenue is primarily generated from property development. In 2020, the Group's total revenue was approximately RMB67,794 million, representing an increase of approximately RMB17,263 million or 34.2% over approximately RMB50,531 million in 2019. Property development revenue, other revenue such as hotel operation/property management and sales of goods and property investment revenue accounted for 95%, 4.6% and 0.4% respectively.

In 2020, the Group's revenue generated from property development amounted to approximately RMB64,417 million, representing an increase of approximately RMB16,326 million or 33.9% over approximately RMB48,091 million in 2019. The GFA of delivered properties increased by 32.2% to 6.89 million sq.m. from 5.21 million sq.m. in 2019, while the average selling price increased by 1.3% to RMB9,349 per sq.m. from RMB9,227 per sq.m. in 2019. This was mainly attributable to an increase of approximately 3.2% over 2019 in the average selling price of residential apartments which accounted for the highest proportion of properties delivered.

Breakdown of property development revenue in 2020 by product type:

	Sold and Delivered	
Product	**Revenue**	**Area**
	(RMB million)	*('000 sq.m.)*
Residential apartments	52,640	5,946
Commercial apartments	4,404	359
Retail shops and others	3,446	243
Low-density residential	3,927	342
Total	64,417	6,890

Gross Profit and Margin

In 2020, the gross profit of the Group was RMB17,009 million, representing an increase of 13.2% over RMB15,021 million in 2019, and the gross profit margin was 25.1%.

Other Income, Gains and Losses

In 2020, the other income, gains and losses of the Group recorded approximately RMB2,178 million net gain, which mainly included exchange gain of approximately RMB1,840 million, interest income of approximately RMB950 million, and other losses of approximately RMB612 million.

Selling and Distribution and Administrative Expenses

In 2020, total selling and distribution expenses of the Group were approximately RMB2,531 million, representing an increase of 18.4% from approximately RMB2,138 million in 2019, which was mainly attributable to the increase in overall sales, marketing and promotional activities owing to the increase in property contracted sales amount during the year, caused by the increase in the number of pre-sales properties during the year. Total administrative expenses increased by 36.8% from approximately RMB2,435 million in 2019 to approximately RMB3,330 million.

Taxation

Income tax expense comprised of EIT, LAT and deferred taxation. The effective tax rate of 48% is higher than the standard PRC EIT rate of 25%, mainly attributable to LAT of approximately RMB1,856 million.

Profit Attributable to Owners of the Company

In 2020, profit attributable to owners of the Company was approximately RMB5,908 million, representing an increase of 40.6% over approximately RMB4,201 million in 2019. Core net profit (excluding non-recurring profits and loss items and their related tax effects, comprising fair value gain on investment properties, net exchange differences, etc.) for the year amounted to approximately RMB5,981 million.

Financial Position

As at 31 December 2020, the Group's total assets amounted to approximately RMB325,678 million (as at 31 December 2019: approximately RMB289,880 million) and total liabilities were approximately RMB271,426 million (as at 31 December 2019: approximately RMB252,884 million).

Current ratio was 1.4 as at 31 December 2020 (as at 31 December 2019: 1.3).

Financial Resources and Liquidity

In 2020, the Group's sources of fund primarily included income generated from business operations, cash from bank and other borrowings and issuance of senior notes in US dollar and corporate bonds in RMB, which were used in our business operations and investment and development of projects.

The Group expects that income generated from business operations and borrowings will continue to be the main sources of funds in the coming year. Therefore, the Group will continue to strengthen cash flow management, improve the efficiency of capital returns of projects and strictly control the cost and various expenses. Besides, the Group will continue to explore the opportunities to cooperate with foreign and domestic investors, in order to provide other sources of funding for the expansion of projects and business development.

Cash Position

As at 31 December 2020, the Group had cash and bank deposits, structured deposits of approximately RMB52,504 million and nil (as at 31 December 2019: approximately RMB58,043 million and RMB705 million). As at 31 December 2020, the Group had restricted bank deposits of approximately RMB17,522 million (as at 31 December 2019: approximately RMB9,313 million) which were mainly reserved for obtaining bank loans.

As at 31 December 2020, cash, bank deposits and restricted bank deposits of the Group mentioned above totalled approximately RMB70,026 million, of which 87% was denominated in Renminbi and 13% was denominated in other currencies (mainly in HK dollar, Australian dollar and Canadian dollar).

In 2020, cash collection ratio (total sales proceeds received in 2020 divided by the annual property contracted sales amount) for the Group's property contracted sales was approximately 85%.

Borrowings, Senior Notes, Corporate Bonds

As at 31 December 2020, the Group had bank and other borrowings of approximately RMB80,953 million (as at 31 December 2019: approximately RMB68,961 million) and senior notes and corporate bonds of approximately RMB33,920 million (as at 31 December 2019: approximately RMB26,803 million) as follows:

	31 December 2020 ***(RMB million)***	31 December 2019 *(RMB million)*
Repayment period		
Repayable on demand and within one year	**52,267**	41,873
More than one year, but not exceeding two years	**26,442**	30,698
More than two years, but not exceeding five years	**31,636**	22,538
More than five years	**4,528**	655
	114,873	95,764

Part of the borrowings of the Group are floating-rate borrowings, of which interest rates are subject to negotiation on an annual basis, thus exposing the Group to cash flow interest rate risk. The Group has implemented certain interest rate management policies which included, among others, close monitoring of interest rate movements and replacing and entering into new banking facilities when good pricing opportunities arise.

In February 2020, the Group successfully issued 363 days 4.8% offshore senior notes of US$188 million for the Group's refinancing purposes.

In February 2020, the Group successfully issued 5.5% onshore corporate bonds of RMB2,540 million due 2025 for the Group's refinancing purposes.

In July 2020, the Group successfully issued 6.35% offshore senior notes a total of US$460 million due 2024 for the Group's refinancing purposes.

In August 2020, the Group successfully issued 5.65% onshore corporate bonds of RMB1,180 million due 2025 for the Group's refinancing purposes.

In September 2020, the Group successfully issued 6.2% offshore senior notes of US$350 million due 2026 for the Group's refinancing purposes.

In November 2020, the Group successfully issued 5.98% offshore senior notes of US$230 million due 2025 for the Group's refinancing purposes.

As at 31 December 2020, the Group had credit facilities of approximately RMB254,994 million (as at 31 December 2019: approximately RMB183,996 million) for short-term and long-term borrowings, of which approximately RMB134,801 million (as at 31 December 2019: approximately RMB64,666 million) were unutilized.

Net Gearing Ratio

Net gearing ratio is measured by the net borrowings (total amount of bank and other borrowings, senior notes and corporate bonds net of cash and bank deposits and restricted bank deposits) over the total equity. As at 31 December 2020, the Group's net gearing ratio was 82.7%. The Group has implemented certain loan management policies, which mainly include close monitoring of the gearing ratio and any changes in net gearing ratio, and optimization of the bank credit structure when good pricing opportunities arise.

Contingent Liabilities

As at 31 December 2020, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities provided by banks to purchasers and banking facilities granted to joint ventures and associated companies of the Group amounting to approximately RMB110,427 million (as at 31 December 2019: approximately RMB85,723 million).

The Group acted as guarantor to the banks in respect of the mortgage bank loans granted to certain property purchasers of the Group's property and agreed to repay the outstanding mortgage loans upon the purchasers' default on the repayment of the outstanding mortgage loans and the loan interest accrual thereon. In the opinion of the directors, the fair value of the financial guarantee contracts is not significant at the initial recognition and provision has not been made as the default rate is low.

The Group had provided guarantees in respect of banking facilities granted by banks to joint ventures and associated companies. In the opinion of the directors, the fair value of guarantee contracts is insignificant at initial recognition. Also, no provision for the guarantee contracts at the end of the reporting period is recognised as the default risk is low.

Commitments

As at 31 December 2020, the Group had construction cost, land payments, acquisition of subsidiaries and a joint venture and registered capital injection in a joint venture contracted but not provided for of approximately RMB33,819 million (as at 31 December 2019: approximately RMB36,202 million). In addition, the Group's share of commitments relating to its joint ventures arising from construction cost contracted but not provided for is approximately RMB6,976 million (2019: RMB3,480 million). The Group expects to fund these commitments principally from sale proceeds of properties and bank borrowings.

Foreign Currency Risks

Most of the Group's revenues and operating costs are denominated in Renminbi. Except for the bank deposits denominated in foreign currencies, senior notes denominated in US dollar and Singapore dollar and bank loans denominated in US dollars and HK dollars, the Group's operating cash flow or liquidity is not directly subject to any other material exchange rate fluctuations. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Pledge of Assets

As at 31 December 2020, the Group pledged its properties for sales, property, plant and equipment, investment properties, right-of-use assets and restricted bank deposit of approximately RMB66,653 million (as at 31 December 2019: approximately RMB59,692 million) to various banks to secure project loans and general banking facilities granted to the Group.

Events After the Reporting Period

Subsequent to the reporting date, the Group had following significant events taken place:

(a) The Company issued senior notes in an aggregate principal amount of USD188,000,000 (equivalent to RMB1,227 million) subsequent to the reporting period which carries interest 4.20% per annum and are due in 2022.

(b) The Company issued senior notes in an aggregate principal amount of USD350,000,000 (equivalent to RMB2,284 million) subsequent to the reporting period which carries interest 5.88% per annum and are due in 2027.

(c) On 8 March 2021, the Company entered into a 3-year loan agreement with Bank of China (Hong Kong) Limited, The Bank of East Asia, Limited, Barclays Bank PLC, Chong Hing Bank Limited and Chong Hing Bank Limited, Macau Branch, CMB Wing Lung Bank Limited, Deutsche Bank AG, Singapore Branch, Hang Seng Bank Limited, Nanyang Commercial Bank, Limited and Nanyang Commercial Bank (China), Limited Guangzhou Branch and Tai Fung Bank Limited (collectively the "Lenders"), pursuant to which a banking facility relating to secured dual currency term loan facilities of approximately HK$1,598 million and US$20 million was granted by the Lenders to the Company, with interest rate of HIBOR plus 4.30% and LIBOR plus 4.30% per annum for HK dollar facility and US dollar facility respectively.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2020, the Group had 23,773 employees (31 December 2019: 16,504 employees). The Group regularly reviews remuneration and benefits of its employees according to the relevant market practice and individual performance of the employees. Pursuant to relevant laws and regulations, the Group provides contributions to social insurance of the China and contribution to the Mandatory Provident Fund Scheme of Hong Kong for eligible employees. The Group also provides employees in China with medical insurance, individual work injury insurance, maternity insurance and unemployment insurance.

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

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Board, the Board confirms that the Company has maintained the public float as required by the Listing Rules as at the latest practicable date prior to the issue of this announcement.

CORPORATE GOVERNANCE CODE

The Board periodically reviews the corporate governance practices of the Company to ensure that the practices continue to meet the requirements of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules. The Company has applied the principles of the CG Code. For the year ended 31 December 2020, the Company has complied with all of the code provisions of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' dealings in the securities of the Company. The Model Code is sent to each director of the Company on his/her initial appointment and from time to time which is amended or restated.

Upon specific enquiry by the company secretary of the Company, all directors of the Company have confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2020.

AUDIT COMMITTEE

The audit committee of the Company, comprising Mr. Cheung Kwok Keung as chairman, Mr. Tsui King Fai and Mr. Hu Jiang as members, has reviewed, together with the participation of the Board, the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the consolidated financial statements of the Group for the year ended 31 December 2020.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is published on the websites of the SEHK (www.hkexnews.hk) and the Company (www.aoyuan.com.cn). 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 and available on the above websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the executive directors of the Company are Mr. Guo Zi Wen, Mr. Guo Zi Ning, Mr. Ma Jun, Mr. Chen Zhi Bin, Mr. Chan Ka Yeung Jacky and Mr. Zhang Jun; and the independent non-executive directors of the Company are Mr. Tsui King Fai, Mr. Cheung Kwok Keung and Mr. Hu Jiang.

By order of the Board
China Aoyuan Group Limited
Guo Zi Wen
Chairman

Hong Kong, 29 March 2021