Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

KWG GROUP HOLDINGS LIMITED
合景泰富集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1813)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

HIGHLIGHTS

- The pre-sales for the year ended 31 December 2020 of RMB103,608.0 million, representing an increase of 20.3% as compared with the financial year of 2019.
- Proportionate revenue for the year ended 31 December 2020 amounted to RMB46,813.9 million, an increase of 20.2% as compared with the financial year of 2019.
- Proportionate core gross profit margin and proportionate net profit margin were 31.1% and 14.7%, respectively.
- Core profit of the Company for the year amounted to RMB6,514.2 million, representing an increase of 24.9% as compared with the financial year of 2019.
- Earnings per share was RMB210 cents.
- Proposed to declare final dividend of RMB53 cents per ordinary share. Including interim dividend, full year dividend was equivalent to RMB93 cents per ordinary share.

The board of directors (the "Board" or the "Directors") of KWG Group Holdings Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2020. The annual results have been reviewed by the audit committee of the Company (the "Audit Committee").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2020

	Notes	**2020** ***RMB'000***	2019 *RMB'000* (Restated)
CONTINUING OPERATIONS			
REVENUE	6	**29,742,063**	23,941,953
Cost of sales		**(20,383,239)**	(16,496,001)
Gross profit		**9,358,824**	7,445,952
Other income and gains, net	6	**1,628,096**	2,853,736
Selling and marketing expenses		**(1,222,410)**	(1,006,430)
Administrative expenses		**(1,560,784)**	(1,550,993)
Other operating expenses, net		**(2,981)**	(4,456)
Fair value gains on investment properties, net		**415,157**	3,716,461
Finance costs	7	**(1,034,243)**	(1,530,985)
Share of profits and losses of:			
Associates		**354,669**	511,767
Joint ventures		**2,126,580**	2,933,397
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	8	**10,062,908**	13,368,449
Income tax expenses	9	**(3,397,779)**	(3,497,352)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		**6,665,129**	9,871,097
DISCONTINUED OPERATION			
Profit for the year from a discontinued operation	10	**236,180**	184,987
Profit for the year		**6,901,309**	10,056,084
Attributable to:			
Owners of the Company		**6,676,592**	9,805,813
Non-controlling interests		**224,717**	250,271
		6,901,309	10,056,084

	Note	**2020**	2019 (Restated)
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	12		
Basic			
— For profit for the year		**RMB210 cents**	RMB309 cents
— For profit from continuing operations		**RMB203 cents**	RMB303 cents
Diluted			
— For profit for the year		**RMB210 cents**	RMB309 cents
— For profit from continuing operations		**RMB203 cents**	RMB303 cents

Details of the dividends proposed for the year are disclosed in note 11.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2020

	2020 *RMB'000*	2019 *RMB'000* (Restated)
PROFIT FOR THE YEAR	**6,901,309**	10,056,084
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation into presentation currency	**1,329,793**	(373,071)
Share of exchange differences on translation of joint ventures	**579,194**	(72,871)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**1,908,987**	(445,942)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation into presentation currency	**728,917**	(182,383)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	**728,917**	(182,383)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**2,637,904**	(628,325)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**9,539,213**	9,427,759
Attributable to:		
Owners of the Company	**9,314,496**	9,177,488
Non-controlling interests	**224,717**	250,271
	9,539,213	9,427,759

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	**2020** *RMB'000*	2019 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	13	**7,780,054**	6,411,151
Investment properties		**29,320,849**	27,263,329
Land use rights		**2,651,855**	1,152,384
Interests in associates		**5,338,823**	4,670,441
Interests in joint ventures		**46,872,043**	42,996,460
Deferred tax assets		**2,432,853**	1,872,238
Other non-current assets		**—**	211,928
Total non-current assets		**94,396,477**	84,577,931
CURRENT ASSETS			
Properties under development		**65,613,320**	51,760,690
Completed properties held for sale		**15,000,367**	10,928,887
Trade receivables	14	**1,914,579**	2,166,759
Prepayments, other receivables and other assets		**9,814,732**	7,401,565
Due from a joint venture		**30,004**	30,062
Tax recoverables		**848,419**	722,780
Restricted cash		**3,944,716**	5,356,141
Cash and cash equivalents		**40,635,765**	51,377,864
Total current assets		**137,801,902**	129,744,748
CURRENT LIABILITIES			
Trade and bills payables	15	**13,165,515**	9,072,301
Lease liabilities		**209,341**	230,445
Other payables and accruals		**31,746,296**	27,627,042
Due to joint ventures		**35,207,964**	37,742,306
Due to associates		**3,244,654**	1,345,495
Interest-bearing bank and other borrowings		**25,255,339**	23,728,043
Tax payables		**12,284,787**	9,926,137
Total current liabilities		**121,113,896**	109,671,769
NET CURRENT ASSETS		**16,688,006**	20,072,979
TOTAL ASSETS LESS CURRENT LIABILITIES		**111,084,483**	104,650,910
NON-CURRENT LIABILITIES			
Lease liabilities		**1,567,291**	1,895,326
Interest-bearing bank and other borrowings		**52,605,276**	61,849,507
Deferred tax liabilities		**2,993,183**	2,661,444
Deferred revenue		**2,042**	2,042
Total non-current liabilities		**57,167,792**	66,408,319
NET ASSETS		**53,916,691**	38,242,591

	2020	2019
	RMB'000	*RMB'000*
EQUITY		
Equity attributable to owners of the Company		
Issued capital	**304,474**	304,148
Treasury shares	**(1,723)**	(176)
Reserves	**43,232,126**	35,490,786
	43,534,877	35,794,758
Non-controlling interests	**10,381,814**	2,447,833
TOTAL EQUITY	**53,916,691**	38,242,591

Notes:

1. CORPORATE AND GROUP INFORMATION

The Company was a limited liability company incorporated in 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.

During the year, the Group was involved in the following principal activities from continuing operations:

- Property development
- Property investment
- Hotel operation

The discontinued operation of the Group was involved in the provision of property management services through KWG Living Group Holdings Limited ("KWG Living") which was spun off by the Group for separate listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 October 2020 (the "Distribution Date").

In the opinion of the Directors, the immediate and ultimate holding company of the Company is Plus Earn Consultants Limited, which is incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with 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 which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;
(b) rights arising from other contractual arrangements; and
(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of the subsidiaries are consolidated from the dates on which the Group obtains control, and continue to be consolidated until the dates that such control ceases.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the owners of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in OCI is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

The Company has set up a trust (the "Trust") for the purpose of purchasing, administering and holding the Company's shares for the share award scheme adopted on 19 January 2018. The Group has the power to govern the financial and operating policies of the Trust and derive benefits from the services of the employees who have been awarded the awarded shares through their continued employment with the Group. The assets and liabilities of the Trust are included in the consolidated statement of financial position and the shares held by the Trust are presented as a deduction in equity as shares held for the share award scheme.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

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) Amendment to HKFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the coronavirus ("COVID-19") pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

(e) 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.

The Group has changed its accounting policy of the classification of the interest paid in the consolidated statement of cash flows from operating activities to financing activities during current year (the "Policy Change") so as to provide reliable and more relevant information of cash flows generated from financial liabilities. In the opinion of the Directors, it is more appropriate to reflect all cash flows of the Group's borrowings as financing activity in the consolidated statement of cash flows and the Policy Change can result in a consistent presentation which is beneficial for users of the financial statements to understand all the related cash flows of the same financial liabilities and provides more comparable information with industry peers.

4. ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform — Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018–2020	*Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41*[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group consider that, these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into three reportable operating segments as follows:

(a)	Property development:	Sale of properties
(b)	Property investment:	Leasing of properties
(c)	Hotel operation:	Operation of hotels

Upon the spin-off of KWG Living on 30 October 2020, which was previously one of the reportable segment of property management, the Group has the remaining three reportable segments of property development, property investment and hotel operation.

The property development projects undertaken by the Group during the year are mainly located in Mainland China and Hong Kong.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, as well as head office and corporate income and expenses are excluded from such measurement.

The Group's revenue from external customers is derived solely from its operations in Mainland China.

During 2020 and 2019, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

Year ended 31 December 2020

	Property development *RMB'000*	Property investment *RMB'000*	Hotel operation *RMB'000*	Total continuing operations *RMB'000*
Segment revenue:				
Sales to external customers and revenue from continuing operations	**28,486,724**	**801,073**	**454,266**	**29,742,063**
Segment results	**9,799,253**	**1,011,601**	**88,011**	**10,898,865**
Reconciliation:				
Interest income and unallocated income				**1,628,096**
Unallocated expenses				**(1,429,810)**
Finance costs				**(1,034,243)**
Profit before tax				**10,062,908**
Income tax expenses				**(3,397,779)**
Profit for the year from continuing operations				**6,665,129**
Other segment information:				
Depreciation and amortisation	**95,558**	**33,876**	**156,909**	**286,343**
Fair value gains on investment properties, net	—	**415,157**	—	**415,157**
Share of profits and losses of:				
Associates	**354,669**	—	—	**354,669**
Joint ventures	**2,126,580**	—	—	**2,126,580**

Year ended 31 December 2019 (Restated)

	Property development *RMB'000*	Property investment *RMB'000*	Hotel operation *RMB'000*	Total continuing operations *RMB'000*
Segment revenue:				
Sales to external customers and revenue from continuing operations	22,761,946	626,909	553,098	23,941,953
Segment results	9,189,911	4,174,760	188,160	13,552,831
Reconciliation:				
Interest income and unallocated income				2,853,736
Unallocated expenses				(1,507,133)
Finance costs				(1,530,985)
Profit before tax				13,368,449
Income tax expenses				(3,497,352)
Profit for the year from continuing operations				9,871,097
Other segment information:				
Depreciation and amortisation	91,491	13,922	149,145	254,558
Fair value gains on investment properties, net	—	3,716,461	—	3,716,461
Share of profits and losses of:				
Associates	511,767	—	—	511,767
Joint ventures	2,933,397	—	—	2,933,397

6. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue, other income and gains, net is as follows:

	2020 ***RMB'000***	2019 *RMB'000* (Restated)
Revenue:		
Revenue from contracts with customers		
Sale of properties	**28,486,724**	22,761,946
Hotel operation income	**454,266**	553,098
Revenue from other sources		
Gross rental income	**801,073**	626,909
	29,742,063	23,941,953
Other income and gains, net:		
Interest income	**711,830**	947,920
Management fee income	**420,140**	366,105
Others	**496,126**	1,539,711
	1,628,096	2,853,736

Set out below is the disaggregation of the Group's revenue from contracts with customers for the year ended 31 December 2020:

	Property development ***RMB'000***	**Hotel operation** ***RMB'000***	**Total continuing operations** ***RMB'000***
Type of revenue recognition:			
Sale of properties	**28,486,724**	**—**	**28,486,724**
Provision of services	**—**	**454,266**	**454,266**
Total revenue from contracts with customers	**28,486,724**	**454,266**	**28,940,990**
Timing of revenue recognition:			
Recognised at a point in time	**25,680,443**	**—**	**25,680,443**
Recognised over time	**2,806,281**	**454,266**	**3,260,547**
Total revenue from contracts with customers	**28,486,724**	**454,266**	**28,940,990**

Set out below is the disaggregation of the Group's revenue from contracts with customers for the year ended 31 December 2019 (Restated):

	Property development *RMB'000*	Hotel operation *RMB'000*	Total continuing operations *RMB'000*
Type of revenue recognition:			
Sale of properties	22,761,946	—	22,761,946
Provision of services	—	553,098	553,098
Total revenue from contracts with customers	22,761,946	553,098	23,315,044
Timing of revenue recognition:			
Recognised at a point in time	19,517,733	—	19,517,733
Recognised over time	3,244,213	553,098	3,797,311
Total revenue from contracts with customers	22,761,946	553,098	23,315,044

7. FINANCE COSTS

An analysis of the Group's finance costs from continuing operations is as follows:

	2020 ***RMB'000***	2019 *RMB'000* (Restated)
Interest on bank and other borrowings	**5,815,543**	6,209,762
Interest on lease liabilities	**123,896**	127,911
Less: Interest capitalised	**(4,905,196)**	(4,806,688)
	1,034,243	1,530,985

8. PROFIT BEFORE TAX

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

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Cost of properties sold	**19,940,512**	16,101,134
Impairment of properties included in cost of sales	**100,000**	—
Less: Government grant released	**(45)**	(261)
	20,040,467	16,100,873
Cost of services provided	**342,772**	395,128
Depreciation	**275,146**	243,520
Amortisation of land use rights	**63,966**	34,018
Less: Amount capitalised in assets under construction	**(52,769)**	(22,980)
	11,197	11,038
Employee benefit expenses* (excluding directors' and chief executive's remuneration):		
Wages and salaries	**1,255,626**	1,056,551
Share-based compensation expenses	**18,317**	18,858
Pension scheme contributions (defined benefit plans)	**21,763**	102,254
	1,295,706	1,177,663
Less: Amounts capitalised in assets under construction, properties under development and investment properties under development	**(477,275)**	(492,318)
	818,431	685,345
Foreign exchange differences, net	**311,642**	(96,405)
Loss on disposal of items of property, plant and equipment**	**16,557**	314
Direct operating expenses (including repairs and maintenance arising on rent-earning investment properties)	**49,588**	43,765

* Employee benefit expenses are included in "Selling and marketing expenses" and "Administrative expenses" in the consolidated statements of profit or loss.

** These items are included in "Administrative expenses" and "Other operating expenses, net" in the consolidated statement of profit or loss.

9. INCOME TAX EXPENSES

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Current – PRC		
Corporate income tax ("CIT")	**2,139,296**	1,728,629
Land appreciation tax ("LAT")	**1,752,468**	1,008,773
	3,891,764	2,737,402
Deferred	**(493,985)**	759,950
Total tax charge for the year from continuing operations	**3,397,779**	3,497,352

Hong Kong profits tax

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2020 and 2019.

PRC CIT

PRC CIT in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2020 and 2019, based on existing legislation, interpretations and practices in respect thereof.

PRC LAT

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of the land value, being the proceeds from the sale of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

10. DISCONTINUED OPERATION

On 7 October 2020, the Company announced the decision of the Board in relation to the conditional special dividend to be satisfied by way of a distribution in specie (the "Distribution") of an aggregate of 1,589,025,505 shares of KWG Living, the Company's then non-wholly-owned subsidiary, to the Company's shareholders (the "Qualifying KWG Shareholders"), subject to the completion of the spin off and separate listing of KWG Living on the Stock Exchange. On the Distribution Date, in connection with the listing of KWG Living, all the issued share capital of KWG Living held by the Company was distributed to the Qualifying KWG Shareholders. Since then, the Company did not retain any interest in the issued share capital of KWG Living and KWG Living became a fellow subsidiary of the Company.

KWG Living is engaged in providing property management services. In accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*, the operating results of KWG Living before the spin-off have been presented as a discontinued operation in the consolidated statement of profit or loss. The comparative figures for the consolidated statement of profit or loss has been re-presented as if the operation discontinued during the current year had been discontinued at the beginning of the comparative period.

11. DIVIDENDS

(a) Dividends

	2020	2019
	RMB'000	*RMB'000*
Proposed final dividend (with scrip option) – RMB53 cents (2019: final dividend (with scrip option) of RMB42 cents) per ordinary share	**1,685,668**	1,334,360
Interim dividend declared – RMB40 cents (2019: RMB32 cents) per ordinary share	**1,271,220**	1,020,309
	2,956,888	2,354,669

On 27 August 2020, the Board declared the payment of the 2020 interim dividend of RMB40 cents per share (30 June 2019: RMB32 cents per share), totalling approximately RMB1,271,220,000. The interim dividend for the year is made out of the reserves of the Company.

The proposed final dividend for the year, to be made out of the reserves of the Company, is subject to the approval of the Company's shareholders at the forthcoming annual general meeting (the "2021 AGM").

(b) Distribution in specie

On 30 October 2020, in connection with the listing of KWG Living, a distribution in specie of all the issued share capital of KWG Living held by the Company, being 1,589,025,505 shares of KWG Living, was distributed to the Qualifying KWG Shareholders on a pro-rata basis to their shareholdings in the Company on a basis of one share of KWG Living for every two shares held by the Qualifying Shareholders.

12. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 3,177,056,096 (2019: 3,174,303,108) in issue during the year.

For the year ended 31 December 2020, the calculation of the diluted earnings per share amount was based on the profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares used in the calculation was the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation of 3,177,056,096 (31 December 2019: 3,174,303,108) plus the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares of 4,140,940 (31 December 2019: 4,228,916).

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

	2020	2019
	RMB'000	*RMB'000*
		(Restated)
Earnings		
Profit attributable to owners of the Company:		
From continuing operations	**6,445,620**	9,620,926
From a discontinued operation	**230,972**	184,887
	6,676,592	9,805,813

	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year used in basic earnings per share calculation	**3,177,056,096**	3,174,303,108
Effect of dilution – awarded shares	**4,140,940**	4,228,916
Weighted average number of ordinary shares during the year used in diluted earnings per share calculation	**3,181,197,036**	3,178,532,024

13. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2020, the Group had additions of property, plant and equipment at a total cost of approximately RMB1,678,444,000 (2019: approximately RMB938,234,000).

14. TRADE RECEIVABLES

Trade receivables mainly consist of receivables from the sale of properties, rentals under operating leases and hotel operation. The payment terms of the sale of properties are stipulated in the relevant sale and purchase agreements, whilst the Group's trading terms with its customers in relation to the provision of rental and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally within 12 months for major customers. An ageing analysis of the trade receivables as at the end of the reporting period is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 3 months	**1,139,192**	1,654,053
4 to 6 months	**—**	22,434
7 to 12 months	**433,279**	363,656
Over 1 year	**342,108**	126,616
	1,914,579	2,166,759

15. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within one year	**13,165,515**	9,072,301

The trade and bills payables are non-interest-bearing and are normally settled on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

Revenue of the Group comprises primarily the (i) gross proceeds from the sale of properties, (ii) gross recurring revenue received and receivable from investment properties and (iii) gross revenue from hotel room rentals, food and beverage sales and other ancillary services when the services are rendered. The revenue is primarily generated from its three business segments: property development, property investment and hotel operation.

The revenue amounted to approximately RMB29,742.1 million in 2020, representing an increase of 24.2% from approximately RMB23,942.0 million (restated) in 2019.

In 2020, the revenue generated from property development, property investment and hotel operation were approximately RMB28,486.7 million, RMB801.1 million and RMB454.3 million, respectively.

Proportionate revenue amounted to approximately RMB46,813.9 million in 2020, representing an increase of 20.2% from approximately RMB38,954.1 million in 2019.

Property development

Revenue generated from property development increased by 25.2% to approximately RMB28,486.7 million in 2020 from approximately RMB22,761.9 million in 2019, primarily due to an increase in the total gross floor area ("GFA") delivered to 2,155,240 sq.m. in 2020 from 1,771,190 sq.m. in 2019.

The average selling price ("ASP") increased from 12,851 per sq.m in 2019 to RMB13,217 per sq.m in 2020, reflecting a change in delivery portfolio with different city mix and product mix as compared with that for the corresponding period in 2019.

Proportionate revenue generated from property development increased by 22.1% to approximately RMB44,635.0 million in 2020 from approximately RMB36,544.9 million in 2019.

Property investment

Revenue generated from property investment increased by 27.8% to approximately RMB801.1 million in 2020 from approximately RMB626.9 million in 2019, primarily due to an increased leaseable GFA from leased investment properties.

Hotel operation

Revenue generated from hotel operation decreased by 17.9% to approximately RMB454.3 million in 2020 from approximately RMB553.1 million in 2019, primarily due to the adverse impact of the unexpected outbreak of the COVID-19.

Cost of Sales

Cost of sales of the Group primarily represents the costs incurred directly for the Group's property development activities. The principal component of cost of sales is cost of properties sold, which includes the direct cost of construction, cost of obtaining land use rights and capitalised borrowing costs on related borrowed funds during the period of construction.

Cost of sales increased by 23.6% to approximately RMB20,383.2 million in 2020 from approximately RMB16,496.0 million (restated) in 2019, mainly due to the increase in total GFA delivered in sale of properties.

Land cost per sq.m. increased from RMB3,102 in 2019 to RMB4,309 in 2020.

Construction cost per sq.m. decreased from RMB4,626 in 2019 to RMB3,490 in 2020, due to the change in delivery portfolio with different city mix compared with that in 2019.

Proportionate core cost of sales increased by 21.4% to approximately RMB32,273.7 million in 2020 from approximately RMB26,580.1 million in 2019, primarily due to an increase of total proportionate GFA delivered in sale of properties.

Gross Profit

Gross profit of the Group increased by 25.7% to approximately RMB9,358.8 million in 2020 from approximately RMB7,446.0 million (restated) in 2019. The increase of gross profit was principally due to the increase in the total revenue in 2020. The Group reported gross profit margin of 31.5% for 2020 as compared with 31.1% (restated) for 2019.

Proportionate core gross profit of the Group increased by 17.5% to approximately RMB14,540.3 million in 2020 from approximately RMB12,374.0 million in 2019. The Group reported proportionate core gross profit margin of 31.1% in 2020 (2019: 31.8%).

Other Income and Gains, Net

Other income and gains decreased by 42.9% to approximately RMB1,628.1 million in 2020 from approximately RMB2,853.7 million (restated) in 2019, mainly comprising interest income and management fee income related to our joint venture projects of approximately RMB711.8 million and RMB420.1 million respectively.

Selling and Marketing Expenses

Selling and marketing expenses of the Group increased by 21.5% to approximately RMB1,222.4 million in 2020 from approximately RMB1,006.4 million (restated) in 2019, mainly due to the increase in sales commission, which was in line with the increase in revenue generated from sale of properties during 2020.

Administrative Expenses

Administrative expenses of the Group slightly increased by 0.6% to approximately RMB1,560.8 million in 2020 from approximately RMB1,551.0 million (restated) in 2019.

Other Operating Expenses, Net

Other operating expenses of the Group was approximately RMB3.0 million in 2020 (2019 (restated): approximately RMB4.5 million).

Fair Value Gains on Investment Properties, Net

The Group reported fair value gains on investment properties of approximately RMB415.2 million for 2020 (2019 (restated): approximately RMB3,716.5 million), mainly related to various leaseable commercial properties in various regions.

Finance Costs

Finance costs of the Group being approximately RMB1,034.2 million in 2020 (2019 (restated): approximately RMB1,531.0 million), were related to the borrowing costs on certain general corporate loans and partial senior notes. Since such borrowings were not earmarked for project development, thus they have not been capitalised.

Income Tax Expenses

Income tax expenses decreased by 2.8% to approximately RMB3,397.8 million in 2020 from approximately RMB3,497.4 million (restated) in 2019, primarily due to a decrease on profit before tax as a result of the decrease in fair value gains on investment properties in 2020.

Profit for the year from a discontinued operation

Upon the spin-off of KWG Living on 30 October 2020, the Company did not retain any interest in the issued share capital of KWG Living and KWG Living became a fellow subsidiary of the Company, which was classified as a discontinued operation. The results of KWG Living as a discontinued operation for the year was approximately RMB236.2 million (2019 (restated): approximately RMB185.0 million).

Profit for the Year

The Group reported profit for the year of approximately RMB6,901.3 million in 2020 (2019: approximately RMB10,056.1 million). Proportionate net profit margin was 14.7% (2019: 25.8%).

Liquidity, Financial and Capital Resources

Cash Position

As at 31 December 2020, the carrying amounts of the Group's cash and bank balances were approximately RMB44,580.5 million (31 December 2019: approximately RMB56,734.0 million).

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place a certain amount of pre-sales proceeds received at designated bank accounts as guarantee deposits for construction of the relevant properties. As at 31 December 2020, the carrying amount of the restricted cash was approximately RMB3,944.7 million (31 December 2019: approximately RMB5,356.1 million).

Borrowings and Charges on the Group's Assets

As at 31 December 2020, the Group's bank and other loans, senior notes and domestic corporate bonds were approximately RMB31,642.4 million, RMB26,073.2 million and RMB20,145.0 million respectively. Amongst the bank and other loans, approximately RMB7,531.4 million will be repayable within 1 year, approximately RMB16,590.3 million will be repayable between 2 and 5 years and approximately RMB7,520.7 million will be repayable over 5 years. Amongst the senior notes, approximately RMB2,277.7 million will be repayable within 1 year, approximately RMB19,241.4 million will be repayable between 2 and 5 years and approximately RMB4,554.1 million will be repayable over 5 years. Amongst the domestic corporate bonds, approximately RMB15,446.2 million will be repayable within 1 year and approximately RMB4,698.8 million will be repayable between 2 and 3 years.

As at 31 December 2020, the Group's bank and other loans of approximately RMB27,748.9 million were secured by buildings, land use rights, investment properties, properties under development and completed properties held for sale with total carrying value of approximately RMB27,838.2 million, and equity interests of certain subsidiaries of the Group. The senior notes were jointly and severally guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares. The Group's domestic corporate bonds were guaranteed by the Company.

The carrying amounts of all the Group's bank and other loans were denominated in RMB except for certain loan balances with an aggregate amount of approximately RMB4,249.2 million as at 31 December 2020 which were denominated in Hong Kong dollar of approximately RMB2,288.6 million and denominated in U.S. dollar of approximately RMB1,960.6 million respectively. All of the Group's bank and other loans were charged at floating interest rates except for loan balances with an aggregate amount of approximately RMB5,423.5 million which were charged at fixed interest rates as at 31 December 2020. The Group's senior notes were denominated in U.S. dollar and charged at fixed interest rates as at 31 December 2020. The Group's domestic corporate bonds were denominated in RMB and charged at fixed interest rates as at 31 December 2020.

Gearing Ratio

The gearing ratio is measured by the net borrowings (total borrowings net of cash and cash equivalents and restricted cash) over the total equity. As at 31 December 2020, the gearing ratio was 61.7% (31 December 2019: 75.4%).

Risk of Exchange Rate Fluctuation

The Group mainly operates in Mainland China, so most of its revenues and expenses are measured in RMB. In addition, except for the above mentioned, the Company's domestic corporate bonds were denominated in RMB. The value of RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in the PRC's political and economic conditions. The conversion of RMB into foreign currencies, including the U.S. dollar and the Hong Kong dollar, has been based on rates set by the People's Bank of China.

During 2020, the exchange rates of RMB against the U.S. dollar and the Hong Kong dollar increased and the Board expects that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

Contingent Liabilities

(i) As at 31 December 2020, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers amounting to approximately RMB20,271.7 million (31 December 2019: approximately RMB16,765.5 million). This represented the guarantees in respect of mortgage facilities granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interests and penalties owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates which will generally be available within one to two years after the purchasers take possession of the relevant properties.

    The fair value of the guarantees is not significant and the Board considers that in case of default in payments, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties and therefore no provision has been made in the financial statements as at 31 December 2020 and 2019 for the guarantees.

(ii) As at 31 December 2020 and 2019, the Group had provided guarantees in respect of certain bank loans for joint ventures and associates.

Market Review

The year 2020 was an extraordinary year when China achieved her 13th Five-Year Plan and drew the blueprint for the 14th Five-Year Plan. It was also the year when China completed the task of building a moderately prosperous society in all respects and achieved her first centenary goal. In the beginning of the year, the sudden outbreak of the COVID-19 pandemic quickly ravaged the world, driving a major change in global economic structure. Being the first hit by the pandemic, China was the quickest to contain it as well as to resume operation and production, becoming the only economy in the world achieving positive economic growth.

Looking back into 2020, under the complicated and volatile internal and external environment, the real estate industry still showed strong resilience despite under numerous challenges. According to data from the National Bureau of Statistics, the national real estate development investment in 2020 was about RMB14.14 trillion, increase by 7.0% year-on-year. The national commercial housing sales were nearly RMB17.36 trillion, up by 8.7% year-on-year. In the first half year, in order to reduce the impact of the epidemic control, city-specific policies were implemented for different cities. The central government lowered the reserve ratio three times to release liquidity and strengthened market productivity. The loan prime rate (LPR) was reduced twice, with a decrease in the LPR for loans of 5 years or above amounting to 15 basis points in total. The housing mortgage rate showed a downward trend. As the epidemic is gradually brought under control, enterprises resumed operation and production, and the real estate industry gradually recovered. Under the epidemic situation, the central government has always adhered to the general tone of "housing properties are for living in and not for speculation" and "not using real estate as a means to stimulate the economy in the short run". It took measures in monetary policy, financial policy, land policy, and housing security policy together to ensure protecting the stability and continuity of the real estate policy and promoted the sustained, steady and healthy development of the real estate industry. From the implementation of the "three red lines" in the third quarter in controlling the debt level to the release of the "five categories" of property-related loans guidance in controlling cash into real estates at the end of the year, it fully reflected the gradually matured macro-prudent management regime of the real estate long-term mechanism.

Business Review

Facing the complicated and volatile external environment and the new challenges posed by the COVID-19 epidemic to the entire industry, the Group adhered to the strategic direction of stable operation and synergistic development. In the main battlefield of business operations, the Group grasped the nettle, faced competition directly, and performed solid works to consolidate its main business. For the innovation and development of different aspects, the Group took the lead and stepped up efforts in digital transformation, continuing to improve organizational capabilities, facilitate diversity and accelerate synergistic development. On 30 October 2020, the Group conducted a spin-off of its subsidiary, namely KWG Living successfully and KWG living was officially listed on the Main Board of the Stock Exchange (Stock Code: 03913.HK). Since then, the Company did not retain any interest in the issued share capital of KWG Living and KWG Living was also not a subsidiary of the Company any more. KWG Living mainly engages in providing property management service to diversified sectors, such as residence, commercial properties and public facilities and also providing commercial operational services to commercial properties, including shopping malls and office building as well. The spin-off will enable more focused business development, strategic planning and better allocation of resources for the Group and KWG Living with respect to their respective businesses. Both the Group and

KWG Living will achieve the efficient decision-making process under the separate management structure which will be helpful for seizing emerging business opportunities, especially with a dedicated management team for our KWG Living to focus on its business development.

2020 was the year when the Group achieved its RMB100 billion milestone target. The Group's pre-sales amounted to RMB103.6 billion, representing a year-on-year increase of 20%. ASP stood at approximately RMB17,000 per sq.m., similar to that in the corresponding period of 2019. Among the 130 projects currently for sale, analysed by contribution to pre-sales amount, 36% were from Greater-Bay-Area and 36% were from Yangtze-River-Delta Area. When analysed by the ranking of cities, 88% were from tier-one and tier-two cities.

In 2020, the Group launched brand new projects including Guangzhou The Emerald, Guangzhou Clover Shades, Shenzhen Grand Oasis, Hangzhou Oriental Dawn, Hangzhou Precious Mansion, Suzhou Lunar River, Suzhou Blessedness Seasons, Ningbo Cloud Mansion, Xuzhou Oriental Milestone, Beijing New Chang'an Mansion, Kunming Salar de Uyuni, etc. The projects are differentiated with exquisite geographical location and premium product quality, which have aroused keen interest in the market.

Leveraging the Group's outstanding product forging capabilities, forward-looking strategic layout, stable and promising operating capabilities, and comprehensive operational strengths in diversity and co-ordination, it led to a continuous leap in brand value. In 2020, given the comprehensive strengths of the Group and its business segments, the Group won a number of awards by renowned institutions such as China Index Academy, China Real Estate Association, Guandian and hexun.com: including 2020 China Top 30 Listed Real Estate Enterprises, Top 10 of 2020 China's Top 100 Property Companies by Profitability, 2020 China's Top 10 Property Development Companies by Comprehensive Development, 2020 Top 10 PRC Property Companies Listed in Hong Kong by Comprehensive Strengths, 2020 Noteworthy Property Companies in Capital Market, Top 8 in 2020 Top 100 Commercial Property Companies, Top 10 Financially Prudent Model Listed Real Estate Companies, and Outstanding Brands of Chinese Real Estate Products.

In 2020, the Group continued to adopt prudent land acquisition strategy in order to obtain premium land reserve for tier-one and tier-two cities, further exploring the core cities in Greater-Bay-Area and Yangtze-River-Delta Area. During the reporting period, the Group successfully acquired 21 projects in cities including Guangzhou, Hangzhou, Suzhou, Chengdu, Jiaxing, Xuzhou, Nantong, Yancheng, Tianjin and Kunming, through tenders, auctions and listings in the public market, joint developments as well as industry injection. The Group obtained premium projects in Jiaxing and Yancheng at lower cost via industry injection and will build up grand complex in the future. The new projects in 2020 totaled 3.32 million sq.m. of gross GFA for a total gross land cost of RMB23.6 billion, and 2.76 million sq.m. of attributable GFA for an attributable land cost of RMB19.4 billion, which increased the gross sellable resources by approximately

RMB70 billion. Analysed by amounts of the gross sellable resources, the locations of the newly acquired land still focused in Greater-Bay-Area (accounted for 41%) and Yangtze-River-Delta Area (accounted for 50%) and the tier-one and tier-two cites accounted for 80%, which indicating that our focused strategy remained unchanged. Both new acquisition attributable ratio and consolidation ratio increased to 82% and 93% respectively.

As of 31 December 2020, the Group owned 175 projects in 41 cities across Mainland China and Hong Kong with an attributable land bank of approximately 16.63 million sq.m., gross GFA of approximately 24.42 million sq.m. and gross sellable resources of approximately RMB530 billion, which is sufficient for the Group's development in the next 3 to 5 years.

Under the backdrop of limited scale in urban development, major cities in China have moved from a quantity-driven development stage to an inventory-centric stage, and urban redevelopment will therefore become the new growth model. 2020 was a year in which the Group took comprehensive steps to its urban redevelopment projects. The Group was deeply involved in Guangzhou, Foshan, Shenzhen, and Dongguan, deployed in core urban regions, and achieved new breakthroughs in many urban redevelopment projects. So far, the Group has successfully bidden two urban redevelopment projects: Jishan Village in Tianhe District in Guangzhou, and Shixia Village in Zengcheng District in Guangzhou. 3 projects in Guangzhou have commenced the demolition, which are the Nangang Village, Shuangsha Village and Hongwei Village located in Huangpu District in Guangzhou. The Group accurately interprets the prevailing trend and continues to proceed with the "Three Old Transformation" in order to be benefit from the urban redevelopment policy of Greater-Bay-Area. Currently, the Group has 34 urban redevelopment projects in progress in Guangzhou, Foshan, Shenzhen and Dongguan. The Group has been taking pragmatic actions to accelerate the urban redevelopment and foster robust growth of the cities in Greater-Bay-Area by comprehensively enhancing the radiation and influence of the old reconstruction area, optimizing industrial structure and enhance the comprehensive strengths of the region.

Investment Properties

Originated from Guangzhou, the Group has strategically expanded nationwide across China. The Group focuses on core regions including Greater-Bay-Area, Yangtze-River-Delta Area, Bohai-Rim Region, Chengdu, Chongqing and Nanning. After years of development, the Group has a total of 37 commercial projects in operation, including 9 shopping malls, 8 office buildings and 20 hotels. By identifying the commercial potential and delivering long-term commercial value, the Group boosts the robust urban development. All commercial properties in operation are located in core areas and new CBDs in tier-one and tier-two cities, providing the Group with recurring and stable cash inflow and profit, crossing the economic cycle together with the Group's real estate business.

(1) Shopping mall

With 26 years of intensive industry development, the Group has witnessed every stage of China's commercial golden development. With its forward-looking vision of tapping the potential of new urban areas and excellent refined operation capabilities, the Group has realized a unique vibrancy, subtly leading the commercial upgrade of new urban areas, and leaving the "art, ecology and LOHAS" commercial footnotes for the development of shopping malls in China.

Through differentiated and precise positioning and premium brand combination, the Group established three product lines of shopping mall under the brands "U Fun", "M • Cube" and "Ufun Walk" to meet the leisure and entertainment needs at different customer segments.

In early 2020, the outbreak of the COVID-19 pandemic significantly affected the retail sales and customer traffic of shopping malls nationwide, posing new challenges to the traditional retail industry. The Group adhered to the business philosophy of working together with merchants. In an effort to assist the prevention and control of the pandemic, the Group took practical measures to safeguard the interest of merchants, including the launch of an online-to-offline sales platform for merchants, as well as the offering of a 50% rent reduction for 22 days to all merchants in the commercial projects under the Group to relieve their hardship during the difficult time. Under the special epidemic environment, the group quickly responded, continuously tried to explore new industry models, resonated with business merchants, activated business vibrancy, and promoted market recovery with a diversified marketing mix. While fully implementing the central government's prevention and control policy of "reducing people from gathering and avoiding cross-infection", the Group precisely focused on urban consumer demand, followed the trend of the online digital economy, and used the latest technological means to actively adjust and innovate to achieve breakthrough. Online streaming, 360° panoramic experience, online shopping, brand linkage, and other online service models have been fully rolled out. Through the "community culture + social e-commerce" marketing model, the offline inventory is strengthened to achieve full integration between online and offline activities. As the epidemic prevention and control continues to improve and the containment of the pandemic has entered into the stage of normalization, the shopping malls in operation took quick actions to recover the performance. The overall occupancy rate of the Group's malls was 91% in 2020, the overall foot traffic this year exceeded 30 million, new members increased by 25% year-on-year, and retail sales increased by 8% year-on-year, which collectively, leading the urban economy recovery.

Currently, the Group has 9 shopping malls in operation, which are located in Guangzhou, Beijing, Shanghai, Chengdu, Suzhou and Foshan respectively. With the challenges of the new environment under the epidemic, the Group still opened new shopping malls in 2020 as scheduled. In October, we welcomed the grand opening of Chengdu M • Cube and U8 Pub Street. Together with the opened U Fun Shopping Mall, Mulian Hotel, W Hotel, International Commerce Place office buildings and high-end Cosmos series of residences and apartments, multi-format business are supporting one another, entwining a huge integrated commercial cluster, and collaborating with a diverse ecology to create a new consumption scene in southern Chengdu, creating a new city landmark. The opening of Foshan Ufun Walk Phase II and Nansha Ufun Walk Phase II also injected unique vibrancy into new urban areas.

Looking forward into 2021, Guangzhou Knowledge City U Fun will soon usher in its opening, and will create a "life playground for all people" with an innovative commercial form of "park-like experience mall". Moreover, Chongqing U Fun, Shanghai Ufun Walk, Guangzhou The Summit Ufun Walk Phase II, Beijing Tongzhou Ufun Walk, Chengdu The Cosmos Commercial are also planned to open in this year.

In future, while propelling the integration of online and offline digital operations and providing "new mode", the Group's commercial segment will continue to build more malls in tier-one and tier-two cities to link-up more cities together to develop symbiotically. It will also create a stable and continuous rental income for the Group in future.

(2) Office

The Group gathers financial resources for cities. It has built a number of high-end office buildings and industrial headquarters bases in the core areas of Guangzhou, Shanghai, Chengdu, Suzhou, Nanning and other cities. It has now operated 8 office buildings, providing stable cash inflow for the Group. The operating office buildings in Guangzhou include International Finance Place and International Metropolitan Plaza in Pearl River New Town, International Commerce Place in Pazhou and Colorland Centre in Nansha. The office building in Shanghai is International Metropolis Plaza in Pudong Bund and those in Chengdu, Suzhou and Nanning include Chengdu International Commerce Place in the Financial High-tech District, Leader Plaza in Suzhou Industrial Park and Guangxi International Finance Place at the headquarters in Nanning Wuxiang New District.

As the Group's office properties are located in the CBDs of tier-one and top tier-two cities, the tenants are mainly well-known banks and multinational groups. The tenant structure is of superior and stable, which can effectively resist the impact of the epidemic. During the epidemic, the Group's office occupancy rate remained stable and high. In 2020, the overall occupancy rate was approximately 90%. Leveraging its superior geographical location, the Group's office segment has adopted an innovative integrated business model, equipped with 5A intelligent hardware as standard, and implemented comprehensive quality management to create an all-round, multi-functional business system and efficient and convenient business working space.

Looking forward into 2021, International Finance Place in Tongzhou in Beijing, Ke Xian Centre in Guangzhou Development Zone and KWG Flourishing Biotech Square in Guangzhou Biological Island will welcome their grand openings. In the next few years, more office buildings will come into operation, which will contribute to the rapid and stable growth of the Group's rental income.

(3) Hotel

At present, the Group has operated 20 hotels, including those in co-operation with international hotel management groups and its own brand hotels.

In 2020, the sudden bursting in of the COVID-19 pandemic has brought unprecedented challenges to the development of the hotel industry. The domestic effective control of the epidemic brought gradual recovery to business travel and the group's hotel operations gradually recovered and stabilized thereafter. In September 2020, Guangzhou W Hotel unveiled its new and glamourous look. In October, the grand opening of highly-anticipated Chengdu W Hotel, the 7th W hotel in Greater China and the 1st W hotel in South-western Greater China, has created a new touch point integrating design, music, fashion and vibrancy, rousing the spirit of prosperous sleepless southern Chengdu, becoming a new landmark of Chengdu.

In the past 8 years, the Group's own brand of the Mulian Hotel, has accumulated experience in co-operating with many international hotel management groups, while focusing more on exploring the intrinsic links between the brand and Chinese consumers. In July 2020, Mulian Hotel Group officially launched its brand invigoration and upgrade of "Art Traveling and Living Platform", committed to leading the "Mulian Life", creating a new business travel lifestyle, and fully meeting the travel needs of different consumer groups. The Group has created diversified product portfolio in all aspects: including luxury five-star hotel "MORDIN", light luxury business hotel "Mulian Hotel", high-end resort hotel "Mulian Resort Hotel", trendy design hotel "MUSTEL".

March in 2021, the “Mixed Space” hotel “MUSTEL” under Mulian Hotel Group opened in Chengdu. As a trendy design hotel brand designed for youngsters between 20–30 year old, the MUSTEL Hotel will integrate multi-cultural experience into the physical space through the insights into the younger generation, and infinitely extend the imagination of “hotels”, and create the unprecedented hotel experience for creative and fashionable travellers, accomplishing an inspiring, interesting and independent community space hotel.

Currently, The Mulian Hotel Group has its layout in 7 tier-one and tier-two cities nationwide with a total of 15 hotels in operation. Facing the new challenges and opportunities brought by the post-epidemic era, the Mulian Hotel will continue to set its layout in major tier-one and tier-two cities across the country, continue to refresh its brand value with precise positioning to meet the travelling needs and check-in experience of business travelers. At the same time, the hotel group will also achieve digital transformation, implement a combination of asset-heavy with asset-light operation model, and steadily move towards a network ecology of operating in “one hundred cities with one thousand hotels” nationwide. In the next five years, the Mulian Hotel will establish solid foothold in Guangdong Province while seeking business expansion across the country, establishing a unique hotel industry chain.

With the Group’s matured commercial operation regime, premium operation platform, and experienced team, the Group will continue to create its brand value, enrich business forms, build up a full-scale business chain, and create the “name card” of the city.

Accelerating digital transformation and improving management standard

In recent years, as the real estate industry has gradually moved towards the inventory-centric era, real estate companies need to upgrade and transform, and carry out diversified and synergistic development to match growing customer demand. The need for technological empowerment and accelerating digital transformation comes into being. Starting from actual needs and focusing on the long-term layout, the Group has joined hands with IBM and completed the SAP system setup in June 2020 in order to achieve refined internal management, controllable risks, comprehensive improvement of management efficiency, and scientific management decision-making. The system was fully built and successfully implemented a smart enterprise platform covering all modules, complete processes and all business types of the Group, realizing the Group’s digital technology innovation and ecological structure, and marking the Company’s marching into a new stage of digitalization. Not only has the SAP system built a group financial sharing platform, optimizes corporate fund management methods, it also realizes panoramic project management and control, thereby effectively improving the marketing standards and assisting corporate operation, scalable enhancement, and synergistic development of diversified businesses.

In 2020, the Group's "CoKWG" APP has also upgraded from a single online membership service platform to a comprehensive service platform for the Group, becoming a portal for aggregating member traffic for multi-segments, and facilitating online services and integration of multiple business forms. It allows members to enjoy the online applications of all business forms of the Group through one APP. Through internal integration and external connection, efficient synergy has been generated by "CoKWG" APP, to innovate and radiate the reusable enterprise-grade capabilities of the Group, offering premium and diversified services towards customers.

Actively participating in social charity and practicing corporate social responsibility

While achieving high-quality and stable development, the Group has always regarded charity and public welfare as an obligatory responsibility and supported the development of China's charity with practical actions. In facing the ravaging COVID-19 pandemic, the Group has always adhered to the spirit of "jointly working together to overcome the difficulties", took quick actions to raise donations proactively: On 23 January 2020, the first batch of medical protective materials donated by the Group rushed to support Wuhan; On 28 January the Group donated 400,000 pieces N95 protective masks, 50,000 pairs of protective gloves and other urgently needed medical protection materials to the epidemic regions through Guangzhou Charity Foundation. The Group has set up a "Co-operating Together" anti-epidemic fund of RMB10 million, dedicated for fighting against the COVID-19 epidemic. The Group also warmly carried out the "Heli China Guarding 'Orange Roses' (合禮中國 • 守護橙玫瑰)" programme by donating specific anti-epidemic insurance to the frontline sanitation fighters in Wuhan to protect the safety and health of front-line anti-epidemic personnel. The Group offered a 50% rent reduction to branded merchants who settled in the Group "U Fun" and "M • Cube" shopping centres to reduce the adverse impact of the epidemic on their business operations.

The Group has been constantly innovative in the field of public welfares. By cooperation with Maitian Education Foundation, the Group launched the charity painting activity of "KWG Art Museum-Draw a Rainbow". The Group donated 1,000 "rainbow pockets" to children in remote less-developed regions through inviting member families of various business segments under the Group, which contributed to extension of colorful art education to rural schools across the country, and creation of new charity model.

The Group has always adhered to the concept of sustainable development, exploring green construction and residential life, laying fresh air systems and smart homes. At the same time, the Group is committed to creating a green office environment, energy conservation and emission reduction. The Group formulates green construction standards, adopts advanced equipment and technology, and uses environmentally-friendly materials to reduce the negative impact of the project on the environment. In response to the issue of global warming, the Group has also taken active measures in various aspects such as business operations, improvement of architecture and design. For example, in designing Shenzhen Grand Oasis, space was reserved for natural ventilation, and measures such as permeable paving, grass greening, and roof greening were adopted to enable the project to have a good building physical thermal environment, thereby reducing the heat island effect. Suzhou The Swan Harbor Park adopted the design of "sponge city", setting the rainwater recycling system in order to improve the urban water circulation capacity.

In the aspect of environment, society and corporate governance, the group is well-recognized by the industry and has been awarded "BB" rating by MSCI.

In future, the Group will continue to actively practice corporate social responsibility, repay the society in good faith, deliver warmth and positive energy to society, and contribute its due strengths to the social development in the new era.

Outlook

The year 2021 marks the start of the 14th Five-Year Plan and the centenary anniversary of the CPC. Looking forward into 2021, under the central government's policy of "housing properties are for living in and not for speculation", "stability" will be the principal tone of real estate industry development. Under the background of dual control from the "three red lines" policy to the release of the "five categories" of property-related loan, the real estate industry will face new challenges. The 14th Five-Year Plan clearly puts forward the implementation of urban redevelopment action, which will benefit the adjustment and optimization of urban structure, improving the development of cities and transforming the urban development and construction mode, showing great and far-reaching significance to comprehensively improving the quality of urban development, continuously meeting the people's ever-growing needs for a better life, and promoting sustained and sound economic and social development. China's large cities have gradually entered the inventory-centric era from incremental era, urban renewal will become a new growth model of urban development. With the introduction of the new policy of centralized land supply in 22 cities and the gradual introduction of future detailed rules, higher requirements have been put forward for the capital channels, land acquisition channels and digital transformation of real estate enterprises. Real estate enterprises with high capital turnover capacity, multiple land acquisition channels, digital transformation in advance and efficient operation capacity will have more advantages thereover.

The Group has been following the general trend to set development direction, implementing balanced and stable asset management strategy, and attaching importance to high-quality land reserve. Since its inception, the Group has been exploring opportunities in Greater-Bay-Area and Yangtze-River Delta Area with strong focuses on tier-one and tier-two cities. Currently, the group's land bank and sellable resources in these two regions account for 58% and 70% of the total land bank and total gross sellable resources respectively. Looking ahead into 2021, the Group will launch a new series — the "ZHEN" projects, including Guangzhou The Landmark Arte, Guangzhou The Beryl, Guangzhou The Lakeside Mansion and Chengdu The Jadeite and other projects. The Group designs products with heart and artistic ingenuity, creating a superior living style. In 2021, the Group's pre-sales target is set at RMB124 billion. representing a year-on-year increase of 20%. Total sellable resources for 2021 will be RMB205 billion, among which, analyzed by regions, 57% is from Greater-Bay-Area and 26% is from Yangtze-River-Delta Area. When analyzed by the ranking of cities, 53% is from tier-one and 37% from tier-two cities. The stable land investment and expansion, high-quality land reserve and sellable resources, as well as the layout and accelerated transformation of urban redevelopment projects of the Group, will jointly support the Group's future sales scale to continue to grow steadily.

While deeply rooted in real estate development, the Group attaches great importance to the comprehensive and diversified industrial layout. Through many years of development, the Group has realized the synergetic co-existence of diversified businesses in terms of residential, shopping centres, office buildings, hotels, city-industry integration, cultural and tourism, education, and health. The Group's investment properties are concentrated in the core locations of the tier-one and tier-two cities. In next few years, more commercial properties will be opened successively, bringing sustainable and stable operating cash flow to the Group.

Looking forward into the future, the Group will pay more attention to brand value, accelerate digital transformation and continue to enhance professionalism, think hard and infuse soul into products in order to continuously create value for customers!

Overview of the Group's Property Development

As at 31 December 2020, the Group's major projects are located in Guangzhou, Suzhou, Chengdu, Beijing, Hainan, Shanghai, Tianjin, Nanning, Hangzhou, Nanjing, Foshan, Hefei, Wuhan, Xuzhou, Jiaxing, Taizhou, Jinan, Changshu, Lishui, Chongqing, Taicang, Wuxi, Zhaoqing, Zhongshan, Nantong, Liuzhou, Shenzhen, Shaoxing, Huizhou, Jiangmen, Wenzhou, Dongguan, Yangzhou, Ningbo, Meishan, Chenzhou, Wuzhou, Xi'an, Kunming, Yancheng and Hong Kong.

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest *('000 sq.m.)*	Interest Attributable to the Group *(%)*
1	The Summit	Guangzhou	Residential/villa/serviced apartment/office/commercial	1,192	100
2	International Metropolitan Plaza	Guangzhou	Office/commercial	40	50
3	Tian Hui Plaza (including The Riviera and Top Plaza)	Guangzhou	Serviced apartment/office/commercial/hotel	44	33.33
4	KWG Flourishing Biotech Square (formerly known as The Star)	Guangzhou	Office/commercial	84	100
5	Top of World	Guangzhou	Villa/serviced apartment/office/commercial/hotel	301	100
6	The Eden	Guangzhou	Residential/commercial	2	50
7	Paradise by Moony Sky	Guangzhou	Villa/hotel	30	70
8	Essence of City	Guangzhou	Residential/villa/commercial	58	100
9	International Commerce Place	Guangzhou	Office/commercial	50	50
10	CFC (including Mayfair and International Finance East)	Guangzhou	Serviced apartment/office/commercial	69	33.33
11	The Horizon	Guangzhou	Residential/villa/serviced apartment/office/commercial/hotel	14	50
12	Blooming River	Guangzhou	Residential/villa/commercial	122	50
13	Nansha River Paradise	Guangzhou	Residential/commercial	7	40
14	The Jadeite	Guangzhou	Residential	8	40
15	V-city	Guangzhou	Serviced apartment/commercial	165	70
16	Montkam	Guangzhou	Residential/villa	24	30
17	E-city	Guangzhou	Serviced apartment/commercial	488	67
18	Guangzhou Luogang M • Cube	Guangzhou	Commercial/hotel	15	60
19	Ke Xian Center (formerly known as KWG Center)	Guangzhou	Office/commercial	8	50
20	The Beryl (Guangzhou Development Area Hotel A Project)	Guangzhou	Villa/serviced apartment/commercial/hotel	14	60
21	The Beryl (Guangzhou Development Area Hotel B Project)	Guangzhou	Villa/serviced apartment/office/commercial	16	60
22	Landmark Arte (formerly known as The Corniche)	Guangzhou	Residential/serviced apartment/commercial	79	80
23	Clover Shades	Guangzhou	Residential/commercial	54	43.75
24	The Emerald	Guangzhou	Residential	85	100

No.	Project	District	Type of Product	**Total GFA Attributable to the Group's Interest** *('000 sq.m.)*	**Interest Attributable to the Group** *(%)*
25	Guangzhou Biotech Park (formerly known as Guangzhou Southern Medical Industrial Park)	Guangzhou	Villa/serviced apartment/office/commercial	192	80
26	Longyatt Mansion (formerly known as Guangzhou Conghua City South Project)	Guangzhou	Residential/commercial	92	100
27	Dreams Garden (formerly known as Guangzhou Conghua City North Project)	Guangzhou	Residential/commercial	284	100
28	Lakeside Mansion	Guangzhou	Residential/commercial	323	100
29	Richmond Greenville	Guangzhou	Residential	95	100
30	Guangzhou Nansha Project	Guangzhou	Educational	30	20
31	IFP	Guangzhou	Office/commercial	61	100
32	Four Points by Sheraton Guangzhou, Dongpu	Guangzhou	Hotel	35	100
33	The Mulian Huadu	Guangzhou	Hotel	25	100
34	W Hotel/W Serviced Apartments	Guangzhou	Hotel/serviced apartment	80	100
35	The Mulian Guangzhou	Guangzhou	Hotel	8	100
36	The Sapphire	Suzhou	Residential/serviced apartment/office/commercial/hotel	31	100
37	Suzhou Apex	Suzhou	Residential/serviced apartment/commercial/hotel	112	100
38	Suzhou Emerald	Suzhou	Residential/commercial	1	100
39	Leader Plaza	Suzhou	Serviced apartment/office/commercial	25	100
40	Fortune Building	Suzhou	Office/commercial/hotel	32	100
41	Suzhou Jade Garden	Suzhou	Residential/commercial	2	100
42	Orient Aesthetics	Suzhou	Residential/commercial	3	16
43	Orient Moon Bay	Suzhou	Residential	12	50
44	Swan Harbor Park	Suzhou	Residential/serviced apartment/office/commercial	96	30
45	Lunar River	Suzhou	Residential/commercial	48	51
46	Blessedness Seasons	Suzhou	Residential/commercial	38	49
47	Moonlit River	Suzhou	Residential	48	50
48	The Vision of the World	Chengdu	Residential/serviced apartment/commercial	53	100
49	Chengdu Cosmos	Chengdu	Residential/serviced apartment/office/commercial/hotel	240	100
50	Chengdu Sky Ville	Chengdu	Residential/serviced apartment/office/commercial	140	50
51	Yunshang Retreat	Chengdu	Residential/villa/serviced apartment/commercial/hotel	588	55
52	The Jadeite	Chengdu	Residential/villa/commercial/hotel	62	100
53	Fragrant Seasons	Beijing	Residential/villa/serviced apartment/commercial	2	100
54	La Villa	Beijing	Residential/villa/commercial	8	50

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest (*'000 sq.m.*)	Interest Attributable to the Group (*%*)
55	Beijing Apex	Beijing	Residential/villa/serviced apartment/commercial	28	50
56	M • Cube	Beijing	Commercial	16	100
57	Summer Terrace	Beijing	Residential/commercial	16	100
58	Uptown Riverside I	Beijing	Serviced apartment/office/commercial	128	100
59	Uptown Riverside II	Beijing	Serviced apartment/office/commercial	98	100
60	Rose and Ginkgo Mansion	Beijing	Residential/villa/office/commercial	27	33
61	The Core of Center (Beijing Niulanshan Complex Project)	Beijing	Residential/villa/serviced apartment/commercial/hotel	200	100
62	The Core of Center (Beijing Niulanshan 1107# Project)	Beijing	Residential	37	100
63	New Chang'an Mansion	Beijing	Residential/office/commercial/hotel	29	51
64	Pearl Coast	Hainan	Residential/villa/commercial/hotel	114	100
65	Villa Como	Hainan	Residential/villa/commercial/hotel	347	100
66	Egret Bay	Hainan	Residential/serviced apartment/commercial	33	20
67	Hainan Wenchang Changsa Project	Hainan	Serviced apartment/commercial	76	100
68	International Metropolis Plaza	Shanghai	Office/commercial	30	75.5
69	Shanghai Apex	Shanghai	Residential/serviced apartment/commercial/hotel	19	51
70	Shanghai Sapphire	Shanghai	Serviced apartment/commercial	25	51
71	Amazing Bay	Shanghai	Residential/serviced apartment/office/commercial/hotel	49	50
72	Vision of World	Shanghai	Residential/serviced apartment/commercial/hotel	54	51
73	Glory Palace	Shanghai	Residential	58	100
74	Shanghai Biotech Park (formerly known as Shanghai Qingpu Project)	Shanghai	Office/commercial	121	90
75	Jinnan New Town	Tianjin	Residential/villa/serviced apartment/commercial	367	25
76	Tianjin The Cosmos	Tianjin	Residential/villa/commercial	262	100
77	Tianjin Apex	Tianjin	Residential/office/commercial/hotel	102	100
78	Jin Yue Fu	Tianjin	Residential/commercial	97	100
79	The Core of Center	Nanning	Residential/villa/serviced apartment/commercial/hotel	260	100
80	International Finance Place	Nanning	Office/commercial	60	100
81	Top of World	Nanning	Residential/villa/serviced apartment/commercial/hotel	86	100
82	Fragrant Season	Nanning	Residential/villa/commercial	17	100
83	Impression Discovery Bay I	Nanning	Residential/commercial	37	34

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest *('000 sq.m.)*	Interest Attributable to the Group *(%)*
84	Impression Discovery Bay II	Nanning	Residential/commercial	50	34
85	Emerald City	Nanning	Residential/serviced apartment/ commercial	418	100
86	The Mulian Hangzhou	Hangzhou	Commercial/hotel	18	100
87	The Moon Mansion	Hangzhou	Residential/villa	2	51
88	Sky Ville	Hangzhou	Residential/villa	1	100
89	Puli Oriental	Hangzhou	Residential/commercial	8	50
90	Urban Artwork	Hangzhou	Serviced apartment/commercial	15	60
91	Malus Moon	Hangzhou	Residential/villa/commercial	40	100
92	Oriental Dawn	Hangzhou	Residential/commercial	59	50
93	Precious Mansion	Hangzhou	Residential/villa/office/ commercial	79	76.74
94	Season Mix	Hangzhou	Residential/commercial/hotel	46	25
95	Shine City	Nanjing	Residential/office/commercial	8	50
96	South Bank Palace	Nanjing	Residential/commercial	13	19.75
97	Ruyi Palace	Nanjing	Residential/commercial	21	50
98	Oriental Bund	Foshan	Residential/villa/serviced apartment/commercial	1,025	50
99	The Riviera	Foshan	Residential/commercial	81	51
100	One Palace	Foshan	Residential/serviced apartment/ commercial	57	33.3
101	Foshan Apex	Foshan	Residential/serviced apartment/ commercial	13	50
102	China Image	Foshan	Residential/commercial	37	34
103	Water Moon	Hefei	Residential/commercial	130	100
104	City Moon	Hefei	Residential/commercial	1	100
105	The One	Hefei	Residential/commercial	99	80
106	Park Mansion	Hefei	Residential	2	50
107	Joyful Season	Wuhan	Residential/villa/commercial	74	60
108	The Buttonwood Season I	Wuhan	Residential/villa/commercial	16	100
109	The Buttonwood Season II	Wuhan	Residential/villa/commercial	142	100
110	Exquisite Bay	Xuzhou	Residential/commercial	3	50
111	Fragrant Season	Xuzhou	Residential/commercial	13	50
112	Xuzhou Tongshan Project I	Xuzhou	Residential	6	33
113	Xuzhou Tongshan Project II	Xuzhou	Residential/commercial	34	33
114	Oriental Milestone	Xuzhou	Residential	153	100
115	Majestic Mansion	Jiaxing	Residential/commercial	9	100
116	Star City	Jiaxing	Residential	1	25
117	Noble Peak	Jiaxing	Residential	2	100
118	Jiaxing CRH New Town Project	Jiaxing	Residential/serviced apartment/ office/commercial/hotel	383	100
119	Top of World Residence I	Taizhou	Residential	2	100
120	Top of World Residence II	Taizhou	Residential/commercial	10	100
121	Linhai Mansion	Taizhou	Residential/commercial	90	100
122	Star Mansion	Taizhou	Residential/commercial	15	33
123	Lead Peak Mansion	Taizhou	Residential/commercial	32	100
124	Jinan Zhangqiu Project	Jinan	Residential	99	49
125	Jinan Zhang Ma Tun C6# Project	Jinan	Residential/commercial	26	20

No.	Project	District	Type of Product	**Total GFA Attributable to the Group's Interest** *('000 sq.m.)*	**Interest Attributable to the Group** *(%)*
126	Jinan Zhang Ma Tun C8# Project	Jinan	Residential/commercial	26	20
127	Fragrant Season	Changshu	Residential	12	40
128	Brown Stone Life	Changshu	Residential	6	25
129	Liu Xiang Mansion	Lishui	Residential/commercial	8	49
130	The Riviera Chongqing	Chongqing	Residential/commercial	47	100
131	The Cosmos Chongqing	Chongqing	Residential/serviced apartment/ office/commercial/hotel	286	100
132	The Moon Mansion	Chongqing	Residential/commercial	16	39
133	Splendid City	Chongqing	Residential/commercial	34	50
134	Mansion of Jasper	Chongqing	Residential/commercial	34	50
135	Jade Moon Villa	Chongqing	Residential/commercial	70	50
136	Jinzhu Tianyi Huayuan	Taicang	Residential	69	66.7
137	Oriental Mansion	Wuxi	Residential/commercial	1	20
138	Exquisite Palace	Wuxi	Residential/commercial	38	45
139	Star Mansion	Wuxi	Residential/commercial	10	50
140	Vision of the World	Zhaoqing	Residential/commercial	120	100
141	River View Mansion	Zhaoqing	Residential/commercial	35	33
142	The Moon Mansion	Zhongshan	Residential/commercial	50	50
143	Serenity in Prosperity	Nantong	Residential/villa/commercial	8	51
144	Oriental Beauty	Nantong	Residential	11	70
145	Central Mansion (formerly known as Nantong Chongchuan Project)	Nantong	Residential	27	70
146	The Moon Mansion	Liuzhou	Residential/villa/commercial	74	100
147	Fortunes Season	Liuzhou	Residential/commercial/hotel	1,014	100
148	Shenzhen Bantian Project	Shenzhen	Serviced apartment/office/ commercial	119	100
149	KWG Topchain City Center	Shenzhen	Serviced apartment/office/ commercial	62	51
150	Grand Oasis	Shenzhen	Serviced apartment/office/ commercial/hotel	46	55
151	Shenzhen Longhua Project	Shenzhen	Residential	90	50
152	Shaoxing Project	Shaoxing	Residential/villa	1	24.9
153	Life in Yueshan County	Huizhou	Residential/commercial	263	100
154	Huizhou Longmen Project-Educational#[2019]011	Huizhou	Educational	11	100
155	Huizhou Longmen Project-Educational#[2019]014	Huizhou	Educational	61	100
156	The Horizon	Jiangmen	Residential	1	100
157	Jiangmen Apex International	Jiangmen	Residential/serviced apartment/ commercial	108	100
158	Cullinan Mansion	Wenzhou	Residential/commercial	71	100
159	Art Wanderland	Dongguan	Residential/villa/commercial	12	12.5
160	Dongguan Hengli Project	Dongguan	Residential/villa	50	20
161	Yangzhou Apex	Yangzhou	Residential/commercial	131	80
162	Ningbo Beilun Project	Ningbo	Residential	3	49
163	Parkview Palace	Ningbo	Residential	2	49
164	Cloud Mansion	Ningbo	Residential	38	50

No.	Project	District	Type of Product	**Total GFA Attributable to the Group's Interest** *('000 sq.m.)*	**Interest Attributable to the Group** *(%)*
165	Meishan Apex	Meishan	Residential/commercial	29	100
166	River State	Meishan	Residential/commercial	110	34
167	Chenzhou Wangxian Eco-tourism Project	Chenzhou	Residential/villa	72	50
168	KWG Tusholdings Ice Snow	Wuzhou	Residential/commercial	256	75
169	Meet	Xi'an	Serviced apartment/commercial/ hotel	37	100
170	Salar de Uyuni	Kunming	Residential/commercial/hotel	259	51
171	Kunming Zhaotong Project #17–28	Kunming	Residential	68	55
172	Kunming Zhaotong Project #17–29	Kunming	Residential	88	55
173	Yancheng High-tech District Project	Yancheng	Residential/serviced apartment/ commercial/hotel	690	100
174	Hong Kong Ap Lei Chau Project	Hong Kong	Residential	35	50
175	Upper RiverBank	Hong Kong	Residential/commercial	27	50

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2020, the Group employed a total of approximately 6,000 employees (31 December 2019: approximately 11,400). The decrease was mainly due to the spin-off of KWG Living on 30 October 2020. Employee benefit expense (excluding Directors' and chief executive's remuneration) of the Group incurred was approximately RMB1,295.7 million during the year ended 31 December 2020. The remuneration of employees was determined based on their performance, skill, experience and prevailing industry practices. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment to be commensurate with the pay level in the industry. In addition to basic salary, the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or state- managed retirement pension scheme (for the PRC employees), employees may be offered with discretionary bonus and cash awards based on individual performance.

The Company has adopted the share option scheme and the share award scheme in order to recognize and motivate the contributions by the eligible participants of the Group, and help in retaining them for the Group's further development.

In addition, training and development programmes are provided on an on-going basis throughout the Group.

FINAL DIVIDEND

The Board resolved to recommend the payment of a final dividend of RMB53 cents per share (2019: RMB42 cents per share) for the year ended 31 December 2020. Including the interim dividend of RMB40 cents per share paid (2019: RMB32 cents per share), the total dividend for the year amounts to RMB93 cents per share (2019: RMB74 cents per share). The proposed final dividend, if approved at the 2021 AGM, will be payable on or around Friday, 6 August 2021 to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Friday, 18 June 2021.

The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB at the average closing rate of the five business days preceding the date of declaration of dividend as announced by the People's Bank of China.

A circular containing details of the proposed final dividend together with the relevant form of election will be published on the Company's website (www.kwggroupholdings.com) and the HKEXnews website (www.hkexnews.hk), and despatched to the Shareholders, on or before Monday, 28 June 2021.

ANNUAL GENERAL MEETING

The 2021 AGM will be held on Thursday, 3 June 2021 A circular containing the information required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), together with the notice of the 2021 AGM, will be published on the Company's website (www.kwggroupholdings.com) and the HKEXnews website (www.hkexnews.hk), and despatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

(a) For the purpose of determining the Shareholders' entitlement to attend and vote at the 2021 AGM, the register of members of the Company will be closed from Monday, 31 May 2021 to Thursday, 3 June 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2021 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Friday, 28 May 2021.

(b) For the purpose of determining the Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 16 June 2021 to Friday, 18 June 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Monday, 15 June 2021.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year, the Company bought back a total of 174,000 ordinary shares of the Company on the Stock Exchange at a paid aggregate consideration of HK$1,738,380 (before expenses). All such bought back shares were not yet cancelled as at the date of this announcement.

Details of the shares bought back during the year are as follows:

Date	Number of shares bought back	Price paid per share		Aggregate consideration (before expenses)
		Highest	Lowest	
		(HK$)	*(HK$)*	*(HK$)*
29 October 2020	174,000 shares	10.0000	9.9838	1,738,380

The above share buy-backs were made with a view to enhancing the earnings per share of the Company and thus benefit the Shareholders as whole. As at 31 December 2020, the total issued shares of the Company were 3,180,505,853.

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

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 code of conduct regarding securities transactions of the Directors. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2020.

CORPORATE GOVERNANCE CODE

During the year ended 31 December 2020, the Company complied with the requirements under the code provisions (the "Code Provision") set out in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules and the continuing obligations requirements of a listed issuer pursuant to the Listing Rules, except for the deviation from Code Provision A.1.7.

Code provision A.1.7 stipulates that if a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting.

During the year ended 31 December 2020, the Board approved the continuing connected transactions (the "Transactions") in relation to the leasing of certain properties to Guangzhou Kai Chuang Business Investments Company Limited* (廣州凱創商務投資有限公司) ("Guangzhou Kai Chuang") and its wholly-owned subsidiaries, by way of passing written resolutions. As Mr. KONG Jiantao was the executive Director and chief executive officer of the Company, and also a director and the ultimate beneficial owner of Guangzhou Kai Chuang, therefore, Mr. KONG Jiantao was regarded as having material interests in the Transactions. The Transactions should be dealt with by a physical board meeting, but the Board considered that the adoption of written resolutions would facilitate the effectiveness of decision-making and implementation, and Mr. KONG Jiantao has abstained from voting for the relevant resolutions. The Directors (including the independent non-executive Directors) are of the view that the Transactions are on normal commercial terms or better, and the relevant terms of the agreements for the Transactions (including the relevant annual caps) are fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

The Board shall nevertheless review its board meeting arrangement from time to time to ensure the appropriate action is being taken to comply with the requirements under the Code Provision.

AUDIT COMMITTEE

The Audit Committee comprises three members who are independent non-executive Directors for the purposes of reviewing and monitoring the Group's financial reporting procedures and risk management (including but not limited to the business, operation as well as environmental, social and governance related risks) and internal control systems. The Audit Committee has reviewed the results for the year ended 31 December 2020, risk management framework, internal control systems and other functions as set out in its terms of reference together with the participation of the management.

* *for identification purpose only.*

SCOPE OF WORK OF 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 the 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 HKICPA and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

ANNUAL REPORT

The 2020 annual report containing all the information required by the Listing Rules will be published on the Company's website (www.kwggroupholdings.com) and the HKEXnews website (www.hkexnews.hk), and despatched to the Shareholders in due course.

By Order of the Board
KWG Group Holdings Limited
KONG Jianmin
Chairman

Hong Kong, 25 March 2021

As at the date of this announcement, the Board comprises seven Directors, of whom Mr. KONG Jianmin (Chairman), Mr. KONG Jiantao (Chief Executive Officer), Mr. KONG Jiannan and Mr. CAI Fengjia are executive Directors; and Mr. LEE Ka Sze, Carmelo JP, Mr. TAM Chun Fai and Mr. LI Binhai are independent non-executive Directors.