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GUANGDONG – HONG KONG GREATER BAY AREA HOLDINGS LIMITED

粵港灣控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1396)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

2020 RESULTS HIGHLIGHTS

- Revenue for the year ended 31 December 2020, was RMB3,737.2 million, representing a year-on-year increase of 136.0%.
- Gross profit for the year ended 31 December 2020, was RMB1,286.7 million, representing a year-on-year increase of 124.6%; gross profit margin was 34.4%.
- Net profit for the year ended 31 December 2020, was RMB356.3 million (FY2019: net loss of RMB277.3 million), and profit attributable to the equity shareholder of the Company for the year ended 31 December 2020 was RMB360.7 million (FY2019: net loss of RMB271.2 million), representing a strong turnaround from loss to profit.
- As at 31 December 2020, the Group's net gearing ratio is 13.3%, the cash to short-term debt ratio is 1.02, and the liabilities to assets ratio excluding receipts in advance is 65.5% respectively.

Notes:

1 *Net gearing ratio is calculated by dividing total borrowings (including bank loans and other borrowings, senior notes and corporate bonds) minus cash balances (including restricted cash) by total equity.*

2 *Cash to short-term debt ratio is calculated by dividing cash balances by short-term borrowings.*

3 *Liabilities to assets ratio excluding receipts in advance is calculated by subtracting receipts in advance (including contract liabilities) from total liabilities and dividing by total assets minus receipts in advance (including contract liabilities).*

ANNUAL RESULTS

The board of directors (the "**Board**") of Guangdong – Hong Kong Greater Bay Area Holdings Limited (the "**Company**" or "**GHKGBA Holdings**", together with its subsidiaries, collectively the "**Group**") hereby announce the consolidated results of the Group for the financial year ended 31 December 2020 ("**FY2020**" or the "**Year**") with comparative figures for the preceding financial year ended 31 December 2019 ("**FY2019**"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2020
(Expressed in Renminbi)

	Note	**2020** *RMB'000*	2019 *RMB'000*
Revenue	2	**3,737,158**	1,583,308
Cost of sales		**(2,450,425)**	(1,010,428)
Gross profit		**1,286,733**	572,880
Other income		**47,187**	203,689
Selling and distribution costs		**(115,423)**	(116,374)
Administrative expenses		**(398,640)**	(520,524)
Impairment loss on financial assets measured at amortisation cost		**(28,109)**	(21,258)
Profit from operations before fair value gain on investment properties		**791,748**	118,413
Fair value gain/(loss) on investment properties		**172,315**	(77,454)
Profit from operation after fair value gain on investment properties		**964,063**	40,959
Share of loss of an associate		**–**	(1,253)
Share of losses of joint ventures		**(241)**	(3,507)
Finance income	3	**38,849**	47,781
Finance costs	3	**(276,788)**	(228,341)
Profit/(loss) before taxation	3	**725,883**	(144,361)
Income tax	4	**(369,610)**	(132,924)
Profit/(loss) for the year		**356,273**	(277,285)
Attributable to:			
Equity shareholders of the Company		**360,696**	(271,221)
Non-controlling interests		**(4,423)**	(6,064)
Profit/(loss) for the year		**356,273**	(277,285)
Earnings/(loss) per share			
Basic and diluted *(RMB cents)*	5	**8.4**	(6.8)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2020
(Expressed in Renminbi)

	2020	2019
	RMB'000	*RMB'000*
Profit/(loss) for the year	**356,273**	(277,285)
Other comprehensive income for the year (after tax and reclassification adjustments)		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of subsidiaries outside the mainland China	**82,021**	(33,955)
Other comprehensive income for the year	**82,021**	(33,955)
Total comprehensive income for the year	**438,294**	(311,240)
Attributable to:		
Equity shareholders of the Company	**442,717**	(305,176)
Non-controlling interests	**(4,423)**	(6,064)
Total comprehensive income for the year	**438,294**	(311,240)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2020

(Expressed in Renminbi)

	Note	**2020**	2019
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**397,280**	422,442
Investment properties	6	**3,144,270**	2,584,100
Intangible assets		**16,098**	16,497
Goodwill		**2,252**	2,252
Interest in an associate		**–**	–
Interest in joint ventures		**131,583**	134,783
Deferred tax assets		**215,325**	169,345
Finance lease receivable		**8,210**	15,692
Other non-current assets		**337,888**	404,818
		4,252,906	3,749,929
Current assets			
Inventories and other contract costs		**9,369,347**	7,383,731
Other financial assets		**9,000**	11,140
Trade and other receivables	7	**2,849,403**	1,361,689
Prepaid tax		**144,949**	165,086
Pledged and restricted cash		**568,161**	606,043
Cash and cash equivalents		**1,783,235**	1,571,204
		14,724,095	11,098,893
Current liabilities			
Trade and other payables	8	**5,450,950**	2,367,860
Contract liabilities		**1,971,295**	2,989,327
Bank loans and other borrowings		**481,029**	505,462
Senior notes	9	**1,820,524**	314,220
Corporate bonds		**–**	259,700
Amounts due to controlling shareholders		**867,000**	–
Lease liabilities		**10,562**	8,972
Current tax liabilities		**736,413**	695,220
Deferred income		**349,119**	479,160
Other current liabilities		**300,000**	–
		11,986,892	7,619,921
Net current assets		**2,737,203**	3,478,972
Total assets less current liabilities		**6,990,109**	7,228,901

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2020

(Expressed in Renminbi)

	Note	**2020**	2019
		RMB'000	*RMB'000*
Non-current liabilities			
Bank loans and other borrowings		**829,230**	728,221
Senior notes	9	**–**	1,338,799
Lease liabilities		**29,546**	33,112
Deferred tax liabilities		**194,636**	108,924
Other financial liabilities		**78,333**	70,838
		1,131,745	2,279,894
NET ASSETS		**5,858,364**	4,949,007
Capital and reserves			
Share capital		**36,598**	31,825
Reserves		**5,555,799**	4,900,927
Total equity attributable to equity shareholders of the Company		**5,592,397**	4,932,752
Non-controlling interests		**265,967**	16,255
TOTAL EQUITY		**5,858,364**	4,949,007

NOTES

(Expressed in Renminbi unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial information relating to the years ended 31 December 2020 and 2019 included in this announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements.

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board ("**IASB**"), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "**Group**") and the Group's interest in an associate and joint ventures.

These financial statements are presented in Renminbi ("**RMB**") rounded to the nearest thousand. The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- equity investments other than investments in subsidiaries, associates and joint ventures;
- other investments in debt and equity securities and amounts due from an associate(non-current);
- derivative financial instruments;
- investment properties, including interests in leasehold land and buildings held as investment property where the Group is the registered owner of the property interest; and
- other financial liabilities.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

None of these developments have had a material effect on how the Group's results and financial position for the current or prior period have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period except for the amendment to IFRS 16, Covid-19-Related Rent Concessions, which provides a practical expedient that allows lessees not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

2 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are development, sales and operation of commercial trade and logistics centers and residential properties in the Mainland China.

Revenue represents income from sales of properties, property management services income and rental income net of sales related taxes and is after deduction of any trade discounts.

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2020	2019
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
– Sales of properties	**3,594,985**	1,422,946
– Property management services	**70,595**	63,588
– Others	**30,569**	40,620
	3,696,149	1,527,154
Revenue from other sources		
– Gross rental income from investment properties	**16,477**	13,964
– Other rental income	**24,532**	42,190
	41,009	56,154
	3,737,158	1,583,308

The Group's customer base is diversified and none of the customer with whom transactions have exceeded 10% of the Group's revenue.

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial data and information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations. No segment information is presented in respect of the Group's operating segment as the Group is principally engaged in one segment in the Mainland China. The Group does not operate in any other geographical or business segment during the year.

3 PROFIT/(LOSS) BEFORE TAXATION

Profit/(loss) before taxation is arrived at after (crediting)/charging:

(a) Finance income and finance costs

	2020	2019
	RMB'000	*RMB'000*
Finance income		
Bank interest income	**(8,495)**	(12,785)
Other interest income	**(30,354)**	(30,270)
	(38,849)	(43,055)
Net foreign exchange gain	**–**	(4,726)
	(38,849)	(47,781)
Finance costs		
Interest on bank loans and other borrowings	**108,181**	121,515
Interest on corporate bonds	**5,717**	21,009
Interest on senior notes	**260,640**	172,361
Interest on lease liabilities	**4,158**	3,934
Accrued interest on significant financing component of contract liabilities	**98,442**	48,822
Other borrowing costs	**18,240**	–
	495,378	367,641
Less: interest expense capitalised into properties under development*	**(218,859)**	(139,300)
	276,519	228,341
Net foreign exchange loss	**269**	–
	276,788	228,341

* The borrowing costs have been capitalised at rates ranging from 7.35%–9.60% per annum (2019: 4.99%–9.60%).

(b) Staff costs

	2020	2019
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**244,352**	251,323
Equity settled share-based payment expenses	**8,666**	–
Contributions to defined contribution retirement plans *(i)*	**3,062**	9,688
	256,080	261,011

Note:

(i) Due to the impact of the COVID-19 pandemic, a number of policies including the relief of social insurance have been promulgated by the government since February 2020 to expedite resumption of economic activities, which contributed to the relief of certain cost of defined contribution retirement scheme during the year.

(c) Other items

	2020	2019
	RMB'000	*RMB'000*
Depreciation and amortisation		
– plant and equipment	**18,620**	23,630
– right-of-use assets	**14,725**	14,031
– intangible assets	**2,376**	2,218
	35,721	39,879
Impairment losses recognised/(reversed)		
– trade and other receivables	**28,657**	17,683
– finance lease receivables	**(548)**	(183)
– non-current assets	**–**	3,758
	28,109	21,258
Reversal of provision for inventories	**5,005**	17,020
Auditor's remuneration		
– audit service	**3,150**	3,150
– other services	**1,100**	2,000
	4,250	5,150
Rentals income from investment properties less direct outgoings of RMB289,000 (2019: Nil)	**16,188**	13,964
Cost of properties sold *(i)*	**2,370,569**	931,331

Note:

(i) Cost of properties sold is after netting off of utilisation of deferred income in respect of government grants of RMB294,485,000 for the year ended 31 December 2020 (2019: RMB237,221,000).

4 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents

	2020	2019
	RMB'000	*RMB'000*
Current tax		
PRC Corporate Income Tax ("**PRC CIT**") *(iii)*	**133,610**	86,100
PRC Land Appreciation Tax ("**PRC LAT**") *(iv)*	**198,823**	53,026
	332,433	139,126
Deferred tax		
Origination and reversal of temporary differences	**37,177**	(6,202)
	369,610	132,924

(i) Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in this jurisdiction.

(ii) No provision for Hong Kong Profits Tax was made as the Group did not earn any income subject to Hong Kong Profits Tax for the year (2019: Nil).

(iii) ***PRC CIT***

The Group's PRC subsidiaries are subject to statutory tax rate of 25% on their assessable profits.

In July 2013, Ganzhou Hydoo Commercial and Trade Logistics Park Development Co., Ltd. ("**Ganzhou Trade Center**") was approved to enjoy a preferential PRC CIT rate of 15% for the years from 2012 to 2020 according to a tax notice issued by the local tax bureau.

In December 2015, Wuzhou Hydoo Commercial and Trade Center Development Co., Ltd. ("**Wuzhou Trade Center**") was also approved to enjoy a preferential PRC CIT rate of 15% for the years from 2015 to 2020 according to a tax notice issued by the local tax bureau.

The preferential tax treatment was based on various tax rules and regulations in relation to PRC government's strategy in encouraging investment and development of wholesale trading markets in certain regions in the Mainland China.

(iv) ***PRC LAT***

PRC LAT which is levied on properties developed for sale by the Group in the Mainland China, at progressive rates ranging from 30% to 60% on the appreciation value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing costs and all qualified property development expenditures. Deferred tax assets arising from PRC LAT accrued are calculated based on the applicable income tax rates when they are expected to be cleared.

In addition, certain subsidiaries of the Group were subject to PRC LAT which were calculated based on 6% to 8% of their revenue in accordance with the authorised tax valuation method approved by respective local tax bureau.

The directors of the Company ("**Directors**") are of the opinion that the authorised tax valuation method is one of the allowable taxation methods in the Mainland China and the respective local tax bureaus are the competent tax authorities to approve the authorised tax valuation method in charging PRC LAT to the respective PRC subsidiaries of the Group, and the risk of being challenged by the State Administration of Taxation or any tax bureau of higher authority is remote.

(b) Reconciliation between income tax and accounting profit/(loss) at applicable tax rates

	2020	2019
	RMB'000	*RMB'000*
Profit/(loss) before taxation	**725,883**	(144,361)
Notional tax on profit before taxation, calculated at the rates applicable to profits in the countries concerned	**251,468**	31,891
Tax effect of non-deductible expenses	**24,743**	4,815
Tax effect of non-taxable income	**–**	(4,026)
Tax effect of unused tax losses not recognised	**15,195**	59,038
Tax effect of temporary differences not recognised	**–**	975
Utilisation of previously unrecognised tax losses	**(28,436)**	(1,655)
PRC LAT	**198,823**	53,026
Tax effect on PRC LAT	**(49,706)**	(12,589)
Tax concessions	**(42,477)**	1,449
Total income tax	**369,610**	132,924

5 EARNINGS/(LOSS) PER SHARE

Basic earnings and diluted earnings/(loss) per share

The calculation of basic earnings per share is based on profit attributable to equity shareholders of the Company of RMB360,696,000 (2019: loss of RMB271,221,000) and the weighted average of 4,293,230,000 ordinary shares (2019: 4,014,844,000 ordinary shares) during the year, calculated as follows:

Weighted average number of ordinary shares

	2020	2019
	'000	*'000*
Issued ordinary shares at 1 January	**4,014,844**	4,014,844
Effect of issuance of shares	**278,386**	–
Weighted average number of shares	**4,293,230**	4,014,844

In FY2020, the effect of deemed issue of shares under the Company's employee share option scheme for nil consideration was anti-dilutive. In FY2019, as all options granted under the Company's Pre-IPO Share Option Scheme had expired, there was no effect of deemed issue of the share option scheme.

6 INVESTMENT PROPERTIES AND INVESTMENT PROPERTIES CLASSIFIED AS HELD FOR SALE

(a) Reconciliation of carrying amount of investment properties

	Completed properties *RMB'000*	Properties under development *RMB'000*	Other properties leased for own use carried at fair value *RMB'000*	Total *RMB'000*
At 1 January 2019	2,235,544	387,593	41,000	2,664,137
Additions	–	25,354	–	25,354
Fair value adjustments	(54,407)	(11,747)	(11,300)	(77,454)
Disposals	(27,937)	–	–	(27,937)
Transfer upon completion	401,200	(401,200)	–	–
At 31 December 2019 and 1 January 2020	**2,554,400**	**–**	**29,700**	**2,584,100**
Transfer from inventories	**296,207**	**–**	**–**	**296,207**
Acquisition of subsidiaries	**141,000**	**–**	**–**	**141,000**
Fair value adjustments	**179,515**	**–**	**(7,200)**	**172,315**
Disposals	**(49,352)**	**–**	**–**	**(49,352)**
At 31 December 2020	**3,121,770**	**–**	**22,500**	**3,144,270**
Representing				
Valuation – 2020	**3,121,770**	**–**	**22,500**	**3,144,270**
Valuation – 2019	2,554,400	–	29,700	2,584,100
Book value				
At 31 December 2020	**3,121,770**	**–**	**22,500**	**3,144,270**
At 31 December 2019	2,554,400	–	29,700	2,584,100

During the year ended 31 December 2020, a fair value gain of RMB209,469,000 (2019: RMB Nil) upon the transfer and a loss on fair value of RMB37,154,000 (2019: RMB77,454,000) in respect of existing investment properties had been recognised in the consolidated statement of profit or loss for the year.

The fair value of investment properties is generally derived using the income capitalisation method or market comparative method. The income capitalisation method is based on the capitalisation of the income and reversionary potential income by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings within the subject properties and the estimated rental incremental observed in other comparable properties. The market comparison method is determined by reference to recent sales price of comparable properties on a price per square meter basis, adjusted for a premium or a discount specific to the quality of the Group's properties compared to the recent sales.

Certain bank loans granted to the Group were jointly secured by investment properties with a book value of RMB1,147,500,000 (31 December 2019: RMB688,300,000).

7 TRADE AND OTHER RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables *(a)*	**244,911**	243,289
Less: loss allowance	**(8,994)**	(6,322)
	235,917	236,967
Finance lease receivables	**34,144**	71,302
Less: loss allowance	**(11,989)**	(12,474)
	22,155	58,828
Amounts due from joint ventures *(c)*	**62,837**	41,013
Less: loss allowance	**(19,613)**	(19,613)
	43,224	21,400
Other debtors, net of loss allowance *(b)*	**574,605**	119,210
Financial assets measured at amortised cost	**875,901**	436,405
Prepaid sales related tax and other taxes	**295,603**	281,940
Deposits and prepayments *(d)*	**1,677,899**	643,344
	2,849,403	1,361,689

(a) Ageing analysis

As at the end of the reporting period, the ageing analysis of trade receivables (net of loss allowance) based on the date the relevant trade receivables recognised, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Within 1 month	**19,236**	18,483
1 to 3 months	**12,749**	11,588
3 to 6 months	**4,095**	3,207
Over 6 months *(Note)*	**199,837**	203,689
	235,917	236,967

Note: As at 31 December 2020, included in the trade receivables was RMB208,831,000 (2019: RMB210,011,000), net of provision for loss allowance of RMB8,994,000 (2019: RMB6,322,000) which was aged over one year and mainly due from a government authority.

Trade receivables are primarily related to proceeds from the sale of properties. Proceeds from the sale of properties are made in lump-sum payments or paid by instalments in accordance with the terms of the corresponding contracts.

(b) The details on the other debtors, net of loss allowance are set out in below:

	2020	2019
	RMB'000	*RMB'000*
Loans to third parties *(i)*	**256,101**	27,437
Amounts due from a non-controlling interest *(ii)*	**230,086**	–
Others	**88,418**	97,773
	574,605	119,210

(i) As at 31 December 2020, loans to third parties are interest-bearing at a weighted average rate of 14.76% (2019: 14.72%) per annum, unsecured and to be recovered within one year.

(ii) The balance as at 31 December 2020 represented amount due from a non-controlling interest recorded by a subsidiary, which was acquired by the Group during FY2020.

(c) The amounts due from joint ventures are unsecured, interest-free and have no fixed repayment terms. The Group has fully provided loss allowance on the amount due from Thailand joint venture amounted to RMB19,613,000 in prior year.

(d) The details on the deposits and prepayments are set out in below:

	2020	2019
	RMB'000	*RMB'000*
Deposits and prepayments for purchase of land use right	**640,529**	416,484
Deposits and prepayments for acquisition of development projects	**526,289**	110,000
Others	**511,081**	116,860
	1,677,899	643,344

8 TRADE AND OTHER PAYABLES

	2020	2019
	RMB'000	*RMB'000*
Trade and bills payables *(a)*	**2,409,209**	1,569,041
Other payables and accruals *(b)*	**1,505,525**	632,461
Financial liabilities measured at amortised cost	**3,914,734**	2,201,502
Deposits *(c)*	**1,520,261**	163,254
Receipts in advance	**15,955**	3,104
	5,450,950	2,367,860

(a) As at the end of the reporting period, the ageing analysis of trade creditors and bills payables (which are included in trade and other payables), based on due date, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Due within 1 month or on demand	**251,012**	232,775
Due after 1 month but within 3 months	**347,108**	171,324
Due after 3 months but within 6 months	**537,094**	531,301
Due after 6 months	**1,273,995**	633,641
	2,409,209	1,569,041

Trade payables mainly represent amounts due to contractors. Payment to contractors is in installments according to progress and agreed milestones.

The Group normally retains 2% to 10% as retention money. As at 31 December 2020, included in trade and bills payables are retention payables of RMB316,296,000 (2019: RMB294,808,000), which are expected to be settled after more than one year.

(b) The details of other payables and accruals are set out below:

	2020	2019
	RMB'000	*RMB'000*
Amounts due to non-controlling interests *(i)*	**323,808**	–
Amount due to a related party *(ii)*	**57,230**	–
Amounts due to third parties *(ii)*	**281,435**	–
Other tax payables	**300,497**	285,866
Others *(iii)*	**542,555**	346,595
	1,505,525	632,421

(i) As at 31 December 2020, amounts due to non-controling interests are interest-free, unsecured and repayable within one year.

(ii) As at 31 December 2020, the amount due to a related party and the amounts due to third parties are unsecured, interest-free and repayable within one year.

(iii) As at 31 December 2020, others mainly included earnest payments of RMB185,456,000 (2019: RMB142,215,000) from potential clients and advances from parking lots financing arrangement of RMB77,075,000 (2019: Nil).

(c) The details of deposits are set out below:

	2020	2019
	RMB'000	*RMB'000*
Deposits for cooperative development of properties *(i)*	**1,401,032**	82,032
Others *(ii)*	**119,229**	81,222
	1,520,261	163,254

(i) As at 31 December 2020, deposits of cooperative development projects include deposits of RMB1,200,000,000 received from the third parties for certain projects, which has been returned to the third parties upon the termination of the co-operation before the date of this announcement.

(ii) As at 31 December 2020, other deposits include the deposits related to decoration and lease arrangement of RMB38,718,000 (2019: RMB34,487,000) which are expected to be settled after more than one year.

All of the other payables and accrued expenses and deposits are expected to be settled within one year.

9 SENIOR NOTES

	2020	2019
	RMB'000	*RMB'000*
Current		
US$280 million senior notes due in 2021		
– Tranche 1 *(i)*	**1,257,105**	–
– Tranche 2 *(ii)*	**325,693**	–
– Tranche 3 *(iii)*	**153,171**	–
– Tranche 4 *(iv)*	**84,555**	–
US$157 million senior notes due in 2020		
– Tranche 1 *(v)*	**–**	260,272
– Tranche 2	**–**	53,948
	1,820,524	314,220
Non-current		
US$194 million senior notes due in 2021 *(i)*	**–**	1,338,799
	1,820,524	1,653,019

(i) On 12 December 2019, the Company offered its 14% senior notes due December 2021 in an exchange offer to existing holders of 12% senior notes due May 2020 (the "**2020 Senior Notes**"). US$111,673,000 (approximately 71.1%) of the 2020 Senior Notes were successfully exchanged. Concurrently with the exchange offer, the Company made a concurrent new issue of US$81,827,000 of additional 2021 senior notes (defined below), which, together with the US$111,673,000 of the 2021 senior notes issued pursuant to the exchange offer, constitute an aggregate principal amount of US$193,500,000, 14% due 2021 senior notes (the "**2021 Senior Notes**"). The exchange offer and the concurrent new issue were completed on 19 December 2019, and the net proceeds from the new issue, after deducting the transaction costs, of US$80,214,000 (equivalent to RMB561,661,000) was received by the Company on 20 December 2019. Interest expense on the 2021 Senior Notes is calculated using effective interest rate of 14.49% per annum.

(ii) On 27 December 2019, the Company issued additional 2021 Senior Notes with an aggregate principal amount of US$50,000,000 (equivalent to RMB348,450,000), which are consolidated and formed a single class with the US$193,500,000 aggregate principal amount of 14% 2020 Senior Notes due 2021 issued by the Company on 19 December 2019. The net proceeds from the additional 2021 Senior Notes, after including interest in arrear and deducting the transaction costs, of US$50,163,000 (equivalent to RMB349,585,000) was received by the Company on 7 January 2020. Interest expense on the additional 2021 Senior Notes is calculated using the effective interest rate of 14.20% per annum.

(iii) On 28 October 2020, the Company issued additional 2021 Senior Notes with an aggregate principal amount of US$13,000,000 (equivalent to RMB85,517,000), which are consolidated and formed a single class with the 14% 2021 Senior Notes due 2021 issued by the Company on 19 December 2019 and 6 January 2020. The net proceeds from the additional 2021 Senior Notes, after including interest in arrear and deducting the transaction costs, of US$13,562,000 (equivalent to RMB89,214,000) was received by the Company on 30 October 2020. Interest expense on the additional 2021 Senior Notes is calculated using the effective interest rate of 14.38% per annum.

(iv) On 23 November 2020, the Company issued additional 2021 Senior Notes with an aggregate principal amount of US$23,500,000 (equivalent to RMB154,586,000), which are consolidated and formed a single class with the 14% 2021 Senior Notes issued by the Company on 19 December 2019, 6 January and 30 October 2020. The net proceeds from the additional 2021 Senior Notes, after including interest in arrear and deducting the transaction costs, of US$24,691,000 (equivalent to RMB162,420,000) was received by the Company on 25 November 2020. Interest expense on the additional 2021 Senior Notes is calculated using the effective interest rate of 14.13% per annum.

(v) All the 2020 Senior Notes were redeemed upon maturity during the Year.

10 DIVIDENDS

In FY2020, no final dividend in respect of the previous financial year was approved and paid (2019: Nil).

The Board did not propose the payment of any final dividend subsequent to the reporting period (2019: Nil).

CHAIRMAN'S STATEMENT

Dear shareholders,

On behalf of the Board of the Company, I hereby present the annual results of the Group for FY2020.

OPENING A NEW CHAPTER IN THE FIRST YEAR OF STRATEGIC UPGRADE

Enterprises are products of the times as they ride on the tailwinds of the times to thrive. GHKGBA Holdings, dating back to 1995, has benefited with the prosperity of the domestic economy and the rapid development of urbanization. After more than 25 years of efforts, it has developed into a leading trade center developer and operator in China, bringing commercial prosperity to the cities where it operates, creating jobs and tax revenues, and providing convenience for urban residents. Yet, we have seen transformation of the macroeconomic structure, deepening urbanization, evolving population structure and changes in people's living habits at the macro level, frequently renewed regulations, tightening financing conditions, squeezing profitability and intensifying competition at the industry level. To embrace such changes and follow the trends, we introduced new strategic shareholders in 2019 and upgraded our strategy in 2020, forming a strategy system of GHKGBA Holdings for the new era. We will open a new chapter with a brand-new aspiration.

Subsequent to the passing of a special resolution approving the proposed change of company name by the shareholders of the Company held on 14 July 2020, the English name of the Company has been changed from "Hydoo International Holding Limited" to "Guangdong – Hong Kong Greater Bay Area Holdings Limited" and Chinese name of the Company has been changed from "毅德國際控股有限公司" to "粵港灣控股有限公司", respectively. The Board believes that the new English and Chinese names of the Company will better reflect and highlight the Company's strategic business plan, and provide the Company with a new corporate image which will benefit the Company's future development.

After the strategic upgrade, GHKGBA Holdings is now positioned as a "new ecological industrial city service provider", with an aim to build an industrial ecosystem with win-win outcomes for customers, enterprises, governments, employees, natural environment and other stakeholders. Meanwhile, we will build a new ecological industrial city service system to support our corporate positioning, uphold the "industry-driven" development philosophy, inherit the corporate gene of "driving urban prosperity with industrial development", and seize the needs of the times for "urban industrial upgrade". Focusing on industrial development, we will make full use of our shareholders' rich experience and resources to enhance our core competitiveness, promote our sound development, and facilitate urban upgrades. The Group focuses on the Guangdong-Hong Kong-Macao Greater Bay Area (the "**Greater Bay Area**") for strategic development, so it is headquartered and strategically rooted in the area, and also seeks opportunities to develop residential and commercial projects with high-turnover rate in other regions of the Mainland China, especially in the provincial capital cities.

To achieve our strategic objectives, we need a strong and efficient team to implement it. And the foundation of a strong team is a good corporate culture where all members share common values and beliefs, help each other and fight together as one. After the strategic upgrade, the Group has the core values of "integrity, innovation, excellence and win-win", the corporate spirit of "regarding learning ability as a competitive strength", and the work philosophy of "studying hard, being positive and passionate, working happily and living healthily".

GREAT IMPROVEMENT IN PERFORMANCE AND INITIAL RESULTS IN TRANSFORMATION

In 2020, faced with the headwinds of novel coronavirus ("**COVID-19**") outbreak, complex macro environment, tightening industry regulation and intensifying competition, GHKGBA Holdings, with a focus on self-improvement, deepened the construction of a management system based on its new strategy and completed the development and implementation of nine institutional systems in line with the new strategy, including a comprehensive budget system, a power and responsibility system, a planning management system, an IT system, an inventory value management system, an preliminary planning system, an operation meeting system, an organizational performance appraisal system and a special incentive system. The application of these management systems will help the Group reduce business risks, ensure the efficient implementation of various tasks, improve performance and achieve goals, and provide a strong guarantee for its healthy development.

During the Year, the Group recorded contracted sales amount of approximately RMB4,210 million, exceeding the annual target. The Group's revenue and gross profit amounted to approximately RMB3,737.2 million and RMB1,286.7 million, increased significantly by 136.0% and 124.6%, respectively, as compared to FY2019 (revenue and gross profit for FY2019: RMB1,583.3 million and RMB572.9 million, respectively). Basic earnings per share for FY2020 was approximately RMB8.4 cents (FY2019: basic loss per share of RMB6.8 cents), representing a strong turnaround from loss to profit.

In addition, the Group developed new commodity trade business in FY2020, and generated gross transaction amount of approximately RMB575.0 million, the net profit of which was recorded as revenue of the Group. The Group expected to implement the centralized procurement for the Group's property development and develop supply chain business through this platform.

PRACTICING THE GREATER BAY AREA-FOCUSED STRATEGY BY LANDING URBAN RENEWAL PROJECTS IN THE AREA

The focus of urban development has gradually shifted from urban expansion to urban renewal. Urban renewal is another way for real estate enterprises to acquire land and maintain the growth of land bank in cities where land is in short supply. According to the policies for urban renewal in the Greater Bay Area, urban renewal projects have been vigorously promoted from top to bottom in recent years.

The Greater Bay Area is the strategic focus of the Group, and urban renewal is the top priority among the business segments of the Group. As at the date of this results announcement, we have acquired and followed up with seven urban renewal projects and high-end housing projects in the Greater Bay Area, with strategic layout in Shenzhen, Dongguan and Huizhou, which are expected to contribute gross floor area ("**GFA**") of approximately 1.68 million sq.m. for the Group. In addition, we acquired residential and commercial projects with GFA of approximately 0.92 million sq.m. in the area adjacent to the Greater Bay Area, including one project in the "Shen-He Special Cooperation Zone", one project in the "Shen-Shan Special Cooperation Zone" and one project in Meizhou City. The aforesaid ten projects in the Greater Bay Area and area adjacent to it are expected to contribute additional GFA of approximately 2.6 million sq.m. for the Group. The above represents a solid step of the Group in the strategy of focusing on the Greater Bay Area and a key milestone for the Group to take root in the Greater Bay Area. We will strive to build these projects into landmark projects and make our products more attractive and competitive. These projects are expected to quickly contribute to the Group's performance and facilitate the Group's high-quality development.

CREATING A QUALITY LIFE IN A YEAR OF QUALITY IMPROVEMENT

The achievement of our targets for 2020 as scheduled was attributed to the upgrading of our corporate strategy and corporate culture which redefines our development direction for the new era and brings upbeat morale and to the upgrade of the Group's operations and management.

2021 marks the first year of China's 14th Five-Year Plan and the first year for China to embark on a new journey of building a socialist modern country in an all-round way. The competition among players in the industry is increasingly multidimensional. The era of single product planning has come to an end, and the era of comprehensive strength competition has arrived.

Comprehensive competition requires a full range of capabilities. The Group has designated 2021 as its "Quality Improvement Year" in which the quality improvement strategy is implemented to greatly improve product and service quality. Specifically, we will improve the planning quality, design, engineering, construction safety, property services, marketing, commercial management and brand promotion, so as to improve the Group's overall quality and capabilities. Meanwhile, we will prioritize project company management and project construction as the "No. 1 Project" of the Group. Guided by six themes – "investment, production, operations, marketing, services and development", we will make breakthroughs in full-process project operations and services and achieve the healthy development goal of having all employees monitor and serve projects, in a drive to promote the leap-forward development of the Group.

PRACTISING SOCIAL RESPONSIBILITY AND COEXISTING WITH CITIES TO CREATE A CENTURY-LONG FOUNDATION

As a company growing up in the process of urbanization, GHKGBA Holdings has been gratefully giving back to society and fulfilling its corporate social responsibility for 25 years. In a continuous effort to contribute to poverty alleviation, we built and donated money and materials to Hope Primary Schools, and supported poor areas in developing local characteristic industries. In the fight against the COVID-19 pandemic, the Group's headquarters and project companies promptly donated money and supplies to help those in difficulty. This is part of our efforts of participating in public welfare activities as a lifelong cause.

In the view of GHKGBA Holdings, the high-quality development of an enterprise is inseparable from the high recognition of society. We will embark on a new journey to coexist and thrive with cities. Upholding the corporate vision of "empowering the future of cities and creating a better life", we will continue to maintain high-quality and sustainable development, and execute our corporate positioning as a "new ecological industrial city service provider", and build a harmonious industrial ecosystem with win-win outcomes for customers, enterprises, governments, employees, natural environment and other stakeholders to serve cities, with a view to building a century-long foundation for GHKGBA Holdings.

APPRECIATION

Lastly, on behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our valued shareholders, customers and business partners for their trust and support, I would also like to thank all our employees for their professionalism and wholehearted commitment.

Wong Choi Hing
Chairman

Hong Kong, 29 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

Impact of COVID-19

Despite the outbreak of the COVID-19 pandemic in 2020, the Group had recorded a growth in revenue and profit as compared to FY2019. The Directors are of the view that, COVID-19 did not have a material impact on our operations and financial performance during FY2020. However, given the uncertainties in the future developments of the COVID-19, the Group will be cautious to monitor the Group's on-going operations and financial performance, in particular, the cashflow position of the Group, to ensure the Group has sufficient reserves in maintaining its daily operations while seeking opportunities to expand its market share in the property development market in the PRC.

In battling the COVID-19, the management team of the Company had taken prompt action in protecting the Group's employees, customers and other stakeholders by putting in place various measures to prevent the spread of COVID-19, including temperature checks, social distancing measures, work-from-home policies, etc. The Group has actively fulfilled its corporate social responsibility by procuring over 1.2 million medical masks of various types and a considerable number of medical ventilators, protective clothing, testing kits, thermometers and gloves in support of medical professionals battling the epidemic in different regions at the Mainland China.

During FY2020, the Group's revenue was RMB3,737.2 million, representing an increase of 136.0% over FY2019 (FY2019: RMB1,583.3 million), the gross profit was RMB1,286.7 million, representing an increase of 124.6% over FY2019 (FY2019: RMB572.9 million), the net profit was RMB356.3 million, (FY2019 net loss: RMB277.3 million), representing a strong turnaround from loss to profit, and the basic earnings per share was RMB8.4 cents (basic loss per share for FY2019: RMB6.8 cents).

As one of the most open and economically dynamic regions in China, the Greater Bay Area has an important strategic position in China's overall development. In 2020, the Group closely followed the national strategy, sparing no effort to promote the project development in the Greater Bay Area at the critical moment when the construction of the Greater Bay Area was fully launched. Seizing the opportunity of urban renewal, the Group will extensively participate in the construction and development of the cities within the Greater Bay Area, especially in Shenzhen, Dongguan and Huizhou.

In addition, we also seek opportunities to develop residential and commercial projects with high-turnover rate in other regions of the Mainland China, especially in the provincial capital cities.

With regard to our old trade centres business, we proactively revitalize the assets and accelerate the turnover through various ways, including changing the land usage from commercial to residential, changing the product type from trade centres to service apartments and commercial villa with living function, co-developing with other partners, and customizing products to certain customers and so forth.

BUSINESS REVIEW

Contracted Sales Performance

Facing the challenges brought by the COVID-19 pandemic and the complex and ever-changing domestic and foreign environment, the Group, on one hand, focused on prevention and control of COVID-19 pandemic, and on the other hand, worked hard on resumption of work and production to support the steady recovery of sales performance. Especially the real estate sales market started to recover quickly after the pandemic was under control in the second quarter, the sales performance of the second half of FY2020 hit a high record and materially increased compared to the first half of FY2020. During the Year, the contracted sales of the Group reached approximately RMB4,210 million, with the contracted sales area of approximately 680,000 sq.m., exceeding the annual target. Details of contracted sales breakdown for the Year by region are as follows:

Region	**Contracted sales amount** *(RMB' million)*	**Contracted sales area** *(sq.m. '0000)*
North China Region	1,999	31
Western China Region	1,592	29
Central China Region	460	6
The Greater Bay Area and area adjacent to it	158	2
Total	4,209	68

Among the above contracted sales amount, sales from residential properties accounted for approximately 66%, and sales from commercial and other properties accounted for approximately 34%. Furthermore, the Group strategically focus on the Greater Bay Area in FY2020, and the new projects acquired in the Greater Bay Area and area adjacent to it are expected to generate contracted sales amount in year 2021 and a higher proportion in sales from residential properties.

Projects and Land Bank

The Group closely follows the urban renewal policies and city development plans in the Greater Bay Area and expects to achieve a full coverage of “Three Olds” urban redevelopment – old towns, old villages and old factories. During the Year and up to the date of this results announcement, adhering to the strategic focus in the Grater Bay Area, the Group acquired and followed up with seven urban renewal projects and high-end housing projects in Shenzhen, Dongguan and Huizhou, including Pingshan project in Shenzhen, Yantian project in Shezhen, Dajiang project in Tangxia town of Dongguan, Dahu project in Tangxia town of Dongguan, Huahai project in Tangxia town of Dongguan, Humen project in Dongguan and Daya Bay project in Huizhou, which are expected to contribute GFA of approximately 1.68 million sq.m. for the Group.

In addition, the Group also paid attention to projects with quick turnover rate in other area of the Mainland China, especially in the provincial capital cities. During the Year and up to the date of this results announcement, the Group acquired commercial and residential projects with estimated GFA of approximately 1.53 million sq.m., including two projects in the provincial capital cities (Hangzhou and Nanning), one project in the “Shen-He Special Cooperation Zone”, one project in the “Shen-Shan Special Cooperation Zone” etc..

During the Year and up to the date of this results announcement, the Group acquired additional land bank of approximately 1.89 million sq.m., approximately 66% of which locates in the Greater Bay Area and area adjacent to it. The total land bank of the Group amounted to approximately 8.92 million sq.m. and approximately 11.4 million sq.m. (including projects secured but pending confirmation of the land use rights) as at 31 December 2020 and as at the date of this results announcement, respectively. The Group’s abundant and high quality land bank provides a solid foundation for its sustainable growth and development.

Details of the land bank breakdown as at 31 December 2020 by region and development stages are as follows:

	as at 31 December 2020			
Region	**Undelivered saleable GFA of completed properties**	**Estimated GFA of properties under development**	**Estimated GFA of properties planned for future development**	**Land bank**
	sq.m.'0000	*sq.m.'0000*	*sq.m.'0000*	*sq.m.'0000*
Central China Region	43	18	187	248
Western China Region	46	117	250	413
North China Region	27	59	99	185
The Greater Bay Area and area adjacent to it	3	26	17	46
Total	119	220	553	892

Among the above land bank of the Group of approximately 8.92 million sq.m. as at 31 December 2020, the land bank of residential properties accounted for approximately 42.3%, and the land bank of commercial and other properties accounted for approximately 57.7%. Adhering to the strategic focus in the Grater Bay Area, the Group acquired new projects mainly with the land usage of residential in the Greater Bay Area and the area adjacent to it subsequently, and up to the date of this annual results announcement, the total land bank of the Group is expected to be approximately 11.4 million sq.m. (including projects secured but pending confirmation of the land use rights).

Outlook

Since the outbreak of the COVID-19 pandemic from early 2020, economic activities and daily lives have been affected to varying degrees, and had impacted the Chinese real estate market and the operation of real estate companies. With the COVID-19 pandemic under control in the second half of 2020, the overall operations of Chinese real estate companies gradually recovered. Under the influence of the slowdown in industry growth and the COVID-19 pandemic, competition in the Chinese real estate market has further intensified.

At the same time, the Political Bureau of the Central Committee has further reiterated policy tone of "housing is for living in, not for speculation" to better implement the long-term control objectives of stabilizing land prices, housing prices and expectations. We believe that the current regulatory policies will not undergo large-scale adjustments, but local governments will, adjust policies in accordance with actual conditions of the COVID-19 pandemic to better implement the goal of stable and healthy development of the real estate market.

The Group will actively adjust its strategy in accordance with market changes, focus on Greater Bay Area and the proximate circle of the Greater Bay Area. The Group will also accelerate the transformation of urban renewal projects, continue to improve the standardization system requirements on product design, operation and safety management to progress towards delicacy enterprise management, enhance brand competitiveness, improve operational efficiency, elevate customer satisfaction and promote sustainable and high-quality development so as to bring stable and long-term returns to the Shareholders and investors.

FINANCIAL REVIEW

Revenue

The Group's revenue mainly generated from property sales, property management, rental income and others, among which, revenue from the property sales accounted for approximate 96.2%. In FY2020, the Group's total revenue was approximately RMB3,737.2 million, representing an increase of approximately RMB2,153.9 million or 136.0% over approximately RMB1,583.3 million in FY2019, which was mainly due to an increase in recognized property sales revenue, driven by an increase in aggregate GFA of the properties delivered during the Year.

In addition, the Group developed new commodity trade business in FY2020, and generated gross transaction amount of approximately RMB575.0 million, the net profit of which was recorded as revenue of the Group. The Group expected to implement the centralized procurement and the supply chain business for the Group's property development and develop through this platform.

Sales of Properties

Despite the adverse impact of the outbreak of the COVID-19 pandemic in 2020, the Group's revenue generated from property sales for FY2020 achieved a large growth, mainly as a result of the steady property contracted sales, and the timely delivery of property units benefit from the efficient project construction management system. In FY2020, the Group's revenue from the property sales was approximately RMB3,595.0 million, representing an increase of approximately RMB2,172.0 million or 152.7% over approximately RMB1,422.9 million in FY2019. The average sales price increased by RMB667 per sq.m., or 13.0%, from RMB5,115 per sq.m. for FY2019 to RMB5,782 per sq.m. for FY2020, and the GFA of properties delivered was 622,000 sq.m. for FY2020, representing an increase of approximate 344,000 sq.m., or 123.7% over approximately 278,000 sq.m. for FY2019.

Property Management Services

In FY2020, the Group's revenue from property management services was approximately RMB70.6 million, representing an increase of approximately RMB7.0 million or 11.0% over approximately RMB63.6 million in FY2019, this increase was mainly due to the increase in the property management areas.

Revenue from Other Sources

Revenue from other sources represented rental income generated from the leasing of investment properties and other properties. In FY2020, the Group's revenue from other sources was approximately RMB41.0 million, representing a decrease of approximately RMB15.2 million or 27.0% over approximately RMB56.2 million in FY2019. The decrease was mainly due to the decrease in the leased area.

Cost of Sales

The cost of sales mainly encompassed land cost, construction cost, capitalized interest of the Group, the government grants credited to cost of sales and purchase cost of trade commodity. In FY2020, cost of sales was approximately RMB2,450.4 million, representing an increase of approximately RMB1,440.0 million or 142.5% over approximately RMB1,010.4 million in FY2019. The increase in the cost of sales was mainly due to the increase in GFA of properties delivered by the Group during the Year.

Gross Profit and Margin

In FY2020, the gross profit of the Group was approximately RMB1,286.7 million, representing an increase of 124.6% from approximately RMB572.9 million in FY2019. The increase in gross profit was mainly due to the increase in property sales during FY2020. The Group's gross profit margin was approximately 34.4%, which was similar to that recorded in last year.

Other Income

Other income decreased by RMB156.5 million, or 76.8%, from RMB203.7 million for FY2019 to RMB47.2 million for FY2020. The decrease was mainly due to the net gain on disposal of subsidiaries of approximately RMB187.1 million in FY2019, while no such income was recorded during FY2020.

Cost Control

In FY2020, the Group took more emphasis on refined management, and implemented of a series of measures to reduce expenses and improve efficiency. As a result, the administrative expenses of the Group decreased by approximately RMB121.9 million, or 23.4%, from RMB520.5 million for FY2019 to RMB398.6 million for FY2020, and the selling and distribution expenses of the Group decreased by approximately RMB1.0 million, or 0.8%, from RMB116.4 million for FY2019 to RMB115.4 million for FY2020.

Impairment Loss on Financial Assets Measured at Amortization Cost

During FY2020, the impairment loss on financial assets measured at amortisation cost of approximately RMB28.1 million (FY2019: RMB21.3 million) was recognized by the Group, representing the (a) impairment loss on trade and other receivables of approximately RMB28.7 million (FY2019: RMB17.7 million); (b) reversal of provision for impairment loss on finance lease receivables of approximately RMB0.6 million (FY2019: reversed RMB0.2 million); and (c) impairment loss on non-current assets of approximately nil (FY2019: RMB3.8 million). The amount reflected the expected credit losses recognized by financial assets measured at amortisation cost in FY2020.

Fair Value Gain on Investment Properties

The Group's investment properties carried at fair value as at 31 December 2020 were valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent firm of surveyors. During FY2020, a fair value gain of RMB209.4 million (FY2019: RMB Nil) upon the transfer of inventory to investment properties had been recognized in the consolidated statement of profit or loss. On the other hand, there was a loss of RMB37.1 million (FY2019: loss of RMB77.5 million) on the fair value of the existing investment properties during the Year due to the impact of the COVID-19 pandemic.

Finance Costs

In FY2020, the finance costs of the Group were approximately RMB276.8 million, representing an increase of 21.2% from approximately RMB228.3 million in FY2019. The increase was mainly due to the increase of senior notes for the Year.

Income Tax

Income tax expenses mainly comprised PRC CIT and PRC LAT. In FY2020, the PRC CIT and the PRC LAT of the Group were RMB133.6 million and RMB198.8 million, respectively. The total income tax expenses for the Year amounted to RMB369.6 million.

The total income tax expenses increased by RMB236.7 million, or 178.1%, from RMB132.9 million for FY2019 to RMB369.6 million for FY2020. Such increase was primarily due to the effect of the increase in PRC CIT and PRC LAT caused by increased recognition of property sales compared to FY2019.

Profitability

In FY2020, the Group's net profit was approximately RMB356.3 million, while in FY2019, the Group incurred a net loss of RMB277.3 million. The net profit position recorded for the Year was mainly due to the increase in revenue and the effective cost control.

Interest in Joint Ventures

As at 31 December 2020, the Group's interest in joint ventures amounted to RMB131.6 million (31 December 2019: RMB134.8 million), mainly representing the Group's interest in Hydoo Best Group Co. Ltd ("**Hydoo Best**") of RMB125.4 million (31 December 2019: RMB125.8 million). As disclosed in the section headed "Management Discussion and Analysis" in the annual report for the years ended 31 December 2018 and 2019, there was a loss on the interest in Hydoo Best held by the Group.

Directors expect that the Group will be able to recover part of its interest in Hydoo Best by applying public auction of the land pieces still held by Hydoo Best based on the legal opinion obtained from an external legal counsel. With reference to the fair value of these land pieces which were assessed by the Directors based on a valuation report prepared by external valuers, the Group has made a provision for impairment loss of RMB19.8 million on the interest in Hydoo Best and a specific loss allowance of RMB19.6 million on the amount due from Hydoo Best in 2018. Based on the fair value of the land pieces assessed as at 31 December 2020, the Directors considered that no further provision for impairment loss was necessary during the Year.

Other Non-current Assets

As at 31 December 2020, other non-current assets of the Group amounted to RMB337.9 million (31 December 2019: RMB404.8 million), representing the (a) financial assets measured at FVTPL amounted to RMB337.9 million (31 December 2019: RMB269.3 million), the increase in the balance represented the unrealized fair value gain recognized during FY2020, (b) financial assets measured at amortization cost amounted to nil (31 December 2019: RMB61.6 million), and (c) deposit and prepayment amounted to nil (31 December 2019: RMB73.9 million). The decrease in the balances for item (b) and (c) was mainly due to that these two items were classified to the current assets as at 31 December 2020.

Liquidity and Capital Resources

In 2020, the funding sources of the Group mainly include proceeds from the pre-sale and sale of properties, cash from bank and other borrowings, and proceeds from issuance of new shares and issuance of senior notes, which were used in our business operations and investment and development of projects. The Group will continue to strengthen our cash flow management, improve the efficiency of capital returns of projects and strictly control the cost and various expenses. Besides, the Group will continue to explore the opportunities to cooperate with foreign and domestic investors, in order to provide other sources of funding for the expansion of projects and business development.

Cash Position

As at 31 December 2020, the Group's total cash balances (including pledged and restricted cash) amounted to approximately RMB2,351.4 million (31 December 2019: approximately RMB2,177.2 million). The pledged and restricted cash was mainly pledged to banks for certain mortgage facilities granted to purchasers of the Group's properties, pledged for bank loans and pledged for bills payables.

Borrowings, Senior Notes and Corporate Bonds

The Group adopts prudent financial policy for proactive conduct of debt management and optimizing debt structure to ensure balance in financial risks and cut-down of finance costs. As at 31 December 2020, the Group had bank loans and other borrowings of approximately RMB1,310.3 million (as at 31 December 2019: approximately RMB1,233.7 million) and senior notes and corporate bonds of approximately RMB1,820.5 million (as at 31 December 2019: approximately RMB1,912.7 million) as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Repayment Period		
Repayable on demand and within one year	**2,301,553**	1,079,382
Repayable after 1 year but within 2 years	**327,002**	1,705,311
Repayable after 2 years but within 5 years	**331,178**	263,398
Repayable after 5 years	**171,050**	98,311
Total	**3,130,783**	3,146,402

A portion of the bank loans and other borrowings were secured by a pledge of properties and equipment, land use rights, investment properties, properties under development, completed properties held for sale and cash at bank of the Group.

Contingent Liabilities

We make arrangements with PRC commercial banks so that such banks may provide mortgage facilities to our customers to purchase our properties. In accordance with market practice, we are required to provide guarantees to these banks in respect of mortgages provided to such customers. Guarantees for such mortgages are generally discharged at the earlier of: (i) the due registration of the mortgage interest held by the commercial bank upon the subject property, or (ii) the settlement of mortgage loans between the mortgagee banks and the purchasers. In addition, we are required by the banks to place a security deposit to secure our guarantee obligations. If a purchaser defaults on the mortgage loan, we are typically required to purchase the underlying property by paying off the mortgage loan with any accrued and unpaid interest and penalty based on the loan agreement. If we fail to do so, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. Such amount may also be settled through withholding the security deposit we place with the banks. In line with industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks. As at 31 December 2020, our maximum amount of guarantees provided to banks for mortgage facilities granted to our customers amounted to RMB2,648.3 million (31 December 2019: RMB2,757.9 million).

Commitments

Capital commitments outstanding as at 31 December 2020 contracted but not provided for in the financial statements were as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Construction and development contracts	**2,130,295**	1,695,686
Land agreements	**1,578,273**	–
Total	**3,708,568**	1,695,686

Key Financial Ratios

The following table sets out our current ratios, gearing ratios and net gearing ratios as of the dates indicated:

	As at 31 December	
	2020	2019
Current ratio(1)	**1.23**	1.46
Gearing ratio(2)	**16.5%**	21.2%
Net gearing ratio(3)	**13.3%**	19.6%

Notes:

(1) The current ratio is calculated by dividing current assets by current liabilities.

(2) The gearing ratio is calculated by dividing the total interest bearing borrowings (includes bank loans and other borrowings, senior notes and corporate bonds) divided by total assets.

(3) The net gearing ratio is calculated by dividing total borrowings (including bank loans and other borrowings, senior notes and corporate bonds) minus cash balances (including restricted cash) by total equity.

Foreign Exchange Exposure

The Group's businesses are principally conducted in Renminbi. Other than certain overseas bank deposits, interests in joint ventures and the senior notes denominated in foreign currencies, the Group does not have any material exposure directly due to foreign exchange fluctuations. The management will continue to closely monitor foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Material Acquisitions and Disposals of Subsidiaries, Associated Companies and Joint Ventures

During the Year, the Group had several acquisitions of subsidiaries, including the acquisition of 51% of equity interests in Dongguan City Huahai Enterprise Investment Limited, the acquisition of 51% of equity interests in Dongguan City Dahu Property Development Limited, the acquisition of 100% of equity interests in Dongguan Yinghuizhong Investment Limited, and the acquisition of 85% of equity interests in Best Ease Global Limited. For details, please refer to the Company's announcements dated 23 October 2020, 11 November 2020 and 30 November 2020, respectively.

Employment and Remuneration Policy

In 2020, the Group reviewed the standard position system and title ranking system. At the same time, the standard position system was put into place and the performance template was launched through the iTalant system, and the system process, process standardization, standard informatization and information automation were finally realized through the information-based management method.

In terms of incentive mechanism, the Group further improved the comprehensive remuneration system, built comprehensive value chains and diversified incentive mechanism, and formed a comprehensive remuneration system with basic salary, performance based salary, short term incentives as well as medium and long term incentives covering various businesses, which have greatly enhanced the enthusiasm of operation units and employees. The remuneration committee of the Company reviews such packages annually, or when occasion requires. The Company has also adopted a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

Taking the strategy upgrade of the Group as an opportunity, the Group strengthened the penetration of the Group's corporate culture through systematic activities, injected vitality into the team from different respects, stimulated staff's enthusiasm and implemented the vision of the enterprise, and further promote the Group's continuously rapid development so as to realize the new leap in 2021.

The Group also organized various culture-building activities from multiple dimensions so as to establish good channels for training and enhancement, cross-field development and remodeling for its employees. The Group firmly believes that talent is the most important corporate resource and always adheres to a people-oriented human resources development strategy, creating a sound working environment featuring harmonious development and positive interaction between the Group and its staff.

As at 31 December 2020, the Group had 961 employees (31 December 2019: 805 employees). For FY2020, total staff costs of the Group were approximately RMB256.1 million (FY2019: approximately RMB261.0 million).

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for FY2020.

SUFFICIENCY OF PUBLIC FLOAT

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Year, the Company and its subsidiaries have not purchased, sold or redeemed any of the Company's shares listed on the Stock Exchange.

EVENTS AFTER THE REPORTING PERIOD

Save as the issuance of additional 2021 Senior Notes with an aggregate principal amount of US$13,500,000, there is no significant event of the Group after the reporting period. For details of the issuance of additional 2021 Senior Notes, please refer to the Company's announcement dated 2 February 2021.

CORPORATE GOVERNANCE

Save as disclosed in the paragraphs below, the Board is of the opinion that the Company had complied with the code provisions as set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Listing Rules during the Year.

Paragraph L(d)(iv) of the CG Code under Appendix 14 of the Listing Rules states that an issuer shall provide details of non-compliance with Rule 3.21 of the Listing Rules and an explanation of the remedial steps taken to address non-compliance with establishment of an audit committee. During the period from 12 October 2019 to 20 March 2020, Mr. Wang Dewen was a member of the Audit Committee. As soon as it came to the Company's attention that the Audit Committee should be comprised of non-executive directors of the Company, the Company has immediately replaced Mr. Wang Dewen with Mr. Yue Zheng, an independent non-executive Director on 20 March 2020 with effect on the same day.

Following the passing away of Mr. Zhao Lihua ("**Mr. Zhao**") on 23 December 2020, the Nomination Committee comprised only two members and did not have a chairman, which constitutes a deviation from code provision A.5.1 of the CG Code as it requires the Nomination Committee to be chaired by the chairman of the Board or an independent non-executive Director and comprises a majority of independent non-executive Directors. On 19 March 2021, with the appointment of Mr. Dai Yiyi as an independent non-executive Director, the chairman of the Nomination Committee and a member of the Audit Committee (the "**INED Appointment**"), the Company has once again complied with the requirements of relevant Listing Rules above. Please refer to the paragraph headed "Compliance with Rules 3.10(1), 3.10A and 3.21 of the Listing Rules" below for further information relating to non-compliance with the relevant Listing Rules.

Compliance with Rules 3.10(1), 3.10A and 3.21 of the Listing Rules

According to Rules 3.10(1) and 3.10A of the Listing Rules, the Board must include at least three independent non-executive Directors and the Company must appoint independent non-executive Directors representing one-third of the Board, respectively. In addition, Rule 3.21 of the Listing Rules requires, among others, an audit committee to comprise a minimum of three members.

Following the passing away of Mr. Zhao on 23 December 2020, the Board comprised only two independent non-executive Directors, each of the Audit Committee and the Nomination Committee comprised only two members and the Nomination Committee did not have a chairman. The Company has once again complied with the requirements of relevant Listing Rules above after the INED Appointment.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions Conducted by the Directors of Listed Issuer (the "**Model Code**") set forth in Appendix 10 of the Listing Rules as the code of conduct of the Company for Directors' securities transactions. Having made specific enquiry to all Directors, all Directors have confirmed that they have complied with the required standard set out in the Model Code during the Year. Employees who are, or likely to be, in possession of unpublished inside information in relation to the Company or its shares are prohibited from dealing in the shares of the Company during the black-out period.

AUDIT COMMITTEE

The Company established the Audit Committee on 27 September 2013 in compliance with Rule 3.21 and Rule 3.22 of the Listing Rules and with written terms of reference in compliance with the CG Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules and the roles and the responsibilities delegated to the Audit Committee by the Board. The revised terms of reference have been adopted by the Board on 27 December 2018 to comply with the new CG Code which became effective on 1 January 2019.

The Audit Committee comprises of three independent non-executive Directors. The three members are Mr. Lam Chi Yuen Nelson, the chairman of the Audit Committee and an independent non-executive Director, Mr. Zhao Lihua (passed away on 23 December 2020, and Mr. Dai Yiyi filled the vacancy on 19 March 2021), and Mr. Yue Zheng, an independent non-executive Director. The primary duties of the Audit Committee are to review the financial information of the Company, to oversee the financial reporting process, risk management and internal control systems of the Group, to oversee the audit process, to make recommendation on the appointment, re-appointment and removal of external auditor and to perform other duties and responsibilities as assigned by the Board.

REMUNERATION COMMITTEE

The Company established the Remuneration Committee on 27 September 2013 in compliance with Rule 3.25 and Rule 3.26 of the Listing Rules and with written terms of reference in compliance with the CG Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules and the roles and the responsibilities delegated to the Remuneration Committee by the Board.

The Remuneration Committee comprises two independent non-executive Directors and one executive Director. The three members are Mr. Yue Zheng, the chairman of the Remuneration Committee and an independent non-executive Director, Mr. Lam Chi Yuen Nelson, an independent non-executive Director, and Mr. Wang Dewen, an executive Director. The primary duties of the Remuneration Committee are to make recommendations to the Board on the policy and structure for all Directors' and senior management remuneration and to make recommendations to the Board on the remuneration packages of individual Directors and senior management. The primary goal of the Group's remuneration policy for executive Directors is to enable the Company to retain and motivate executive Directors by linking their compensation with their individual performance. The remuneration package includes basic salary, performance and/or discretional bonus, participation in the share option scheme adopted on 30 May 2019 (the "**Share Option Scheme**"), other share options scheme (if any) and other benefits. Remuneration of the non-executive Director includes mainly the Director's fee, which is a matter for the Board to decide by reference to the duties and responsibilities of the non-executive Director. Remuneration of the independent non-executive Directors includes the Director's fee which is determined by the Board based on the duties and responsibilities of independent non-executive Directors and their participation in the Share Option Scheme or other share option scheme (if any).

NOMINATION COMMITTEE

The Company established the Nomination Committee on 27 September 2013 with written terms of reference in compliance with the requirements of the CG Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules and the roles and the responsibilities delegated to the Nomination Committee by the Board.

The Nomination Committee comprises two independent non-executive Directors and one executive Director. The three members are Mr. Zhao Lihua, the former chairman of the Nomination Committee and an independent non-executive Director (passed away on 23 December 2020, and Mr. Dai Yiyi filled the vacancy on 19 March 2021), Mr. Yue Zheng, an independent non-executive Director, and Mr. Zeng Yunshu, an executive Director. The primary duties of the Nomination Committee are to review the structure, size and composition of the Board and make recommendations to the Board on the appointment and removal of Directors. In the nomination procedures, the Nomination Committee makes reference to criteria including candidates' reputation, integrity, accomplishment, experience and professional and educational background.

CONNECTED TRANSACTION

The Board confirmed that, during FY2020, the Group had not entered into any connected transactions or continuing connected transactions which are required to be disclosed in this announcement pursuant to the Listing Rules.

REVIEW OF ANNUAL RESULTS

The Company's annual results for the year ended 31 December 2020 have been reviewed by the Audit Committee, which opines that applicable accounting standards and requirements have been complied with and that adequate disclosures have been made.

SCOPE OF WORK OF KPMG

The financial figures as set forth in this announcement have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the Year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This annual results announcement is published on the website of the Stock Exchange at **www.hkexnews.hk** and the Company's website at **www.hydoo.com.cn**. The annual report of the Company for FY2020 will be dispatched to the shareholders and will be available on the above websites in due course.

By order of the Board
Guangdong – Hong Kong Greater Bay Area Holdings Limited
WONG Choi Hing
Chairman and Executive Director

Hong Kong, 29 March 2021

As at the date of this announcement, our executive Directors are Mr. Wong Choi Hing, Mr. Zeng Yunshu, Mr. Cai Hongwen, Mr. Yang Sanming and Mr. Wang Dewen; and the independent non-executive Directors are Mr. Lam Chi Yuen Nelson, Mr. Yue Zheng and Mr. Dai Yiyi.