Stock Code: 000011, 200011 Stock Name: PRD, PRD-B Announcement No. 2021-06

SHENZHEN PROPERTIES & RESOURCES DEVELOPMENT (GROUP) LTD.
ANNUAL REPORT 2020 (SUMMARY)

Part I Important Notes

This Summary is based on the full text of the Annual Report of ShenZhen Properties & Resources Development (Group) Ltd. (together with its consolidated subsidiaries, the "Company", except where the context otherwise requires). In order for a full understanding of the Company's operating results, financial position and future development plans, investors should carefully read the aforesaid full text, which has been disclosed together with this Summary on the media designated by the China Securities Regulatory Commission (the "CSRC").

Except for the following directors, all the other directors attended in person the Board meeting for the review of this Report and its summary.

Name	Office title	Reason for not attending the meeting in person	Proxy entrusted to attend the meeting

Independent auditor's modified opinion:

□ Applicable √ Not applicable

Board-approved final cash and/or stock dividend plan for ordinary shareholders for the Reporting Period:

√ Applicable □ Not applicable

Bonus issue from capital reserves:

□ Yes √ No

The Board has approved a final dividend plan for ordinary shareholders as follows: based on the share capital of 595,979,092 shares, a cash dividend of RMB4.1 (tax inclusive) per 10 shares is to be distributed to the shareholders, with no bonus issue from either profit or capital reserves.

Board-approved final cash and/or stock dividend plan for preferred shareholders for the Reporting Period:

□ Applicable √ Not applicable

This Report and its summary have been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese versions shall prevail.

Part II Key Corporate Information

1. Stock Profile

Stock name	PRD, PRD-B	Stock code	000011, 200011
Stock exchange for stock listing	Shenzhen Stock Exchange		
Contact information	Board Secretary	Securities Representative	
Name	Zhang Gejian	Ding Minghua and Chen Qianying	
Address	20/F, International Trade Center, Renmin South Road, Luohu District, Shenzhen, Guangdong Province, P.R.China	39/F, International Trade Center, Renmin South Road, Luohu District, Shenzhen, Guangdong Province, P.R.China	
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Email address	000011touzizhe@szwuye.com.cn	000011touzizhe@szwuye.com.cn	

2. Principal Activities or Products in the Reporting Period

(I) Core Business Overview

Established in 1982, the Company was originally known as "Luohu Engineering and Construction Headquarters" and renamed "Shenzhen Municipal Property Development Corporation" in August 1985. The Company was determined as the second batch of pilot units for joint-stock reform of state-owned enterprises in 1988. Approved by the municipal government, the Company renamed to ShenZhen Properties & Resources Development (Group) Ltd. in 1990. The stock of the group company (stock name: SZPRD, A/B; stock code: 000011, 200011) was officially listed in Shenzhen Stock Exchange in March 1992.

The Company contracted and built Shenzhen International Trade Center Building as Party A and created, planned, and organized the world-famous "Shenzhen Speed". The building was the place where Chairman Deng Xiaoping gave talks in his inspection to the south. SZPRD came into being because of the building and has risen amid the Reform and Opening up campaign. Emerging and growing together with Shenzhen, a city of miracles, the Company has been “a loyal practitioner of the spirit of the ox” and overcome difficulties in proposing new services in the new era. In the past four decades of trials and hardships, generations of SZPRD employees have manifested the enterprise spirit of "going ahead and reforming" and centered on the functional positioning as state assets of "serving national economic and social development, the city, the industry, and the people". The Company has adhered to the original aspiration and striven ahead to be a pioneer. Therefore, it has made remarkable achievements in development speed and quality. So far, the Company has grown into a large comprehensive industrial group from the project company that built Shenzhen International Trade Center Building. Looking ahead, it will size up the situation and seize the momentum in the new era and phase and forge ahead toward the goal and vision of becoming a "leading smart operator of industry-city space in China".

The year 2020 marks the end of the "13th Five-Year" plan and is a key year for the Company to make major adjustments to win critical battles in implementing its reforms on all fronts. In the Reporting Period, facing the abrupt COVID-19 and deep regulation and control in real estate, the Company vigorously explored ways to make breakthroughs in transformation and integrated and renovated traditional businesses, such as real estate, property management, and house asset operations. Besides, it optimized and reshaped its business segments so as to form four major business segments, that is, industry-city space development, property management services, industrial ecosystem operation, and main business ecosystem investment. SZPRD endeavored to further consolidate and highlight its advantages of industry-city integration and the whole industry chain through expanding the main business and making breakthroughs.

1. Industrial & urban space development

In terms of the space development segment, the Company is specialized in developing the residence, the hi-end apartment, the office building, and the industrial park and has developed a batch of brand projects, including Shenzhen International Trade Center Building, Huanggang Port, Tian'an International Building, Qianhai Gangwan Garden, and Golden Collar Holiday Apartment. Based on its present real estate development business, the Company will improve its existing portfolio and plan for new businesses. It will engage a number of subsidiaries in property development and urban renewals, including Huangcheng Real Estate, Rongyao Real Estate, the Urban Renewal Company, Dongguan Company, Xuzhou Company, and Yangzhou Company, strengthen capital operation via the listing platform, and make a reasonable layout of the city space development segment. In the Reporting Period, SZPRD made multiple efforts for this segment. For instance, it steadily advanced the existing project development inside and outside Shenzhen, accelerated the sales of projects in Xuzhou, Yangzhou, and Dongguan, and sped up the recovery of investment. Moreover, it focused on the development and construction of industry-city complexes and accelerated to create an integrated and co-existing model for the development of boutique urban residences and high-end industry space.

2. Property management services

In the Reporting Period, SZPRD deeply integrated its property management segment to establish a business layout featuring the platform of ITC Property Management and "1+1>2" coordinated development. The total area of property management exceeded 24 million square meters. Over more than 30 years of development, ITC Property Management has developed into a domestic top branded property service provider of industrial parks. It has won the titles of "Top 100 National Property Management Enterprises" and "Excellent Enterprise of Property Management of Industrial Park in China" for several years successively, and has subsidiaries, including Shenzhen Guomaomei Life Service Co., Ltd., Shandong Shenguomao Real Estate Management, and Chongqing Shenguomao Real Estate Management, and three joint ventures, namely, Shenshan Guomao Property Management, Guomao Tongle Property Management, and Shouxihu Jingyue. It has built striking brand advantages and established property service projects all over the country. Next, the Company will take advantage of the brand, ITC Property Management, strive to integrate property management resources inside and outside the system, quickly expand channel space, upgrade property management, and significantly enhance channel service quality. In addition, it will combine industry chain and new requirements of community development and earnestly utilize new technologies, such as the Internet of Things (IoT), big data, and artificial intelligence (AI) to develop a smart service platform where production and life services can be scheduled in a unified manner.

3. Industrial ecosystem operation

With respect to the industrial ecosystem operation segment, the Company gave full play to its foundation in the three basic industries, namely, real estate development, property management, and leasing and the advantage of the whole industry chain and deepened internal and external strategic cooperation. It is committed to creating a closed loop of the whole industrial ecosystem, covering project development services, park operation services, and supporting rental operations, and keeping improving the space service and rental ecosystem in the industrial park. The Company is expediting the stock taking and assessment of its properties in stock and strengthening the management over them. In the future, it will gradually expand the scope of leasing and raise the development capability of property rental. Moreover, the Company will gradually shift the focus of industrial ecosystem operation to sci-tech parks, provide supporting services covering the whole value chain, such as the import of industrial ecosystem, project development services, and park operation services, and serve the role of "space service provider" centering on sci-tech parks.

4. Other business

In the Reporting Period, the Company's businesses also included catering service and project supervision service. The catering service is operated by Shenzhen Guomao Catering Co., Ltd. Guomao Catering Co., Ltd., established in 1986, became famous at home and abroad, as it was the place where President Deng Xiaoping gave talks during his inspection to the south in 1992. Since its establishment, it has received more than 600 domestic and overseas state heads, famous people, and numerous domestic and overseas guests, with its reputation spreading all over the world. The revolving restaurant had its integrated renovation completed and was reopened in 2020. The project supervision service is handled by the subordinated supervision company of the Group. The company has the Grade A supervision qualification of building works of the Ministry of Housing and Urban-Rural Development (MOHURD). It was originally known as Shenzhen Property Engineering Management Department, and takes part in the construction and management work of Shenzhen International Trade Center Building. It is a witness of the whole process of "Shenzhen speed", and mainly serves for the development project of the Group.

(II) Industry development stage and cyclic characteristics of the Company, and industry position of the Company during the Reporting Period

1. Real estate industry

During the Reporting Period, China maintained the basic tone of real estate policy regulation and control unchanged, including "Houses are for living in, not for speculating on." and "three stabilities" and further reinforced its financial regulation. In order to fight against the COVID-19 pandemic, the primary objectives for the first half of the year were "six stabilities" and "six guarantees". Local governments adopted more flexible policies commensurate with their local situations. Multiple regions released an underpinning policy for the real estate market. Thus, real estate sales remained high in the country. In the second half of the year, China constantly tightened its real estate financing policies, issued new regulations for the investment of insurance funds and trusts in real estate, and strictly investigated the rule-violating transfer of funds from the bank to the real estate industry. Under such a policy background, China's real estate industry mainly presents the following characters:

(1) Real estate market remains resilient and has broad prospects

According to the National Bureau of Statistics, in 2020, the sales area of national commercial housing was 1,761 million square meters, with an increase of 2.6% year-on-year (YoY), while the sales amount was RMB17.36 trillion, up by 8.7% YoY and higher than the growth rate of 6.5% in 2019. The sales amount of residential housing reached RMB15.46 trillion, rising by 10.8% YoY, representing nearly 90% of the total sales amount of commercial housing. However, the sales amount of office buildings and houses for business use dropped by 5.3% and 11.2%, respectively, from the same period last year. Prices of commercial housing generally climbed and demonstrated apparent differences by region. The dramatic increase in the prices in core cities, such as those in the Yangtze River Delta and the Pearl River Delta, drove the growth in surrounding areas. The real estate industry remained resilient amid the pandemic.

(2) Financing regulation turned stricter than expectations. The capital chain of real estate enterprises became tight

The central monetary policies were loose so as to effectively promote the resumption of work and production at the beginning of the year. Governments in multiple regions loosened the regulation and credit policies for real estate enterprises. Monetary policies have resume tight since May, as the adverse impact of the pandemic turned weaker and weaker and the sales of commercial housing and land remained hot. The principle that "Houses are for living in, not for speculating on." has been stressed again. The monitoring of the flow of funds from the bank to real estate enterprises has been intensified. The "Three Red Lines" policy was introduced and piloted in August to further regulate the financing of real estate enterprises. Financing in the real estate industry slowed down in 2020 amid stricter regulation over financing and growth in the scale of debts due. The financing scale fell. The overall financing cost dropped slightly. In terms of structure, self-raised funds and mortgage loans accounted for a higher proportion. Bond issuance continued to grow in China, while the scale of bonds overseas plunged drastically. Innovative products like ABS became increasingly important. The peak of the repayment of overseas bonds brought some cash flow risks to real estate enterprises. The industry might usher in a new cycle of supply-side reform.

(3) Land sales remained hot. Both sales volumes and prices increased

Real estate enterprises showed an increasing willingness to purchase land, attributable to the loose monetary policies and performance of the commercial housing market better than expectations. Besides, local governments accelerated to promote land sales. Both the supply and demand sides jointly pushed forward the increase in sales volumes and prices. In 2020, turnover of land sales through tendering, auctioning and listing was approximately RMB8.05 trillion, rising by 18.8% YoY. 4,925 million square meters of planned building area were transferred with a YoY increase of 14.9%. The average sales price of land was RMB1,635/square meter throughout the year, which climbed by 3.5% YoY. By regions, tier-1 cities represented by those in the Yangtze River Delta, the Pearl River Delta, and the Beijing-Tianjin-Hebei Region maintained high increases in both the sales area and amount of land, followed by tier-3 cities. Because of a high inventory, the growth rates in tier-2 cities were weak and at the downside of the cycle.

2. Industry of property management

With the acceleration of urbanization, the upgrading of citizen's consumption level, and the constant increase of stock property area, the Chinese property management industry enters a cycle of rapid progress, as driven by favorable policies. At present, the property management industry is scattered in China. In other words, its market concentration is not high. Large property management enterprises will occupy a higher market share, along with the progress of M&As of such enterprises. China's property management industry mainly presents the following characteristics:

(1) Market prospects are broad. Revenue grows rapidly

According to the *Evaluation Report of Comprehensive Strengths of Property Service Enterprises for 2020*, in 2019, the total national management area of the property management industry was 31 billion square meters with a YoY increase of 11%. The top 100 property management enterprises actively implemented diversified expansion strategies. Their number of projects under management in 2019 averaged 212, up by 10.42% YoY, while the area under management, 42,788,300 square meters with a YoY increase of 15.08%. The market share of the top 100 property management enterprises was approximately 43.6%. The industry concentration further increased. The gap among enterprises at different levels turned wider. In general, the property service fee grew. In December 2020, the composite index of property service prices in 20 major cities reached 1070.32, up by 0.6% YoY. The property service industry in China will enter a golden period of rapid development, along with the increase in the existing and new properties and the progress of new types of communities. The industry scale will hopefully surpass RMB2 trillion.

(2) The craze of listing among property management enterprises continues. Industry competition is becoming stronger

Property management enterprises have endeavored to get listed since 2018, thanks to the high valuation in the market. The year 2020 witnessed the listing of 17 such enterprises, most of which were H-share-listed, indicating an apparent Matthew Effect. Nevertheless, the stock prices on the first day of over half of the property management enterprises listed in 2020 were lower than their issue prices, which implied that the valuation of property management enterprises diverged from reality. Property management enterprises accelerate to perform M&As and integration in order to cope with the increasingly fierce industry competition and expand scale and business. Quality underlying assets are like "sweet pastries". Leading enterprises have raised the area under management to a new level of 500 million square meters through M&As.

(3) The industry speeds up to transform and vigorously expand the Blue Ocean Market

The ten ministries and departments of China published the *Notice on Strengthening and Improving Residential Property Management* in January 2021. The document encourages property service enterprises to proactively employ technologies, such as the IoT, cloud computing, big data, blockchain, and AI, to build a smart property management service platform and explore the "property service + life service" model. As property services are expanding to cover elderly and child care, housekeeping, culture, health, house agency, and express delivery and receipt, multi-level and diversified residential and life demands of owners will be better satisfied. Furthermore, property management enterprises will hopefully expand the Blue Ocean Market and improve the profitability per unit area. The legal status of the owners' committee of the community is specified upon the implementation of the *Civil Code*. The committee is becoming stronger. Disputes over the rights to operations and earnings of public space are surging, leading to pressure on the sustainable development of the property management industry.

3. Industry position of the Company

SZPRD arises together with Shenzhen opening up and devotes to Shenzhen real estate and property management and other fields for more than 30 years. Its comprehensive capacity and brand influence is getting stronger. Its industry position improves gradually. It has won many honors and awards in the past years. During the Reporting Period, at the 10th Grand Ceremony of Shenzhen Real Estate held by the Shenzhen Real Estate Association, the Group won the honor of "Brand Value Enterprise of Shenzhen Real Estate Development Industry".

ITC Property Management was among the first batch of national qualified Level I enterprises of property management. During the Reporting Period, thanks to its continuous improvement in internal control, steady progress in property management quality, and constant R&D of services and products matching customer requirements, ITC Property Management was granted the titles of "Top 100 Enterprises of China's Property Management in 2020" and "Property Management Enterprises of China's Industrial Park in 2020". Additionally, it was ranked 27th among China's top 100 property services for comprehensive competency, up by six places over 2019. It has been included in the Top 100 Enterprises of China's Property Service for five consecutive years since 2016. Besides, it was ranked 11th of the "Top 100 of Comprehensive Capacity of Shenzhen Property Service Enterprises in 2019".

3. Key Financial Information

(1) Key Financial Information of the Past Three Years

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

√ Yes □ No

Reasons for the retrospective restatements:

Business combination involving entities under common control

Unit: RMB

	2020	2019	2020-over-2019 change (%)	2018	
				Before	Restated
Operating revenue	4,104,374,646.02	3,961,669,942.44	3.60%	2,787,240,632.53	3,376,673,249.90
Net profit attributable to the listed company's shareholders	798,572,121.74	817,805,780.12	-2.35%	592,723,852.71	698,050,728.96
Net profit attributable to the listed company's shareholders before exceptional gains and losses	788,377,322.39	695,675,201.19	13.33%	591,362,024.37	591,362,024.37
Net cash generated from/used in operating activities	385,497,782.12	939,789,565.96	-58.98%	1,123,594,927.59	1,231,718,056.18
Basic earnings per share (RMB/share)	1.3399	1.3722	-2.35%	0.9945	1.1713
Diluted earnings per share (RMB/share)	1.3399	1.3722	-2.35%	0.9945	1.1713
Weighted average return on equity (%)	23.47%	20.46%	3.01%	18.94%	19.47%
	31 December 2020	31 December 2019	Change of 31 December 2020 over 31 December 2019 (%)	31 December 2018	
				Before	Restated
Total assets	12,207,356,912.54	10,772,491,740.53	13.32%	5,820,202,137.54	7,023,354,613.55
Equity attributable to the listed company's shareholders	3,727,917,440.03	3,147,949,009.38	18.42%	3,337,949,324.64	3,872,406,104.67

(2) Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	861,546,080.08	559,531,687.75	332,619,949.47	2,350,676,928.72
Net profit attributable to the listed company's shareholders	152,014,318.10	59,953,416.66	-19,555,182.58	606,159,569.56
Net profit attributable to the listed company's shareholders before exceptional gains and losses	152,909,860.77	57,711,762.61	-19,618,268.67	597,373,967.68
Net cash generated from/used in operating activities	-609,307,576.52	-1,013,874,562.38	1,170,415,181.72	838,264,739.30

Indicate by tick mark whether any of the quarterly financial data in the table above or their summations differs materially from what have been disclosed in the Company's quarterly or interim reports.

□ Yes √ No

4. Share Capital and Shareholder Information at the Period-End

(1) Numbers of Ordinary Shareholders and Preferred Shareholders with Resumed Voting Rights as well as Holdings of Top 10 Shareholders

Unit: share

Number of ordinary shareholders at the period-end	52,587	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	54,313	Number of preferred shareholders with resumed voting rights at the period-end	0	Number of preferred shareholders with resumed voting rights at the month-end prior to the disclosure of this Report	0

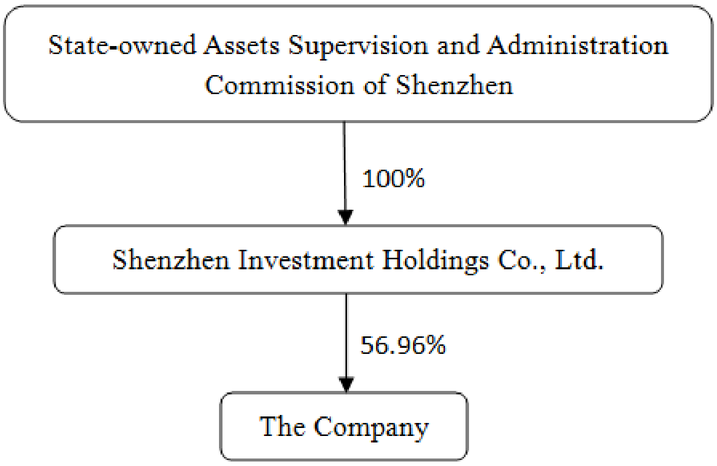
Top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Restricted shares held	Shares in pledge or frozen	
					Status	Shares
Shenzhen Investment Holdings Co., Ltd.	State-owned legal person	56.96%	339,452,527	3,326		
China Orient Asset Management Co., Ltd.	State-owned legal person	4.99%	29,798,300	0		
Hong Kong Securities Clearing Company Ltd.	Foreign legal person	0.31%	1,874,823	0		
Shenzhen Duty-Free Commodity Enterprises Co., Ltd.	Domestic non-state-owned legal person	0.29%	1,730,300	1,730,300		
Duan Shaoteng	Domestic natural person	0.27%	1,618,565	0		
Yang Yaochu	Domestic natural person	0.25%	1,500,384	0		
Mai Furong	Domestic natural person	0.18%	1,049,200	0		
UBS AG	Foreign legal person	0.17%	1,036,938	0		
He Simo	Domestic natural person	0.17%	1,011,750	0		
China Construction Bank-Wanjia Selected Mixed Type Securities Investment Fund	Other	0.16%	982,300	0		
Related or acting-in-concert parties among the shareholders above	The first largest shareholder, Shenzhen Investment Holdings Co., Ltd., is the actual controlling shareholder of the Company. And the Company does not know whether there are related parties or acting-in-concert parties among the other 9 shareholders.					
Shareholders involved in securities margin trading (if any)	N/A					

(2) Number of Preferred Shareholders and Shareholdings of Top 10 of Them

□ Applicable √ Not applicable

No preferred shareholders in the Reporting Period.

(3) Ownership and Control Relations between the Actual Controller and the Company



5. Corporate Bonds

Does the Company have any corporate bonds publicly offered on the stock exchange, which were outstanding before the date of this Report's approval or were due but could not be redeemed in full?

No.

Part III Operating Performance Discussion and Analysis

1. Business Overview of the Reporting Period

The Company is subject to the Guideline No. 3 of the Shenzhen Stock Exchange on Information Disclosure by Industry—for Listed Companies Engaging in Real Estate.

(I) Industry review for the Reporting Period

1. Macro economic situation

The COVID-19 pandemic exerted a severe impact across the world in 2020 and became a systematic system with extremely great uncertainties co-existing with trade frictions and geopolitics. It constituted a tremendous shock to the world economy. Currently, COVID-19 has been effectively controlled in China, while the situation overseas is still not optimistic. In the financial field, the economic downturn has resulted in soaring risk aversion and frequent fluctuations in the global stock market. Rising unemployment rates and decreasing income are inhibiting consumption. Central banks in all countries have taken loose monetary policies to promote economic recovery. Global debts have hit a new high. Generally, pandemic rebound hinders economic recovery in the United States and Europe. Global inflation remains sluggish. It is predicted that the economy in 2020 would shrink by 3.5%. That said, the severest moment has passed. The world economy will hopefully enter a recovery cycle, as the pandemic across the world becomes a new normal, the world political situation turns stable, and trade protection measures are expected to decrease. The recovery progress is mainly determined by the pandemic trend all over the world.

In the context of the global economic depression, China recorded a GDP of RMB101.6 trillion in 2020 with a YoY increase of 2.3%. It was the first time for China to surpassed RMB10 billion. Besides, China was the only major economy in the world that achieved positive growth in the year. Most regions across the country stopped work and production, as influenced by the sudden outbreak of COVID-19 at the beginning of the year. Consequently, the first quarter (Q1) witnessed a YoY decrease of 6.8% in GDP. However, as the pandemic was gradually controlled and the resumption of work and production was orderly promoted, China's economy steadily recovered. The YoY growth rates of GDP in Q2, Q3, and Q4 were 3.2%, 4.9%, and 6.5%, respectively. China took the lead in controlling the pandemic, while repeated outbreaks occurred overseas. Hence, China had an outstanding performance in exports. The export trade totaled RMB32.16 trillion in the year, growing by 1.9% YoY. Specifically, exports rose by 4%, while imports declined by 0.7%. Total retail sales of consumer goods amounted to RMB3.92 billion, down by 3.9% YoY. Prices slowly recovered after a slight decrease at the beginning of the year. The annual CPI climbed by 2.5%. Generally, investment in fixed assets first declined and then rose. The growth rates of investment in manufacturing and infrastructure construction gradually picked up. Investment in the real estate industry continued to be resilient. From January to November, investment in real estate development amounted to

RMB12,949.2 billion with a YoY increase of 6.8%. The industry prospects kept recovering.

The year 2021 marks the start of the "14th Five-year Plan". The pandemic still exists. China is recovering its economy. Its fiscal and monetary policies will resume neutral. Endogenous consumption and manufacturing investment will become the main engine of economic growth. It is expected that China's economy will gradually return to normal in 2021 and make significant contributions to the global economic recovery. In general, the momentum of the steady economic progress in China will remain unchanged.

2. Policy environment of the industry

In 2020, the central government of China observed the basic tone that "Houses are for living in, not for speculating on." in terms of real estate regulation and control. It adopted loose monetary policies, when the pandemic was the most severe in the first half of the year. As a result, the fund environment of the real estate industry was improved. Local governments implemented more flexible policies in line with their actual situations. For the demand side, priority was given to the talent attraction policy and loosened requirements for household registration. For the supply side, relevant market support policies were released. For instance, Shanghai, Hangzhou, and Nanjing relaxed the time limit for real estate enterprises to pay the land transfer fee. Fuzhou, Huzhou, and Tianjin allowed the delay of the start and completion of projects. Xuzhou and Dongguan adjusted the pre-sale conditions for commercial housing. Nanchang, Jinan, Wuxi, and Xi'an reduced the regulatory requirements for funds. Xiamen, Shenzhen, and Guangzhou raised credit lines.

In the second half of the year, as the pandemic turned weaker and the real estate market enjoyed high popularity against the trend, regulation and control policies turned tighter. Financial regulation was constantly reinforced. In August, the MOHURD and the People's Bank of China (PBoC) held a symposium attended by key real estate enterprises in order to stress again that "Houses are for living in, not for speculating on.", stabilize land prices, house prices, and expectations, and maintain the continuity and stability of regulation and control policies for the real estate industry. Fund monitoring and financing management rules were formulated for key real estate enterprises at the symposium. Through the "Three Red Lines", new requirements were raised to change the traditional financing model of real estate enterprises, which would be beneficial to guide the benign development of the real estate industry.

Eight key tasks of the central government of China were proposed for 2021 at the Central Economic Work Conference held in December 2020. Prominent problems about housing in major cities should be properly addressed. Housing problems are related to the well-being of the people. Multiple policies should be adopted in line with the actual situation to push forward the steady and wholesome progress of the real estate market. Great importance should be attached to the construction of security rental houses. The long-term rental market should be strictly standardized. Moreover, more land should be provided for the construction of rental houses. Real estate enterprises should be encouraged to utilize collective land for construction and self-owned idle land to construct rental houses. Meanwhile, the tax burden of rental houses should be reduced. The rental market should be remedied. The rent level should be reasonably regulated and controlled.

The PBoC and the China Banking and Insurance Regulatory Commission (CBIRC) jointly published a notice on December 31, 2020, to decide to formulate a policy for managing the concentration of real estate loans provided by financial institutions in the banking industry. The policy is designated to facilitate market entities to form stable policy expectations and promote the sustainable development of the real estate market.

3. Regional market layout

In 2020, the real estate market in Shenzhen led the national market in both supply and demand despite the pandemic and policy regulation and control. In Q1, due to the impact of the pandemic, the real estate market was basically stagnant. In Q2, as the pandemic was gradually controlled and policies were relaxed, a large amount of capital flew in to boost the real estate market. House prices surged dramatically, resulting in pain points, such as hot housing speculation, the rule-violating flow of funds, and supply-demand imbalance. In view of this, the Shenzhen Municipal Bureau of Housing and Urban-Rural Development issued eight measures on July 15 to regulate and control the real estate market from eight aspects, including identification of the house purchase qualification and time of household registration, adjustment of the policy for the restricted purchase of commercial houses, and promotion of signing of the mortgage loan contract online. The market quickly recovered upon the implementation of new policies. Second-hand houses were sold at a low price. The government relaxed the pre-sales policy, followed by an increase in the supply of houses. Q4 marked the 40th anniversary of the establishment of the Shenzhen Special Economic Zone. The construction of the Guangdong-Hong Kong-Macao Greater Bay Area and the Demonstration Area of Socialism with Chinese Characteristics was promoted constantly. There were high expectations for the long-term prospects of the real estate market. The enthusiasm of buyers ran high again.

Generally, in 2020, Shenzhen supplied 54,000 sets of new houses. 4,489,000 square meters/45,384 sets of new residential houses were sold, up by 20.5% and 19.8% YoY, respectively. The transaction scale had reached a record high since 2016. Throughout the year, the sales rate on the opening day was higher than 60%, setting a new record in the past three years. The average annual transaction price of new houses was RMB53,000/square meter, which was stable with a slight decline. 95,273 sets of second-hand houses were sold in the year, rising by 23.5% YoY. The Longgang Center, Buji, and Xixiang took the first three places in transaction volumes. The average transaction price in the city was RMB66,000/square meter, higher than that in the same period last year. Throughout the year, 24,910 sets of commercial apartments were approved and sold with a total area of 1.47 million square meters. The two figures increased by 23.6% and 23.7% over the same period last year. Apartments demonstrated a stronger quasi-residential property. In 2020, Shenzhen listed and transferred 96 plots of land, including 34 plots of residential land with an accumulative land transfer fee of RMB80 billion. Looking into 2021, the real estate market in Shenzhen will continue the basic tone that "Houses are for living in, not for speculating on." and raise house supply. Shenzhen will stabilize land prices, house prices, and expectations, drive the steady and wholesome progress of the real estate market, and effectively prevent and mitigate risks in the market.

(II) Business Review for the Company in 2020

In 2020, the Company successfully accomplished various objectives. For the year, it recorded operating revenue of approximately RMB4.1 billion and a gross profit of around RMB1.03 billion. In addition, its total assets reached RMB12.2 billion, hitting a record high. All these remarkable results represented a perfect ending for the “13th Five-Year Plan” of the Company.

For the 13th Five Year, the Company cumulatively recorded operating revenue, a gross profit and a net profit of RMB16.82 billion, RMB4.33 billion and RMB3.19 billion respectively, up 132%, 114% and 112% compared to the 12th Five Year; and its total assets and net assets as at the end of the period went up 179% and 80% respectively from five years ago. These data represented considerable over-fulfillment of the goals set. During the 13th Five Year, the Company adopted a sustained, consistent and active dividend policy, taking into account both reasonable return to investors and the sustainability of the Company. The five-year period saw a total dividend payout amount of RMB924 million (including the 2020 dividend payout plan).

1. A phased victory was achieved in fighting against the pandemic through unity of efforts

In the face of the sudden outbreak of the COVID-19 pandemic, the Group immediately established an anti-pandemic leading group, accurately implemented all anti-pandemic tasks, and spared no pains to arrange the resumption of work and production. No suspicious or confirmed cases were identified among over 8,000 employees of the Group. In addition, the Group actively adopted the policy requirement for rent reduction and exemption and joined hands with small- and medium-sized private enterprises to respond to challenges. Approximately RMB38 million of rents were reduced and exempted, benefiting nearly 700 tenants. The Group and individuals donated over RMB2 million, which fully reflected the mission and responsibility as a state-owned enterprise.

2. The Company stuck to the business philosophy of market orientation and achieved remarkable performances in the two major segments

In the Reporting Period, the Company hosted a real estate work meeting and introduced a whole-cycle development management system. It specified the goal of "efficiency, benefits and effects" of operations and management of real estate projects and strove to manage the process in a planned, coordinated, and cooperative manner. Furthermore, it followed the "117" specific implementation path to holistically and constantly improve the operations and management of real estate projects. The Company planned and precisely implemented strategies amid the pandemic. It delivered 100% of finely decorated Tower C of Golden Collar Holiday Apartment in advance and successfully sold Phase II of Xuzhou out. Throughout the year, the Company recorded revenue of approximately RMB2.9 billion in real estate and a net profit of around RMB661 million. Project resources were expanded through multiple channels, such as tendering, auctioning, listing, and cooperative development. Substantial progress was made in the Integrated Industry-city Project of the Ecological Health Valley of Yangzhou Shouxihu, the urban renewal project in the Fuyuan Industry Park, the Guangming Tangjia Project, and the Baolu Project in the year.

With respect to the property management segment, the Company vigorously blazed a trail based on endogenous expansion and M&As. In 2020, it accumulatively had 27 new projects with a total area of over 3 million square meters, better than the annual objective for endogenous growth. Moreover, the Company explored non-conventional investment methods for the first time, such as overseas investment and private non-controlling investment so as to open a new path to cope with the fierce competition. First, it successfully expanded the overseas market by establishing a subsidiary in Vietnam. Besides, it entered into an agreement with VCEP to jointly create a national demonstration zone of the "the Belt and Road" initiative. The new area under property management in the park was approximately 1.96 million square meters. Second, new investment cooperation models were proposed. The three joint ventures, namely, Shenzhen Guomao Tongle Property Management Co., Ltd., Shenshan Guomao Property Development, and Shouxihu Jingyue, have grown gradually by taking advantage of the resources of their partners. Especially, Shouxihu Jingyue won key projects like Sanwan Scenic Spot of Yangzhou Canal, Songjia City, and Hua Du Hui. Its area under management was up to around 3.7 million square meters. It is an effective example of the market-oriented expansion of the property management business.

3. The Company adhered to the idea that development is the top priority and addressed many prominent problems concerning overall operations and development.

First, it actively promoted the demolition of the Bangling Project, held the opening ceremony in October, and started the substantial construction of Phase II. Second, it assisted foreign trade groups in activating assets. The first batch of assets have been disposed of. Over RMB1.5 billion was realized. Third, it actively supported the tax examination over the key and large enterprises specified by the State Taxation Administration, spared no effort to solve the historical problem of land costs in the Huangyuyuan Area, and basically eliminated the risk of a supplementary payment of increment tax on land value. Fourth, it strongly supported shanty house renovation projects of the government and completed the signing for the removal of tenants and house delivery of tenants on Chuanbu Street. It is estimated that the Group will obtain an area of relocated property of approximately 14,000 square meters by 2025. For other aspects, a comprehensive agreement was signed for Yupinluanshan Garden project after nearly one decade. The Fumin Complex was renovated and put into operation, becoming the first rental house project for special talent of professional lawyers. Effective measures have been adopted to promote Phase II of Fuchang, upon negotiation with several parties. Basements were constructed in the Reporting Period.

4. Internal reform was deepened. Vitality and power of quality development of the Group were significantly stimulated

The remuneration reform was earnestly promoted. The long-acting incentive and restraint plan for the first phase has been implemented. The integration of business segments was coordinated. Incentive and performance assessment mechanisms, such as the remuneration reform and incremental sharing, were comprehensively conducted in all subordinated companies from top to bottom. In addition, the Company orderly promoted the optimization of the organizational structure after the acquisition of TK Property and the integration of property management and rental segments. The Project Management Department and the Industry Operation Office were newly set up in the Headquarters. Shortcomings in operations were improved. A development platform was created for the four major businesses. A platform business system with a reasonable structure and independent operations was developed. Furthermore, policies were revised as appropriate. Over 30 regulations and rules were revised, including the Articles of Association, to practically improve corporate governance. In terms of other aspects, a new stride was made in integrated financial management. Approximately RMB1.6 billion new financing was added. Tendering and the determination of bid winners were strengthened. Cost control was reinforced. Additionally, the Company firmly upheld the concept of safe development and took multiple measures to ensure production safety.

(III) Land Bank

1. New additions to the land bank

There were no new additions to the land bank in the current period.

2. Cumulative land bank

Name of project/area	Site area（0,000 ㎡）	Floor area（0,000 ㎡）	Floor area available for development（0,000 ㎡）

Yupinluanshan Garden project	2.19	7.89	7.89
Baolu project	3.24	8.16	8.16
Land in Danshui, Huiyang District, Huizhou City	1.77	6.20	6.20
Land in Hongqi Town, Haikou City	15.8	-	-
Total	23	22.25	22.25

Note: The floor areas of the Yupinluanshan Garden project, the Baolu project and the land in Danshui, Huiyang District, Huizhou City are floor areas with plot ratio.

(IV) Development status of major projects

City/region	Name of project	Location	Usage	The Company's interest	Time for commencement of construction	% developed	% that has completed construction	Site area（㎡）	Planned floor area with plot ratio（㎡）	Floor area that completed construction in the Current Period（㎡）	Cumulative floor area that has completed construction（㎡）	Estimated total investment (RMB'0,000)	Cumulative investment (RMB'0,000)
Shenzhen	Golden Collar's Resort apartments	Futian District	Residential	100%	2014.03	100%	100%	12,598	133,800	0	183,295	138,311	108,406
Shenzhen	Fuhui Huayuan	Futian District	Affordable housing	100%	2018.12	Under construction	Concrete roof completed for the basements in Section 1 and 2; structure completed for -2/F of Section 3	4,274	33,430	0	0	90,439	60,072
Xuzhou City	Banshan Yujing (Phase II)	Tongshan District	Residential	100%	2019.03	Under construction	Pre-acceptance completed for the main frame	31,537	22,795	0	0	23,581	15,997
Shenzhen	Guanlan Bangling	Longhua District	Residential, commercial apartments and industrial	69%	2020.10	Under construction	75.88% completed for demolition	68,300	433,640	0	0	694,150	330,262

(V) Sales status of major projects

City/region	Name of project	Location	Usage	The Company's interest	Floor area with plot ratio （㎡）	Floor area available for sale（㎡）	Cumulative pre-sold/sold floor area （㎡）	Floor area pre-sold/sold in the Current Period（㎡）	Pre-sale/sales revenue generate in the Current Period (RMB'0,000)	Cumulative settled floor area (㎡)	Floor area settled in the Current Period（㎡）	Pre-sale/sales revenue settled in the Current Period (RMB'0,000)

Shenzhen	Golden Collar's Resort apartments	Intersection of Futian South Road and Binhe Road in Futian District	Residential, studio apartments and commercial	100%	133,800.6	125,231.07	68,323.44	33,414.96	262,382	64,287.07	37,184.94	274,075
Dongguan City	Songhu Langyuan	Dalang Town	Residential, commercial	100%	147,139.96	140,911	140,911	0	0	145,443	0	0
Shenzhen	SZPRD-Qianhai Gangwan Garden	Intersection of Yueliangwan Boulevard and Xinghai Boulevard in Nanshan District	Residential	100%	64,625.13	63,448.26	63,448.26	0	0	63,336.29	0	0
Xuzhou City	Banshan Yujing (Phase I)	6 Huashan Road, Tongshan District, Xuzhou City, Jiangsu Province	Villa	100%	54,589.12	85,652.81	85,652.81	0	0	85,652.81	2,331.54	1,802.17
Xuzhou City	Banshan Yujing (Phase II)	6 Huashan Road, Tongshan District, Xuzhou City, Jiangsu Province	Residential (elevator houses of 4-7 floors)	100%	22,794.76	21,720.72	21,720.72	9992.97	12,256.85	0	0	0
Yangzhou City	Hupan Yujing Phase I	Intersection of Shouxihu Road and Hangou Road	Residential units, shops, apartments, parking garages and lots	100%	36,141.28	48,870.98	42,349.26	870.59	332.2	42,215.85	944.67	575.03
Yangzhou City	Hupan Yujing Phase II	Intersection of Shouxihu Road and Hangou Road	Residential units, shops, apartments, parking garages and lots	100%	56,935.75	73,121.96	67,523.37	1,317.54	1,678.47	64,177.89	1,060.9	1,042.74

(VI) Rental status of major projects

Name of project	Location	Usage	The Company's working interest	Rentable area （㎡）	Cumulative rented area （㎡）	Average occupancy rate

Xi Apartments (Longyuan)	Shenzhen	Apartments for long-term rental	100.00%	3967	3967	100.00%
Xi Apartments (Longhua)	Shenzhen	Apartments for long-term rental	100.00%	1609	1609	100.00%
Xi Apartments (Xinhu)	Shenzhen	Apartments for long-term rental	100.00%	1600	1600	100.00%
Food Court in the International Trade Center	Shenzhen	Commercial	100.00%	4049	2645	65.00%
Fumin Complex	Shenzhen	Commercial, apartments	100.00%	6450	4576	71.00%
Tower A of Wenjindu Port Building	Shenzhen	Office building	75.00%	5884	5703	97.00%
Haiwai Lianyi Building	Shenzhen	Commercial units and offices	75.00%	9788	9788	100.00%
Anhua Building	Shenzhen	Offices	75.00%	1414	1414	100.00%
Training Building/Dormitory	Shenzhen	Residential units/offices /commercial units	75.00%	4244	4244	100.00%
Pengfu Building	Shenzhen	Offices	75.00%	6494	6494	100.00%
Jinfu Building	Shenzhen Shenzhen	Commercial	75.00%	1702	1702	100.00%
Jinfu Building	Shenzhen Shenzhen	Commercial	100.00%	568	568	100.00%
Fuxing Garden	Shenzhen	Residential/ commercial	75.00%	5877	5877	100.00%
Fuxing Garden	Shenzhen	Commercial	100.00%	1417	1417	100.00%
Plant area in Tangxia Town, Dongguan City	Dongguan City	Plant	75.00%	22034	22034	100.00%
Pacific Business Building	Shenzhen	Commercial units/offices	75.00%	3199	3199	100.00%
Pacific Business Building	Shenzhen	Commercial units/offices	15.00%	14889	14718	99.00%
Kangti Building	Shenzhen	Commercial units/offices	75.00%	2096	2096	100.00%
Kangti Building	Shenzhen	Commercial units/offices	15.00%	1147	1147	100.00%
Lyuhua Building	Shenzhen	Commercial and residential	75.00%	6960	6578	94.51%
Shops on the ground floor of Tower 48 in Lianhua North Village	Shenzhen	Shops	75.00%	1000	1000	100.00%

Haonianhua Building	Shenzhen	Apartments and commercial units	100.00%	1803	1774	98.00%
Haonianhua Building	Shenzhen	Apartments and commercial units	75.00%	2278	2235	98.00%
Hostel 2 at Yuxin School	Shenzhen	Hostel	75.00%	3000	3000	100.00%
Kaifeng Garden in Shangmeilin	Shenzhen	Residential	100.00%	1307	1084	83.00%
Fuyuan Industrial Zone	Shenzhen	Plant area	75.00%	47130	47130	100.00%
Tonglu Industrial Zone	Shenzhen	Plant area	100.00%	76886	73221	95.00%
Gonglu Building	Shenzhen	Commercial /offices	75.00%	317	317	100.00%
Gonglu Building	Shenzhen	Offices	100.00%	89	89	100.00%
Jiangling Industrial Zone	Shenzhen	Plant area	75.00%	10397	10397	100.00%
Zone 21	Shenzhen	Commercial /offices	75.00%	9514	9514	100.00%
Baoli Community	Shenzhen	Residential	75.00%	9020	9003	99.81%
Songgang Plant	Shenzhen	Plant area	75.00%	5700	5700	100.00%
Longbu Plant	Shenzhen	Plant area	75.00%	7471	7471	100.00%
Gonglu Building in Huanggang	Shenzhen	Offices	75.00%	4600	4461	96.98%
Yuetong Complex	Shenzhen	Offices	75.00%	3044	3044	100.00%

(VII) Primary land development

□ Applicable √ Not applicable

(VIII) Financing channels

Financing channel	Ending balance of financings	Financing cost range/average financing cost	Maturity structure			
			Within 1 year	1-2 years	2-3 years	Over 3 years
Bank loans	3,618,800,000.00	4%-6%			3,000,000.00	3,615,800,000.00
Total	3,618,800,000.00	4%-6%			3,000,000.00	3,615,800,000.00

(IX) Development strategy and operating plan for the coming year

In regard to land reserves, the Company will continue to expand its land reserves through market competition and capital operation in 2021. It will exert more efforts in this aspect and push forward the fast launch of projects. By property types, residential projects will be mainly distributed in the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta Metropolitan Area, and the areas with existing projects. Besides, the Company will gradually pay attention to and expand its presence in key cities in the central urban agglomeration centering on Wuhan, the Chengdu-Chongqing Region in western China, and the Beijing-Tianjin-Hebei Region. Urban renewal projects will primarily be launched in Shenzhen and the areas surrounding Shenzhen like Dongguan and Huizhou. The Company will gradually track such projects in Guangzhou. Most of the comprehensive industry-city projects will be located in the Guangdong-Hong Kong-Macao Greater Bay Area, the Yangtze River Delta, central China centering on Wuhan, and the Chengdu-Chongqing Region in western China.

In regard to sales, in 2021, the Company will constantly enhance the overall control over the general goal, phased objectives, schedule, and investment plan of all projects, pay close attention to the whole sales of Tower A and the remaining houses of Tower C of Golden Collar Holiday Apartment, and fully promote the construction of Phases I and II of Guanlan Bangling. Furthermore, it will strive to sell all houses of Hupan Yujing out and complete and deliver Banshan Yujing Phase II in Xuzhou and endeavor to complete the project setup of the Fuyuan Industry Park, the land replacement of Baolu, the capping of Phase II of Fuchang, and the construction of Yupin Luanshan.

Please refer to “IX Prospects” in “Part IV Operating Performance Discussion and Analysis”.

(X) Provision of guarantees for homebuyers on bank mortgages

√ Applicable □ Not applicable

As a usual practice for real estate developers, the Company has been providing guarantees and security deposits for its homebuyers on their bank mortgages. As at 31 December 2020, security deposits for such outstanding guarantees amounted to RMB1,148,647.30, which will be returned upon the expiry of the guarantees, i.e. when the relevant homebuyers paid off their bank mortgages. On the ground that there have been no default by the homebuyers so far and that the market prices of the relevant properties are currently higher than the trading prices, the Company believes the risk associated with such guarantees is low.

(XI) Joint investments by directors, supervisors and senior management and the listed company (applicable for such investments where the directors, supervisors and senior management are the investment entities)

√ Applicable □ Not applicable

Name of project	Type of investment entity	Amount of investment (RMB’0,000)	% of investment amount	As % of the peak of the project funds	Cumulative income	Disinvestment	Compatibility of actual investment amount and distributed income
Urban Renewal of Bangling Section at Guanlan Street	Mandatory investment entities (including directors and senior management)	2,647.00	66.18%	N/A	0	None	N/A
	Voluntary investment entities	1,353.00	33.82%	N/A	0	None	N/A

Note: Since this is an ongoing project, the peak of the project funds, cumulative income and disinvestment are unknown. For details, please refer to the relevant announcements disclosed by the Company on www.cninfo.com.cn dated 9 November 2019.

2. Significant Change to Principal Activities in the Reporting Period

□ Yes √ No

3. Product Category Contributing over 10% of Principal Business Revenue or Profit

√ Applicable □ Not applicable

Unit: RMB

Product category	Operating revenue	Operating profit	Gross profit margin	YoY change in operating revenue (%)	YoY change in operating profit (%)	YoY change in gross profit margin (%)
Property development	2,895,323,736.80	922,089,696.02	86.59%	8.62%	-10.56%	2.88%
Property management	1,070,094,746.33	74,696,857.92	14.74%	-2.52%	-0.56%	-1.68%

4. Business Seasonality that Calls for Special Attention

□ Yes √ No

5. Significant YoY Changes in Operating Revenue, Cost of Sales and Net Profit Attributable to the Listed Company’s Ordinary Shareholders or Their Compositions

□ Applicable √ Not applicable

6. Delisting

□ Applicable √ Not applicable

7. Matters Related to Financial Reporting

(1) YoY Changes to Accounting Policies, Accounting Estimates or Measurement Methods

√ Applicable □ Not applicable

The Company has adopted the provisions of Accounting Standard for Business Enterprises No. 14 –Revenue (CK [2017] No. 22) since 1 January 2020. According to cumulative effects, the Company adjusted retained earnings at the beginning of the year and other relevant items in the financial statements, without adjustment of any information of the comparable period. The impact of accounting policy changes includes:

Contents of changes in accounting policies and reasons thereof	Items and amounts of financial statements affected
Consideration paid by customers before the delivery of goods is listed as "contract liabilities" in accordance with the new standard for income, and tax included is listed as "other current liabilities".	In the consolidated balance sheet on 1 January 2020, "Advances from customers" are RMB516,988.76, "Contract liabilities" are RMB690,543,580.95 and "Other current liabilities" are RMB37,125,462.92; In the balance sheet of the Company as the Parent on 1 January 2020, "Advances from customers" are RMB320,469.53, "Contract liabilities" are RMB0.00 and "Other current liabilities" are RMB0.00.
The right to receive consideration for goods or services that have been transferred to customers (which depends on other factors other than time) is listed as "contract assets" in accordance with the new standard for income.	In the consolidated balance sheet on 1 January 2020, "Contract assets" are RMB0.00; In the balance sheet of the Company as the Parent on 1 Januray 2020, "Contract assets" are RMB0.00.
Incremental cost (such as sales commission) incurred for contract acquisition is recognized as an asset as cost of contract acquisition, and listed as cost of contract acquisition in "other current assets" or "other non-current assets" in accordance with the new standard for income. However, if the amortization of asset is within one year, it can be included in the current profit and loss when it occurs.	In the consolidated balance sheet on 1 January 2020, "Other current assets" are RMB0.00 and "Other non-current assets" are RMB0.00; In the balance sheet of the Company as the Parent on 1 Januray 2020, "Other current assets" are RMB0.00 and "Other non-current assets" are RMB0.00.

The Company adopts simple treatment method to include sales commission with amortization period within one year in the current profit and loss when it occurs. The amortization period of sales commission in 2019 is within one year.

(2) Retrospective Restatements due to Correction of Material Accounting Errors in the Reporting Period

□ Applicable √ Not applicable

No such cases.

(3) YoY Changes to the Scope of Consolidated Financial Statements

√ Applicable □ Not applicable

For the detailed changes to the scope of the Company's consolidated statements of the Reporting Period, see "Part XII Financial Statements", VIII.