

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

**SUNac 融創中國**  
**SUNAC CHINA HOLDINGS LIMITED**  
**融創中國控股有限公司**  
*(Incorporated in the Cayman Islands with limited liability)*  
**(Stock Code: 01918)**

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

**RESULTS HIGHLIGHTS**

For the year ended 31 December 2020:

- Contracted sales amount of the Group and its joint ventures and associates was approximately RMB575.26 billion;
- Revenue of the Group was approximately RMB230.59 billion, representing a growth rate of approximately 36.2% as compared to last year;
- Gross profit of the Group was approximately RMB48.40 billion, representing a growth rate of approximately 16.9% as compared to last year;
- Profit attributable to owners of the Company was approximately RMB35.64 billion, representing a growth rate of approximately 36.9% as compared to last year;
- Core net profit<sup>1</sup> was approximately RMB30.26 billion, representing a growth rate of approximately 11.8% as compared to last year;
- Cash balance of the Group as at 31 December 2020 was approximately RMB132.65 billion;
- Net gearing ratio<sup>2</sup> of the Group as at 31 December 2020 was approximately 96.0%, representing a decrease of approximately 76.3 percentage points as compared to the end of last year;

- Non-restricted cash to current borrowings ratio<sup>3</sup> of the Group as at 31 December 2020 was approximately 1.08, representing an increase of approximately 0.51 as compared to the end of last year;
- Liabilities to assets ratio after excluding receipts in advance<sup>4</sup> of the Group as at 31 December 2020 was approximately 78.3%, representing a decrease of approximately 5.6 percentage points as compared to the end of last year; and
- The Board proposed to declare a final dividend of RMB1.650 per share for the year ended 31 December 2020, representing an increase of approximately 33.9% as compared to last year.

*Notes:*

1. *Core net profit refers to profit attributable to owners of the Company, after excluding the impact of gains from business combination and its effect on fair value adjustments, gain or loss on changes in fair value of financial assets, derivative financial instruments and investment properties, exchange gain or loss and charitable donations.*
2. *Net gearing ratio is calculated by dividing total borrowings (including current and long-term borrowings) minus cash balances (including restricted cash) by total equity.*
3. *Non-restricted cash to current borrowings ratio is calculated by dividing cash and cash equivalents by current borrowings.*
4. *Liabilities to assets ratio after excluding receipts in advance is calculated by dividing total liabilities minus receipts in advance (including contract liabilities and relevant value-added tax) by total assets minus receipts in advance (including contract liabilities and relevant value-added tax).*

The board (the “Board”) of directors (the “Directors”) of Sunac China Holdings Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2020 with comparative figures for the year ended 31 December 2019, as follows:

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 DECEMBER 2020*

	<i>Note</i>	<b>Year ended 31 December</b>	
		<b>2020</b>	<b>2019</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Revenue	3	<b>230,587,337</b>	169,316,010
Cost of sales	9	<b>(182,183,976)</b>	(127,909,685)
<b>Gross profit</b>		<b>48,403,361</b>	41,406,325
Other income and gains	10	<b>19,791,110</b>	14,187,962
Selling and marketing costs	9	<b>(8,044,455)</b>	(6,166,473)
Administrative expenses	9	<b>(8,474,388)</b>	(8,286,551)
Other expenses and losses	11	<b>(2,196,658)</b>	(1,222,133)
Net impairment losses on financial and contract assets		<b>(235,056)</b>	(1,894,122)
<b>Operating profit</b>		<b>49,243,914</b>	38,025,008
Finance income	12	<b>5,452,162</b>	1,183,244
Finance expenses	12	<b>(1,160,669)</b>	(4,808,250)
Finance income/(expenses) – net		<b>4,291,493</b>	(3,625,006)
Share of post-tax profits of associates and joint ventures accounted for using the equity method, net	4	<b>4,000,018</b>	8,146,321
<b>Profit before income tax</b>		<b>57,535,425</b>	42,546,323
Income tax expense	13	<b>(17,985,996)</b>	(14,390,265)
<b>Profit for the year</b>		<b>39,549,429</b>	28,156,058
<b>Other comprehensive income for the year</b>		<b>–</b>	<b>–</b>
<b>Total comprehensive income for the year</b>		<b>39,549,429</b>	28,156,058

		<b>Year ended 31 December</b>	
	<i>Note</i>	<b>2020</b>	2019
		<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Total comprehensive income attributable to:</b>			
– Owners of the Company		<b>35,643,778</b>	26,027,505
– Holders of perpetual capital securities		<b>206,256</b>	319,010
– Other non-controlling interests		<b>3,699,395</b>	1,809,543
		<b><u>39,549,429</u></b>	<u>28,156,058</u>
<b>Earnings per share attributable to owners of the Company (expressed in RMB per share):</b>			
	<i>14</i>		
– Basic earnings per share		<b><u>7.82</u></b>	<u>5.99</u>
– Diluted earnings per share		<b><u>7.74</u></b>	<u>5.92</u>
<b>Dividends</b>	<i>15</i>	<b><u>7,694,257</u></b>	<u>5,726,051</u>

## CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2020

		As at 31 December	
	Note	2020	2019
		RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		85,741,042	70,101,779
Investment properties		28,933,847	26,845,510
Right-of-use assets		16,395,822	14,918,041
Intangible assets		9,134,838	7,667,411
Deferred tax assets		12,237,271	8,585,312
Investments accounted for using the equity method	4	86,543,135	88,994,292
Financial assets at fair value through profit or loss		27,923,387	15,588,783
Other receivables	5	54,000	48,000
Prepayments	6	6,503,350	3,018,098
Derivative financial instruments		–	31,629
Amounts due from related companies		–	170,000
		<u>273,466,692</u>	<u>235,968,855</u>
<b>Current assets</b>			
Properties under development		504,147,025	426,783,378
Completed properties held for sale		64,536,564	55,189,210
Inventories		775,381	490,307
Trade and other receivables	5	61,000,686	47,154,324
Contract related assets		3,840,346	2,059,897
Amounts due from related companies		38,928,928	40,688,593
Prepayments	6	16,842,720	14,662,840
Prepaid income tax		8,761,882	7,320,149
Financial assets at fair value through profit or loss		3,458,725	200,000
Restricted cash		33,935,611	47,787,028
Cash and cash equivalents		98,710,644	77,943,661
Assets classified as held for sale		–	4,401,000
		<u>834,938,512</u>	<u>724,680,387</u>
<b>Total assets</b>		<u><b>1,108,405,204</b></u>	<u><b>960,649,242</b></u>

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2020</b>	2019
		<b>RMB'000</b>	<b>RMB'000</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>400,938</b>	382,339
Other reserves		<b>28,025,584</b>	17,510,617
Retained earnings		<b>97,200,984</b>	65,180,292
		<b>125,627,506</b>	83,073,248
Perpetual capital securities		–	2,789,505
Other non-controlling interests		<b>52,202,977</b>	28,231,491
<b>Total equity</b>		<b>177,830,483</b>	114,094,244
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	8	<b>211,831,470</b>	186,542,102
Derivative financial instruments		<b>196,883</b>	14,358
Lease liabilities		<b>447,794</b>	436,848
Deferred tax liabilities		<b>33,878,924</b>	38,534,748
Other payables	7	<b>304,205</b>	145,727
		<b>246,659,276</b>	225,673,783
<b>Current liabilities</b>			
Trade and other payables	7	<b>202,075,006</b>	147,133,931
Contract liabilities		<b>273,759,529</b>	240,818,329
Amounts due to related companies		<b>68,896,873</b>	58,933,995
Current tax liabilities		<b>47,285,517</b>	37,323,267
Borrowings	8	<b>91,607,425</b>	135,732,857
Lease liabilities		<b>212,051</b>	176,499
Derivative financial instruments		<b>23,336</b>	–
Provisions		<b>55,708</b>	762,337
		<b>683,915,445</b>	620,881,215
<b>Total liabilities</b>		<b>930,574,721</b>	846,554,998
<b>Total equity and liabilities</b>		<b>1,108,405,204</b>	960,649,242

## NOTES

### 1 GENERAL INFORMATION

Sunac China Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the businesses of property development and investment, cultural and tourism city construction and operation, property management services and other services in the People’s Republic of China (the “PRC”).

The Company is a limited liability company incorporated in Cayman Islands. The address of its original registered office was 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands. With effect from 1 February 2021, the address of registered office has been changed to One Nexus Way, Camana Bay, Grand Cayman KY1-9005, Cayman Islands.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

These financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### (i) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and requirements of the Hong Kong Companies Ordinance Cap. 622.

#### (ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (“FVPL”), derivative financial instruments and investment properties that are measured at fair value.

#### (iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2020:

- *Definition of Material – Amendments to HKAS 1 and HKAS 8,*
- *Interest Rate Benchmark Reform – Amendments to HKFRS 9, HKAS 39 and HKFRS 7, and*
- *Revised Conceptual Framework for Financial Reporting*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

The Group has early adopted *Amendment to HKFRS 16 – Covid-19-Related Rent Concessions* retrospectively from 1 January 2020. The amendment provides an optional practical expedient allowing lessees to elect not to assess whether a rent concession related to Covid-19 is a lease modification. Lessees adopting this election may account for qualifying rent concessions in the same way as they would if they were not lease modifications. The practical expedient only applies to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if all of the following conditions are met: a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; b. any reduction in lease payments affects only payments due on or before 30 June 2021; and c. there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient to all qualifying Covid-19-related rent concessions. There is no significant impact on the amounts recognised in current year's profit or loss and opening balance of equity at 1 January 2020.

**(iv) New standards and interpretations not yet adopted**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

	<b>Effective for the financial year beginning on or after</b>
<i>Interest Rate Benchmark Reform – Phase 2 – Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Reference to the Conceptual Framework – Amendments to HKFRS 3</i>	1 January 2021
<i>Property, Plant and Equipment: Proceeds before intended use – Amendments to HKAS 16</i>	1 January 2022
<i>Onerous contracts – costs of fulfilling a contract – Amendments to HKAS 37</i>	1 January 2022
<i>Annual improvements to HKFRSs Standards 2018-2020</i>	1 January 2022
<i>Merger Accounting for Common Control Combination – Revised Accounting Guideline 5</i>	1 January 2022
<i>Classification of liabilities as current or non-current – Amendments to HKAS 1</i>	1 January 2023
<i>Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause – Hong Kong Interpretation 5 (2020)</i>	1 January 2023
<i>Insurance contracts – HKFRS 17</i>	1 January 2023
<i>Sale or contribution of assets between an investor and its associate or joint ventures – Amendments to HKFRS 10 and HKAS 28</i>	To be determined



### 3 SEGMENT INFORMATION

The executive directors of the Company review the Group's internal reporting in order to assess performance and allocate resources of the Group. The executive directors of the Company have determined the operating segments based on these reports.

The executive directors assess the performance of the Group organised as follows:

- Property development
- Cultural and tourism city construction and operation
- Property management
- All other segments

In 2020, the Group spun-off Sunac Services Holdings Limited ("Sunac Services"), its operating segment of property management services, to be separately listed on the Stock Exchange. The executive directors assess the performance of property management segment as a new independent reportable segment and the segment information of 2019 was restated correspondingly.

Other segments mainly include office building rentals and fitting and decoration services. The results of these operations are included in the "all other segments" column.

The performance of above reportable segments is assessed based on a measure of profit before depreciation and amortisation, interest expenses and income tax expenses, defined as segment results. The segment results exclude the fair value gains or losses on financial assets at FVPL and derivative financial instruments and share of profits or losses and impairment losses of certain non-core business investments accounted for using the equity method, which are managed on a central basis.

Segment assets primarily consist of all assets excluding deferred tax assets, prepaid income tax, financial assets at FVPL, derivative financial instruments, assets classified as held for sale and certain non-core business investments accounted for using the equity method, which are managed on a central basis. Segment liabilities primarily consist of all liabilities excluding deferred tax liabilities, current tax liabilities, provisions and derivative financial instruments.

The Group's revenue is mainly attributable to the market in the PRC and over 90% of the Group's non-current assets are located in the PRC. No geographical information is therefore presented.

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

The segment results are as follows:

	Year ended 31 December 2020				
	Property development	Cultural and tourism city construction and operation	Property management	All other segments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total segment revenue	218,883,813	3,879,005	4,622,509	23,103,248	250,488,575
<i>Recognised at a point in time</i>	166,641,894	1,437,110	305,210	–	168,384,214
<i>Recognised over time</i>	52,241,919	2,441,895	4,317,299	23,103,248	82,104,361
Inter-segment revenue	–	–	(1,286,044)	(18,615,194)	(19,901,238)
<b>Revenue from external customers</b>	<b>218,883,813</b>	<b>3,879,005</b>	<b>3,336,465</b>	<b>4,488,054</b>	<b>230,587,337</b>
<b>Segment gross profit</b>	<b>46,161,674</b>	<b>1,630,198</b>	<b>908,281</b>	<b>1,507,445</b>	<b>50,207,598</b>
Net impairment losses on financial and contract assets	(220,102)	–	(14,954)	–	(235,056)
Net fair value losses on investment properties	–	(176,250)	–	(409,638)	(585,888)
Interest income	4,479,021	–	–	–	4,479,021
Finance income	5,441,692	–	10,470	–	5,452,162
Share of post-tax profits of associates and joint ventures accounted for using the equity method, net	3,905,197	26,193	8,573	60,055	4,000,018
<b>Segment results</b>	<b>50,652,110</b>	<b>376,432</b>	<b>494,532</b>	<b>490,133</b>	<b>52,013,207</b>
<b>Other information</b>					
Capital expenditure	2,072,766	18,780,485	87,127	897,851	21,838,229

As at 31 December 2020

	Property development <i>RMB'000</i>	Cultural and tourism city construction and operation <i>RMB'000</i>	Property management <i>RMB'000</i>	All other segments <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Total segment assets</b>	<b>876,757,138</b>	<b>125,071,155</b>	<b>11,819,376</b>	<b>42,376,270</b>	<b>1,056,023,939</b>
Investments accounted for using the equity method	<b>85,931,973</b>	<b>177,632</b>	<b>58,263</b>	<b>375,267</b>	<b>86,543,135</b>
<b>Total segment liabilities</b>	<b>797,822,173</b>	<b>26,996,446</b>	<b>2,793,931</b>	<b>21,577,511</b>	<b>849,190,061</b>
Year ended 31 December 2019 (restated)					
	Property development <i>RMB'000</i>	Cultural and tourism city construction and operation <i>RMB'000</i>	Property management <i>RMB'000</i>	All other segments <i>RMB'000</i>	Total <i>RMB'000</i>
Total segment revenue	159,470,451	2,852,522	2,827,374	16,470,050	181,620,397
<i>Recognised at a point in time</i>	114,745,997	1,120,711	253,745	–	116,120,453
<i>Recognised over time</i>	44,724,454	1,731,811	2,573,629	16,470,050	65,499,944
Inter-segment revenue	–	–	(1,002,791)	(11,301,596)	(12,304,387)
<b>Revenue from external customers</b>	<b>159,470,451</b>	<b>2,852,522</b>	<b>1,824,583</b>	<b>5,168,454</b>	<b>169,316,010</b>
<b>Segment gross profit</b>	<b>38,730,174</b>	<b>1,215,850</b>	<b>419,267</b>	<b>2,135,343</b>	<b>42,500,634</b>
Net impairment losses on financial and contract assets	(212,155)	–	(2,759)	–	(214,914)
Net fair value gains on investment properties	5,285	1,229,874	–	–	1,235,159
Interest income	4,835,206	–	–	–	4,835,206
Finance income	1,177,407	–	1,365	4,472	1,183,244
Share of post-tax profits/(losses) of associates and joint ventures accounted for using the equity method, net	8,434,875	–	1,289	(138,337)	8,297,827
<b>Segment results</b>	<b>48,384,414</b>	<b>1,382,544</b>	<b>64,780</b>	<b>1,007,155</b>	<b>50,838,893</b>
<b>Other information</b>					
Capital expenditure	981,796	22,298,358	28,782	2,000,525	25,309,461

As at 31 December 2019 (restated)

	Property development <i>RMB'000</i>	Cultural and tourism city construction and operation <i>RMB'000</i>	Property management <i>RMB'000</i>	All other segments <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Total segment assets</b>	<u>788,834,530</u>	<u>100,117,656</u>	<u>1,724,160</u>	<u>33,676,023</u>	<u>924,352,369</u>
Investments accounted for using the equity method	<u>88,575,679</u>	<u>166,584</u>	<u>2,672</u>	<u>249,357</u>	<u>88,994,292</u>
Total segment liabilities	<u>724,874,620</u>	<u>22,470,962</u>	<u>1,451,902</u>	<u>21,316,039</u>	<u>770,113,523</u>

Reportable segment results are reconciled to total profit for the year as follows:

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Total segment results	<b>52,013,207</b>	50,838,893
Net impairment losses on financial and contract assets	–	(1,679,208)
Depreciation and amortisation	<b>(2,726,127)</b>	(1,821,133)
Finance expenses	<b>(1,160,669)</b>	(4,808,250)
Other income and gains	<b>9,656,342</b>	934,768
Other expenses and losses	<b>(247,328)</b>	(767,241)
Share of losses of investments accounted for using the equity method, net	–	(151,506)
Income tax expenses	<b>(17,985,996)</b>	(14,390,265)
<b>Profit for the year</b>	<b><u>39,549,429</u></b>	<u>28,156,058</u>

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	<b>31 December</b> <b>2020</b> <i>RMB'000</i>	31 December 2019 <i>RMB'000</i>
Total segment assets	<b>1,056,023,939</b>	924,352,369
Deferred tax assets	<b>12,237,271</b>	8,585,312
Other assets	<b>40,143,994</b>	27,711,561
<b>Total assets</b>	<b><u>1,108,405,204</u></b>	<u>960,649,242</u>
Total segment liabilities	<b>849,190,061</b>	770,113,523
Deferred tax liabilities	<b>33,878,924</b>	38,534,748
Other liabilities	<b>47,505,736</b>	37,906,727
<b>Total liabilities</b>	<b><u>930,574,721</u></b>	<u>846,554,998</u>

#### 4 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the balance sheet are as follows:

	<b>31 December 2020</b>	31 December 2019
	<i>RMB'000</i>	<i>RMB'000</i>
Joint ventures	<b>64,478,669</b>	60,049,425
Associates	<b>22,064,466</b>	28,944,867
	<b><u>86,543,135</u></b>	<u>88,994,292</u>

The share of profits from investments accounted for using the equity method recognised in the income statement were as follows:

	<b>2020</b>	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Share of profits of joint ventures	<b>3,319,803</b>	6,248,302
Share of profits of associates	<b>680,215</b>	1,735,221
Gains from acquisitions of joint ventures	–	162,798
	<b><u>4,000,018</u></b>	<u>8,146,321</u>

##### 4.1 Investments in joint ventures

An analysis of the movement of equity investments in joint ventures is as follows:

	<b>2020</b>	2019
	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year	<b>60,049,425</b>	40,009,448
Increasing:		
– New investments in joint ventures	<b>13,549,741</b>	27,285,847
– Subsidiaries becoming joint ventures	<b>382,179</b>	–
– Acquisition from business combination	<b>26,099</b>	169,221
Decreasing:		
– Disposal and capital decreasing of joint ventures	<b>(2,315,564)</b>	(3,575,422)
– Joint ventures becoming subsidiaries on business combination	–	(1,514,622)
– Impact on assets acquisition transactions	<b>(4,971,562)</b>	(5,107,786)
Share of profits of joint ventures, net	<b>3,319,803</b>	6,248,302
Dividends from joint ventures	<b>(5,561,452)</b>	(3,465,563)
At end of year	<b><u>64,478,669</u></b>	<u>60,049,425</u>

## 4.2 Investments in associates

An analysis of the movement of equity investments in associates is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
At beginning of year	28,944,867	25,487,378
Increasing:		
– New investments in associates	4,002,534	2,570,139
– Subsidiaries becoming associates	–	263,259
– Acquisition from business combination	21,099	3,389,160
Decreasing:		
– Disposal and capital decreasing of associates	(10,208,026)	(1,427,786)
– Associates becoming subsidiaries on business combination	–	(1,585,585)
Impairment provisions for investments in associates	–	(766,475)
Share of profits of associates, net	680,215	1,735,221
Dividends from associates	(1,376,223)	(720,444)
At end of year	<u>22,064,466</u>	<u>28,944,867</u>

## 5 TRADE AND OTHER RECEIVABLES

	31 December 2020 <i>RMB'000</i>	31 December 2019 <i>RMB'000</i>
Non-current –		
Amounts due from construction customers (i)	48,000	48,000
Other receivables (iv)	6,000	–
	<u>54,000</u>	<u>48,000</u>
Current –		
Trade receivables from contracts with customers (ii)	2,790,035	1,701,056
Amounts due from non-controlling interests and their related parties (iii)	32,804,732	17,831,141
Notes receivables	29,734	75,265
Deposits receivables	9,470,270	10,853,804
Other receivables (iv)	16,459,435	17,045,590
	<u>61,554,206</u>	<u>47,506,856</u>
Less: loss allowance	(553,520)	(352,532)
	<u>61,000,686</u>	<u>47,154,324</u>

As at 31 December 2020 and 2019, the carrying amounts of the Group's trade and other receivables were all denominated in RMB.

Notes:

- (i) The balance carries interest rate at 8% per annum and is repayable within five years.
- (ii) Trade receivables mainly arise from sales of properties and rendering of property management services. The consideration in respect of sales of properties is paid by customers in accordance with the credit terms agreed in the property sale contracts. Property management services income is received in accordance with the term of the relevant property service agreements and is due for payment upon rendering of service. The ageing analysis of trade receivables based on dates of delivery of goods and dates of rendering of services is as follows:

	<b>31 December 2020 RMB'000</b>	31 December 2019 RMB'000
Within 90 days	<b>1,540,308</b>	1,126,438
91–180 days	<b>54,492</b>	12,517
181–365 days	<b>377,650</b>	211,952
Over 365 days	<b>817,585</b>	350,149
	<b><u>2,790,035</u></b>	<b><u>1,701,056</u></b>

- (iii) The amounts due from non-controlling interests and their related parties are unsecured, interest free and have no fixed repayment terms.
- (iv) Other receivables mainly included the cash advance for land use rights acquisition, payments on behalf of customers, interest receivables and amounts due from equity investment partners.

## 6 PREPAYMENTS

	<b>31 December 2020 RMB'000</b>	31 December 2019 RMB'000
Non-current –		
Prepayments for equity transactions	<b>6,458,240</b>	2,977,824
Prepayments for purchase of property, plant and equipment	<b>45,110</b>	40,274
	<b><u>6,503,350</u></b>	<b><u>3,018,098</u></b>
Current –		
Prepaid value added taxes and other taxes	<b>3,613,616</b>	2,189,970
Prepayments for land use rights acquisitions	<b>11,039,614</b>	10,202,070
Prepayments for construction costs	<b>1,218,431</b>	1,269,574
Others	<b>971,059</b>	1,001,226
	<b><u>16,842,720</u></b>	<b><u>14,662,840</u></b>

As at 31 December 2020 and 2019, the carrying amounts of the Group's prepayments were all denominated in RMB.

## 7 TRADE AND OTHER PAYABLES

	<b>31 December 2020</b>	31 December 2019
	<i>RMB'000</i>	<i>RMB'000</i>
Non-current –		
Un-paid considerations for acquisition of equity investments	<b>169,624</b>	–
Other payables (iii)	<b>134,581</b>	145,727
	<b>304,205</b>	145,727
Current –		
Trade payables (i)	<b>100,532,085</b>	71,706,023
Un-paid considerations for acquisition of equity investments	<b>7,108,469</b>	17,760,374
Amounts due to non-controlling interests and their related parties (ii)	<b>13,630,355</b>	6,707,954
Notes payables	<b>22,765,780</b>	11,245,291
Other taxes payable	<b>5,203,316</b>	3,275,245
Interests payable	<b>3,865,838</b>	4,013,493
Payroll and welfare payables	<b>3,807,306</b>	3,126,948
Other payables (iii)	<b>45,161,857</b>	29,298,603
	<b>202,075,006</b>	147,133,931

### Note:

- (i) At 31 December 2020, the ageing analysis of trade payables is performed based on the date of the liability recognition on accrual basis. The ageing analysis of the Group's trade payables is as follows:

	<b>31 December 2020</b>	31 December 2019
	<i>RMB'000</i>	<i>RMB'000</i>
Within 90 days	<b>43,914,917</b>	27,549,468
91 – 180 days	<b>17,504,436</b>	10,212,645
181 – 365 days	<b>17,375,621</b>	15,718,047
Over 365 days	<b>21,737,111</b>	18,225,863
	<b>100,532,085</b>	71,706,023

- (ii) The amounts due to non-controlling interests and their related parties are unsecured, interest free and repayable on demand.
- (iii) As at 31 December 2020, other payables mainly included value-added tax relevant to pre-sale of properties amounted to RMB13,848 million (as at 31 December 2019: RMB12,171 million). Beside this, the residual amounts mainly included deposits from customers, deed tax and maintenance funds received and paid on behalf of customers and cash advanced from potential equity investment partners.



## 8 BORROWINGS

	<b>31 December 2020 RMB'000</b>	31 December 2019 RMB'000
<b>Non-current</b>		
Secured,		
– Bank and other institution borrowings	<b>214,597,482</b>	214,090,958
– Senior notes	<b>47,072,708</b>	44,838,865
	<b>261,670,190</b>	258,929,823
Unsecured,		
– Bank and other institution borrowings	<b>1,949,050</b>	100,000
– Corporate bonds	<b>11,265,506</b>	7,818,085
– Private domestic corporate bonds	<b>15,391,031</b>	16,969,539
	<b>28,605,587</b>	24,887,624
	<b>290,275,777</b>	283,817,447
Less: Current portion of non-current borrowings	<b>(78,444,307)</b>	(97,275,345)
	<b>211,831,470</b>	186,542,102
<b>Current</b>		
Secured,		
– Bank and other institution borrowings	<b>12,668,110</b>	37,847,612
Unsecured,		
– Bank and other institution borrowings	<b>495,008</b>	609,900
	<b>13,163,118</b>	38,457,512
Current portion of non-current borrowings	<b>78,444,307</b>	97,275,345
	<b>91,607,425</b>	135,732,857
Total borrowings	<b>303,438,895</b>	322,274,959

## 9 EXPENSES BY NATURE

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Costs of properties sold	<b>168,573,083</b>	118,521,462
Value-added tax surcharges	<b>1,043,373</b>	1,151,269
Staff costs	<b>7,591,589</b>	6,832,377
Provision for impairment of properties	<b>3,180,072</b>	1,069,546
Net impairment losses on financial and contract assets	<b>235,056</b>	1,894,122
Advertisement and promotion costs	<b>4,397,741</b>	3,196,231
Professional service expenses	<b>872,251</b>	1,104,436
Depreciation and amortisation*	<b>2,726,127</b>	1,821,133
Auditors' remunerations		
– Audit services	<b>22,000</b>	22,000
– Non-audit services	<b>2,000</b>	2,700
	<b><u>                    </u></b>	<b><u>                    </u></b>

\* Depreciation and amortisation expense of RMB1,804 million (2019: RMB1,098 million) has been charged to “cost of sales”.

## 10 OTHER INCOME AND GAINS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Net fair value gains on financial assets at FVPL	<b>9,656,342</b>	780,859
Interest income	<b>4,479,021</b>	4,835,206
Net gains from disposal of joint ventures and associates	<b>2,578,243</b>	14,494
Gains from business combination	<b>616,384</b>	4,612,713
Fair value gains on derivative financial instruments	–	50,446
Net fair value gains on investment properties	–	1,235,159
Others	<b>2,461,120</b>	2,659,085
	<b><u>19,791,110</u></b>	<b><u>14,187,962</u></b>

## 11 OTHER EXPENSES AND LOSSES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Net fair value losses on investment properties	<b>585,888</b>	–
Donations	<b>452,174</b>	46,220
Fair value losses on derivative financial instruments	<b>247,328</b>	68,426
Impairment provisions for goodwill	<b>137,394</b>	58,337
Losses from disposals of subsidiaries	<b>32,504</b>	–
Impairment provisions for investments in associates	–	766,475
Others	<b>741,370</b>	282,675
	<b><u>2,196,658</u></b>	<b><u>1,222,133</u></b>

## 12 FINANCE INCOME AND EXPENSES

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Finance expenses:		
Interest expenses	<b>28,898,895</b>	25,955,887
Interest expenses for lease liabilities	<b>63,378</b>	61,391
Less: capitalised finance costs	<b>(27,801,604)</b>	(22,087,063)
	<b>1,160,669</b>	3,930,215
Net exchange losses	–	878,035
	<b>1,160,669</b>	4,808,250
Finance income:		
Interest income on bank deposits	<b>(1,287,797)</b>	(1,183,244)
Net exchange gains	<b>(4,164,365)</b>	–
	<b>(5,452,162)</b>	(1,183,244)
	<b>(4,291,493)</b>	3,625,006

## 13 INCOME TAX EXPENSES

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Corporate income tax		
<i>Current income tax</i>	<b>13,405,071</b>	13,696,078
<i>Deferred income tax</i>		
– Increase in deferred tax assets	<b>(2,792,921)</b>	(5,103,209)
– Increase/(decrease) in deferred tax liabilities	<b>238,593</b>	(1,403,390)
	<b>10,850,743</b>	7,189,479
Land appreciation tax	<b>7,135,253</b>	7,200,786
	<b>17,985,996</b>	14,390,265

## 14 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted-average number of ordinary shares in issue during the year, excluding shares purchased for share award scheme.

	2020	2019
Profit attributable to owners of the Company (RMB'000)	<u>35,643,778</u>	<u>26,027,505</u>
Weighted-average number of ordinary shares in issue (thousand)	4,646,371	4,433,303
Adjusted for purchase of shares for share award scheme (thousand)	<u>(89,981)</u>	<u>(87,891)</u>
Weighted-average number of ordinary shares for basic earnings per share (thousand)	<u><u>4,556,390</u></u>	<u><u>4,345,412</u></u>

### (b) Diluted

Diluted earnings per share are calculated by adjusting the weighted-average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	2020	2019
Profit attributable to owners of the Company (RMB'000)	<u>35,643,778</u>	<u>26,027,505</u>
Weighted-average number of ordinary shares in issue (thousand)	4,646,371	4,433,303
Adjusted for purchase of shares for share award scheme (thousand)	<u>(89,981)</u>	<u>(87,891)</u>
Adjusted for share options and awarded shares (thousand)	<u>46,935</u>	<u>54,139</u>
Weighted-average number of ordinary shares for diluted earnings per share (thousand)	<u><u>4,603,325</u></u>	<u><u>4,399,551</u></u>

## 15 DIVIDENDS

### (a) Final dividends

The dividends paid in 2020 and 2019 were RMB5,726 million (RMB1.232 per share) and RMB3,645 million (RMB0.827 per share) respectively. A dividend in respect of the year ended 31 December 2020 of RMB1.650 per share, amounting to RMB7.694 billion, will be proposed at the upcoming annual general meeting of the Company, where the number of shares used for dividend calculation is the balance of the issued ordinary shares as at 31 December 2020. These financial statements did not reflect this dividend payable.

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Proposed final dividend of RMB1.650 (2019: RMB1.232) per ordinary share	<u>7,694,257</u>	<u>5,726,051</u>

### (b) Special dividends

On 26 October 2020, the board of directors of the Company announced the declaration of a special dividend to be satisfied by way of a distribution in specie of 150,000,000 ordinary shares of Sunac Services, a wholly owned subsidiary of the Group before such distribution in specie, to qualifying shareholders of the Company in proportion to their respective shareholding interest in the Company as at 5 November 2020.

## 16 EVENTS AFTER THE BALANCE SHEET DATE

### (a) Issuance of senior notes

On 26 January 2021, the Company issued US\$600 million 5.95% senior notes due 2024 (the "2024 Senior Notes") and US\$500 million 6.5% senior notes due 2026 (the "2026 Senior Notes") on the Singapore Exchange Securities Trading Limited ("SEST"). The 2024 Senior Notes bear interest from and including 26 January 2021 at the rate of 5.95% per annum, payable semi-annually in arrears on 26 April and 26 October of each year, except that the first payment of interest, to be made on 26 October 2021, will be in respect of the period from and including 26 January 2021 to (but excluding) 26 October 2021. The 2026 Senior Notes will bear interest from and including 26 January 2021 at the rate of 6.5% per annum, payable semi-annually in arrears on 26 January and 26 July of each year, commencing on 26 July 2021.

On 2 March 2021, the Company issued an additional US\$342 million 5.95% senior notes due 2024, with an effective rate of 5.85% (consolidated with the US\$600 million 5.95% senior notes due 2024 to form a single series) and an additional US\$210 million 6.5% senior notes due 2025, with an effective rate of 6.3% (consolidated with the US\$540 million 6.5% senior notes due 2025 to form a single series) on the SEST.

### (b) Redemption in full of senior notes due 2022

On 22 January 2021, the Company announced to redeem the outstanding balance of the US\$800 million 7.875% senior notes due on 15 February 2022 in full on 21 February 2021 (the "Redemption Date") at a redemption price equal to 102.0% of the principal amount thereof, plus accrued and unpaid interest to (but not including) the Redemption Date. The Company cancelled the notes early redeemed in accordance with the terms of the notes and indentures.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Review

#### 1 REVENUE

For the year ended 31 December 2020, most of the Group's revenue came from sales of residential and commercial properties business, with a small proportion of revenue from cultural and tourism city construction and operation, property management and other businesses.

As at 31 December 2020, the Group's real estate development business achieved its national layout in tier-1 cities, tier-2 cities and strong tier-3 cities in China, which are divided into 7 major regions for management, namely the Beijing region (including Beijing, Ji'nan and Qingdao, etc.), North China region (including Tianjin, Zhengzhou and Xi'an, etc.), Shanghai region (including Shanghai, Nanjing and Suzhou, etc.), Southwestern China region (including Chongqing, Chengdu and Kunming, etc.), Southeastern China region (including Hangzhou, Xiamen and Hefei, etc.), Central China region (including Wuhan, Changsha and Nanchang, etc.) and South China region (including Guangzhou, Shenzhen and Sanya, etc.).

Total revenue of the Group for the year ended 31 December 2020 amounted to RMB230.59 billion, representing an increase of 36.2% compared with the total revenue of RMB169.32 billion for the year ended 31 December 2019.

For the year ended 31 December 2020, the total revenue of the Group and its joint ventures and associates was RMB381.01 billion, representing an increase of RMB87.32 billion (approximately 29.7%) as compared with the total revenue of RMB293.69 billion for the year ended 31 December 2019, of which RMB271.98 billion was attributable to owners of the Company, representing an increase of RMB48.09 billion (approximately 21.5%) as compared to RMB223.89 billion for the year ended 31 December 2019.

The following table sets forth certain details of the revenue:

	Year ended 31 December			
	2020		2019	
	<i>RMB billion</i>	%	<i>RMB billion</i>	%
Revenue from sales of properties	<b>218.88</b>	<b>94.9%</b>	159.47	94.2%
Cultural and tourism city construction and operation income	<b>3.88</b>	<b>1.7%</b>	2.85	1.7%
Property management income	<b>3.34</b>	<b>1.5%</b>	1.82	1.1%
Revenue from other business	<b>4.49</b>	<b>1.9%</b>	5.18	3.0%
Total	<b><u>230.59</u></b>	<b><u>100.0%</u></b>	<u>169.32</u>	<u>100.0%</u>
Total gross floor area delivered during the year ( <i>in million sq.m.</i> )	<b>18.186</b>		12.001	

For the year ended 31 December 2020, revenue from sales of properties increased by RMB59.41 billion (approximately 37.3%) as compared with that for the year ended 31 December 2019. Total area of delivered properties increased by 6.185 million square meters (“sq.m.”) (approximately 51.5%) as compared with that for the year ended 31 December 2019, mainly due to continuous increase in business scale of the Group’s sales of properties, of which the delivered areas of property projects sold in various areas for the year ended 31 December 2020 increased significantly as compared with that for the year ended 31 December 2019.

## 2 COST OF SALES

Cost of sales mainly includes the Group’s costs incurred in respect of properties sold in the direct property development business.

For the year ended 31 December 2020, the Group’s cost of sales was RMB182.18 billion, representing an increase of RMB54.27 billion (approximately 42.4%) as compared to the cost of sales of RMB127.91 billion for the year ended 31 December 2019. Increase in cost of sales was mainly due to increase in area of delivered properties.

### **3 GROSS PROFIT**

For the year ended 31 December 2020, the Group's gross profit was RMB48.40 billion, which was RMB6.99 billion (approximately 16.9%) higher than the gross profit of RMB41.41 billion for the year ended 31 December 2019. Increase in gross profit was mainly due to increased sales revenue of the Group.

For the year ended 31 December 2020, the Group's gross profit margin was 21.0%, representing a decrease as compared to 24.5% for the year ended 31 December 2019.

For the year ended 31 December 2020, the adjustments of revaluation surplus related to gains from business combination for the properties acquired led to the reduction of the Group's gross profit in the amount of RMB12.79 billion. The Group's gross profit would have been RMB61.19 billion and gross profit margin would have been 26.5% for the year ended 31 December 2020 without taking into account such impact.

For the year ended 31 December 2020, total gross profit of the Group and its joint ventures and associates was RMB73.49 billion, with a gross profit margin of 19.3%, of which RMB56.50 billion was gross profit attributable to owners of the Company. For the year ended 31 December 2019, total gross profit of the Group and its joint ventures and associates was RMB73.79 billion, with a gross profit margin of 25.1%, of which RMB56.92 billion was gross profit attributable to owners of the Company.

### **4 SELLING AND MARKETING COSTS AND ADMINISTRATIVE EXPENSES**

The Group's selling and marketing costs increased by 30.3% from RMB6.17 billion for the year ended 31 December 2019 to RMB8.04 billion for the year ended 31 December 2020. The Group's administrative expenses increased by 2.2% from RMB8.29 billion for the year ended 31 December 2019 to RMB8.47 billion for the year ended 31 December 2020. The increase in sales and marketing costs and administrative expenses was mainly due to the increase in staff costs, advertising and marketing costs as a result of the continuous expansion of business scale and the increase in the number of property projects of the Group.



## **5 OTHER INCOME AND GAINS**

The Group's other income and gains increased by RMB5.60 billion from RMB14.19 billion for the year ended 31 December 2019 to RMB19.79 billion for the year ended 31 December 2020, mainly attributable to the significant increase in the fair value of the common shares of KE Holdings Inc., a company listed on the New York Stock Exchange, held by the Group and a gain before tax from the disposal of the shares of Jinke Property Group Co., Ltd. held by the Group. During the year ended 31 December 2020, the Group's other income and gains mainly included the gain on changes in fair value of financial assets of RMB9.66 billion, income on capital use fee received by the Group from joint ventures and associates of RMB4.48 billion, and gain from disposal of joint ventures and associates of RMB2.58 billion.

## **6. OPERATING PROFIT**

Concluding from the above analysis, the Group's operating profit increased by RMB11.21 billion from RMB38.03 billion for the year ended 31 December 2019 to RMB49.24 billion for the year ended 31 December 2020, mainly due to the following reasons:

- (i) gross profit increased by RMB6.99 billion;
- (ii) selling and marketing costs and administrative expenses increased by RMB2.05 billion; and
- (iii) other income and gains increased by RMB5.60 billion, other expenses and losses increased by RMB0.98 billion and net impairment losses on financial and contract assets decreased by RMB1.65 billion.

## **7 FINANCE INCOME AND EXPENSES**

The Group's finance income increased by RMB4.27 billion from RMB1.18 billion for the year ended 31 December 2019 to RMB5.45 billion for the year ended 31 December 2020, and finance expenses decreased by RMB3.65 billion from RMB4.81 billion for the year ended 31 December 2019 to RMB1.16 billion for the year ended 31 December 2020 at the same time, mainly due to the following reasons:

- (i) due to the change in trend of foreign exchange rates fluctuations, the exchange gain or loss of the Group changed from a loss of RMB0.88 billion for the year ended 31 December 2019 to a gain of RMB4.16 billion for the year ended 31 December 2020; and
- (ii) the Group proactively optimised its debt structure and boosted the decline of its financing costs. For the year ended 31 December 2020, the weighted average costs of the new interest-bearing liabilities of the Group recorded a significant decline of 2.1 percentage points as compared with the year ended 31 December 2019. Although the average total borrowings of the Group increased as compared to the year ended 31 December 2019 resulting in an increase in the total interest costs of the Group, the continuous expansion of business scale, and the increase in the number of property projects under construction of the Group led to an increase in the proportion of capitalised interest to the total interest cost, and as a result, the interest expenses decreased by RMB2.77 billion to RMB1.16 billion for the year ended 31 December 2020 from RMB3.93 billion for the year ended 31 December 2019.

## **8 SHARE OF POST-TAX PROFITS OF ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING THE EQUITY METHOD, NET**

Share of post-tax profits of associates and joint ventures accounted for using the equity method, net decreased by 50.9% to RMB4.00 billion for the year ended 31 December 2020 from RMB8.15 billion for the year ended 31 December 2019, mainly due to the decrease in gross profit margin of sales of properties of the Group's joint ventures and associates as compared with the year ended 31 December 2019.

## 9 PROFITS

Profits of the Group attributable to owners of the Company increased significantly by 36.9% from RMB26.03 billion for the year ended 31 December 2019 to RMB35.64 billion for the year ended 31 December 2020. After excluding the impact of certain items such as gains from business combination and its effect on fair value adjustments, gain or loss on changes in fair value of financial assets, derivative financial instruments and investment properties, exchange gain or loss and charitable donations, profit attributable to owners of the Company (the “core net profit”, a non-GAAP financial measure) increased by 11.8% from RMB27.07 billion for the year ended 31 December 2019 to RMB30.26 billion for the year ended 31 December 2020.

The table below sets out profits attributable to the owners of the Company, the holders of perpetual capital securities and other non-controlling interests for the stated periods:

	<b>For the year ended 31 December</b>	
	<b>2020</b>	2019
	<i><b>RMB billion</b></i>	<i>RMB billion</i>
Profits during the year	<b>39.55</b>	28.16
Attributable to:		
Owners of the Company	<b>35.64</b>	26.03
Holders of perpetual capital securities	<b>0.21</b>	0.32
Other non-controlling interests	<b>3.70</b>	1.81
	<b>39.55</b>	28.16

## 10 CASH STATUS

The Group operates in a capital-intensive industry and the Group’s liquidity requirements relate to meeting its working capital requirements, funding the development of its new property projects and servicing its debt. The funding sources of the Group mainly include proceeds from the pre-sale and sale of properties, and to a lesser extent, capital contributions from shareholders, share issuances and loans.

The Group's cash balances (including restricted cash) increased to RMB132.65 billion as at 31 December 2020 from RMB125.73 billion as at 31 December 2019, of which non-restricted cash increased significantly to RMB98.71 billion as at 31 December 2020 from RMB77.94 billion as at 31 December 2019.

Increase in non-restricted cash was mainly due to:

- (i) RMB73.71 billion of net cash inflow from operating activities;
- (ii) RMB17.23 billion of net cash outflow used in investing activities; and
- (iii) RMB35.38 billion of net cash outflow used in financing activities.

Currently, the Group has sufficient operating capital and is sufficient to resist risks besides supporting business growth in the foreseeable future.

## **11 BORROWINGS AND SECURITIES**

For the year ended 31 December 2020, the Group assessed the market continuously, controlled the pace of its land acquisition and supported its operation and development with releasing operating cash flows. As a result, its total borrowings were well managed, decreasing from RMB322.27 billion as at 31 December 2019 to RMB303.44 billion as at 31 December 2020.

As at 31 December 2020, RMB274.34 billion (as at 31 December 2019: RMB296.78 billion) of the Group's total borrowings were secured or jointly secured by the Group's restricted cash, properties under development, completed properties held for sale, etc. (total amount was RMB215.46 billion (as at 31 December 2019: RMB267.12 billion)) and equities of certain of the Group's subsidiaries (including those legally transferred as collateral).

## **12 NON-RESTRICTED CASH TO CURRENT BORROWINGS RATIO AND GEARING RATIO**

Non-restricted cash to current borrowings ratio is calculated by dividing cash and cash equivalents by current borrowings. As at 31 December 2020, the Group's non-restricted cash to current borrowings ratio was 1.08, representing a significant increase of 0.51 as compared to that as at 31 December 2019.

Net gearing ratio is calculated by dividing total borrowings (including current and long-term borrowings) minus cash balances (including restricted cash) by total equity. As at 31 December 2020, the Group's net gearing ratio was 96.0%, representing a significant decrease of 76.3 percentage points as compared to that as at 31 December 2019.

Liabilities to assets ratio after excluding receipts in advance is calculated by dividing total liabilities minus receipts in advance (including contract liabilities and relevant value-added tax) by total assets minus receipts in advance (including contract liabilities and relevant value-added tax). As at 31 December 2020, the Group's liabilities to assets ratio after excluding receipts in advance was 78.3%, representing a decrease of 5.6 percentage points as compared to that as at 31 December 2019.

Net debt to total assets ratio is calculated by dividing the net debt by total assets. As at 31 December 2020, the Group's net debt to total assets ratio was 15.5%, representing a significant decrease as compared to 20.5% as at 31 December 2019.

Net debt to total capital ratio is calculated by dividing the net debt by total capital. Total capital is calculated by adding total equity and net debt. As at 31 December 2020, the Group's net debt to total capital ratio was 49.1%, representing a significant decrease as compared to 63.3% as at 31 December 2019.

### 13 INTEREST RATE RISK

As the Group has no material interest-bearing assets, the Group's income and operating cash flows are substantially independent from changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest-rate risk which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the Group to fair value interest-rate risk.

The table below sets out the Group's exposure to interest rate risks. Included in the table are the liabilities stated at carrying amounts, categorised by maturity dates.

	As at 31 December 2020 <i>RMB billion</i>	As at 31 December 2019 <i>RMB billion</i>
Floating interests		
Less than 12 months	<b>15.53</b>	23.58
1-5 years	<b>41.49</b>	36.62
Over 5 years	<b>10.98</b>	12.94
Subtotal	<b>68.00</b>	73.14
Fixed interests		
Less than 12 months	<b>76.08</b>	112.16
1-5 years	<b>155.13</b>	136.23
Over 5 years	<b>4.23</b>	0.74
Subtotal	<b>235.44</b>	249.13
Total	<b>303.44</b>	322.27

As at 31 December 2020, the Group has implemented certain interest rate swap arrangements to hedge its exposure to interest rate risk. The Group will continue to pay attention to interest rate swaps, consider refinancing and adjusting the financing structure and monitor its interest rate exposure on a monthly basis.

#### **14 FOREIGN EXCHANGE RISKS**

As most of the Group's operating entities are located in China, the Group operates its business mainly in RMB. Given that some of the Group's bank deposits, financial assets at fair value through profit or loss, derivative financial instruments and senior notes are denominated in US dollars or Hong Kong dollars, the Group is exposed to foreign exchange risks. For the year ended 31 December 2020, the Group recorded an exchange gain in the amount of RMB4.16 billion due to fluctuations in foreign exchange rates. However, the Group's operating cash flow and liquidity were not significantly affected by fluctuations in foreign exchange rates. The Group managed its exposure to fluctuations in foreign exchange rates through the implementation of certain foreign exchange swap arrangements, and will continue to closely monitor fluctuations in foreign exchange rates and actively take corresponding measures to minimise foreign exchange risks.

#### **15 CONTINGENT LIABILITIES**

The Group provides guarantees to banks for the mortgage loans of certain property purchasers to ensure that the purchasers perform their obligations of mortgage loan repayment. The amount of such guarantees was RMB139.14 billion as at 31 December 2020 as compared with RMB120.50 billion as at 31 December 2019. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchasers which will generally occur within an average period of six months after the properties delivery dates; or (ii) the satisfaction of mortgage loans by the purchasers of the properties. The period of guarantee provided by the Group starts from the date when the mortgage is granted.

## **Business Review and Outlook**

### **Review of 2020**

In 2020, due to the outbreak of COVID-19, global people's health and economic activities faced unprecedented shocks. The Chinese government took a series of measures to actively fight the epidemic and maintain economic stability, achieving globally eye-catching results. In 2020, the gross domestic product of China exceeded RMB100 trillion for the first time, making it the only major economy with positive growth in the world.

In 2020, the government insisted on the regulatory objectives of “houses are built to be inhabited, not for speculation” and “stabilising land prices, housing prices and expectations” for the real estate industry, and introduced the long-term regulatory mechanism of new management and control regulations featured by “Three Red Lines and Four Camps” (the “New Management and Control Regulations”). We believe that the New Management and Control Regulations will help guide the long-term, stable and healthy development of the real estate industry. The real estate sales market started to recover quickly after the epidemic was under control in the second quarter. Although the differentiation of sales market among different cities intensified significantly, the overall sales maintained steady growth throughout the year and hit a record high. During the year, the land market maintained stable in general although those in core cities remained hot with fierce competition.

In 2020, relying on the high-quality land bank with an advantageous layout and leading product capabilities, the Group's overall sales maintained steady growth. The Group and its joint ventures and associates achieved contracted sales amount of approximately RMB575.26 billion, ranking the fourth in the industry. The Group also continued to consolidate its market-leading position in core cities, and ranked the top ten in terms of sales amount in 55 cities, of which it ranked the first in 12 cities (including Hangzhou, Chongqing, Wuhan, etc.). In addition, the Group's sales amount exceeded RMB10 billion in 20 cities including Hangzhou, Chongqing, Wuhan, Shanghai, Beijing, Guangzhou, Nanjing, Suzhou, Tianjin and Qingdao, etc., of which the sales amount in Hangzhou, Chongqing and Wuhan exceeded RMB30 billion.



In 2020, the Group's prudent decisions and diversified land acquisition capabilities supported its high-quality land replenishment in core cities and the stable growth of its total land bank. The Group increased the land bank by approximately 58.77 million sq.m. and saleable resources by approximately RMB726.1 billion. As of the end of 2020, the land bank of the Group and its joint ventures and associates amounted to approximately 258 million sq.m. and the expected saleable resources of land bank amounted to approximately RMB3.1 trillion, approximately 78% of which are located in tier-1&2 cities, with the average land cost of approximately RMB4,270 per sq.m.. The Group's core high-quality land bank will strongly support the achievement of future sales targets, the maintenance of adequate liquidity and the steady decline in the gearing ratio.

In 2020, the Group's revenue and profit recorded substantial growth, and the capital structure was significantly optimised. During the year, the Group's revenue was approximately RMB230.59 billion, representing a year-on-year increase of approximately 36.2%; gross profit was approximately RMB48.40 billion, representing a year-on-year increase of approximately 16.9%; profit attributable to owners of the Company was approximately RMB35.64 billion, representing a year-on-year increase of approximately 36.9%; the core net profit was approximately RMB30.26 billion, representing a year-on-year increase of approximately 11.8%. Besides a stable increase in performance, the capital structure of the Group was also significantly optimised. As of the end of 2020, the total equity of the Group reached approximately RMB177.83 billion, representing a significant increase of approximately 55.9% from the end of 2019; the carrying amount of cash reached approximately RMB132.65 billion while the total borrowings recorded a decline, and as a result, all asset and liability indicators improved greatly, and capital structure optimised significantly.

Since the second half of 2019, based on its own foundation and development stage, the Group has proactively implemented a more balanced and stable development strategy of de-leveraging and optimising capital structure, which is highly consistent with the New Management and Control Regulations as promulgated by the central bank in the second half of 2020. With the support of proper strategy, sufficient high-quality land bank and advantageous layout, the Company quickly realised optimisation of capital structure through strict control of the pace and quality of land acquisition, acceleration of sales, strict control of debt scale, optimisation of debt structure, acceleration of completion and settlement, rapid realisation of the financial investment targets (Jinke shares) and

other arrangements. As of the end of 2020, the Company's net gearing ratio fell to approximately 96.0%, representing a significant drop of approximately 76.3 percentage points from the end of 2019; the non-restricted cash to current borrowings ratio reached approximately 1.08, representing a substantial increase of approximately 0.51 as compared with the end of 2019; the liabilities to assets ratio after excluding receipts in advance fell to approximately 78.3%, representing a decrease of 5.6 percentage points from the end of 2019. The Company's indicators concerned by the New Management and Control Regulations as promulgated by the central bank improved greatly and exceeded expectations, and thus the Company rapidly improved to a "Yellow Camp" enterprise.

On 19 November 2020, the Group successfully spun-off its subsidiary Sunac Services Holdings Limited ("Sunac Services", stock code: 01516.HK) which was separately listed on the main board of the Stock Exchange. The listing of Sunac Services would help the Group's property management business to accelerate the establishment of competitive advantages as a leading enterprise. In 2020, Sunac Services recorded excellent operating performance and high quality development and its revenue was approximately RMB4.62 billion, representing a substantial year-on-year increase of 63.5%; profit attributable to owners of Sunac Services reached approximately RMB0.62 billion after excluding the effect of one-off listing expenses, representing a substantial year-on-year increase of approximately 129.8%. Benefiting from the strong support of the parent company and the growing expansion capabilities of Sunac Services, as of the end of 2020, the gross floor area under management of Sunac Services reached approximately 135 million sq.m., representing a year-on-year increase of approximately 155.1%, and the contracted gross floor area reached approximately 264 million sq.m., representing a year-on-year increase of 67.2%.

In 2020, the influence of Sunac Culture & Tourism continued to expand as more and more new projects were put into operation successfully, and supported by the promotion of the Company's "City Co-building" strategy, Sunac Culture & Tourism has launched a number of quality projects in core cities, including Shenzhen Ice and Snow Complex, Hangzhou Bay Future Theme Sunac Resort, etc.. It currently has established presence in 39 cities across China, building an advantage in layout quickly. In 2020, Sunac Culture & Tourism continued to make innovation in its operating strategy, and the operations have quickly restored after the epidemic was under control. In 2020, Sunac Culture &

Tourism's revenue reached approximately RMB3.88 billion, representing a year-on-year increase of 36%, and management profit amounted to approximately RMB0.627 billion, representing a significant year-on-year increase of 311%. In addition, during the year, Sunac Culture & Tourism started to provide light-asset management services covering the acquisition, planning and strategies research, investment consultation, construction, operation, and management of culture and tourism projects with its full-industry chain service capabilities covering all business segments and product lines of culture and tourism and focusing on three professional service systems of product design, construction and operation.

In 2020, Sunac Culture continued to improve its business layout and adopted a super IP long chain operation model. Sunac Culture continuously carried out in-depth layout and high-quality content project production centering on five aspects, i.e. live-action movies, live-action drama series, animated movies, animated drama series, and short videos, and deployed seven animation studios to stably output leading content projects. Moreover, on the basis of enriching its own and cooperative IP, Sunac Culture improved the IP commercialised operation platform in the context of new consumption and new scenarios on an ongoing basis.

In 2020, the Group upgraded its corporate positioning to a “Co-builder of a Better City”, and proactively assumed social responsibilities while helping Chinese families have better lives. In 2020, after the outbreak of the epidemic, the Group took the lead in donating RMB110 million, and vigorously fulfilled its social responsibilities through various measures such as exemption of rent for shops in cultural and tourism cities and establishment of the “Sunac Public Health Development Fund of Sun Yat-Sen University”; meanwhile, during the year, the Group continued to carry out public welfare activities in areas of rural revitalisation, education support and architectural heritage conservation to persistently promote the sustainable development of society and the Company. In addition, the Group established an environmental, social and governance (the “ESG”) committee on 28 December 2020 to further improve the ESG governance structure and manage the ESG issues in a systematic way.

## **Outlook for 2021**

In 2021, with the popularisation of COVID-19 vaccine, it is believed that the COVID-19 pandemic will reach a turning point and be effectively controlled around the world and the global economy will resume growth. With restoring market confidence and recovering economy, it is expected that the significant loosening in global liquidity will not be maintained and may even be tightened in the second half of the year. The regulation policies for domestic real estate market expect no change and will continue with the regulatory targets of “houses are built to be inhabited, not for speculation” and “stabilising land prices, housing prices and expectations”. With the recovery of economy and the improvement in the purchasing power of residents, the real estate market is expected to maintain stable sales, and the land market will tend to be rational as a result of the long-term mechanism such as the New Management and Control Regulations featured by “Three Red Lines and Four Camps” and the requirements of new regulations for centralised supply in the land market, which is beneficial for the long-term and healthy development of the industry.

In 2021, the Group will have sufficient resources available for sale. It is expected that the resources available for sale during the year will exceed RMB900 billion, over 78% of which are located in tier-1&2 cities. Such sufficient and high-quality resources available for sale will provide strong support for the Group’s achievement of annual sales target.

In 2021, the Group will continue to assess market opportunities on the premise of ensuring continuous optimisation of its capital structure, and ride on its diversified land acquisition capabilities to acquire quality land prudently. The Group will continue on the strategy of “City Co-building”, giving play to industrial cooperation ability and brand advantages to implement more quality industrial cooperation projects. The Group will also closely monitor the introduction of centralised land supply policy and its impact, and capture opportunities in the open market prudently.

In 2021, the Group will continue to drive product innovation and maintain industry-leading product capabilities. Focusing on the impact of the rejuvenation of its main customer and rapid technological advancement on lifestyle, the Group will accelerate product innovation based on its high-end boutique positioning, upgrade the functions of house type, community and service to create a youthful product brand of “I am I”, so as to maintain continuous leadership of product competitiveness.

In 2021, the Group will promote the digitalisation and online construction of its business to support business innovation and improve its operational efficiency. The Group will build an online platform for centralised procurement to integrate the quality suppliers in the industry, with an aim to achieve the digital transformation of its procurement business and support the improvement in project efficiency and quality. The Group will explore a digital construction system based on “BIM + Automation + Prefabrication” to realise the online end-to-end process of property development, thus offering customers higher quality of product delivery while reducing costs and achieving more efficient and fine management. The Group will establish an industry-leading online marketing platform with a center on improving customer service experience and operating efficiency to integrate online and offline operations and drive the transformation of marketing business. The Group will set up a customer-centric and smart customer service platform to cover the whole life cycle of service contact of customers, enhance customer experience with advanced service innovation, continue to lead in the service standards in the industry, integrate customer data from housing purchasing to moving in, explore the demand of customers, improve service brand and the premiums on products and achieve data empowerment.

The Group has completed its layout in the “property development +” business which has vast growth potentials and will continue to promote the rapid development of the “property development +” business, so as to establish competitive advantages and provide growth drivers for the long-term development of the Group. Sunac Services will establish its strengths of long-term development mode mainly based on market expansion, and focusing on middle and high-end customers, continue to enhance the advantages of offline high-quality services, and accelerate the application of technology and digitalisation. Sunac Services will build an “online + offline” integrated life service sharing platform, endeavouring to become a “preferred brand and value contributor” of property owners, employees, partners and government. Insisting on customer-centered development philosophy, Sunac Culture & Tourism will continue to improve its ability of innovating products and expand light-asset management services. It will take the Winter Olympics as an opportunity to enhance layout of the ice and snow business and industrial cooperation, while enhancing the construction of member club platform and digital services to build an entertainment interconnecting consumption platform. Sunac Culture will continue to expand its core business layout and craft outstanding works to enhance its commercialisation ability under new consumption and scenarios, thus establishing efficient and collaborative organisational capabilities and firmly carrying out the super IP long-chain operation model.

In 2021, the Group will promote the upgrading of its organisational capabilities to empower higher quality development. The Group will upgrade its organisational structure so as to make it more fit for the current development stage of the Company, drive seven property regional groups and three business groups to have independent and complete competitiveness, and enhance the comprehensive abilities of city companies constantly. The Group will provide support to the development of regional groups and business groups through delegating administrative authority and the Group headquarters will play a more important role in development strategy, business integration, innovation guidance, technology empowerment, risk control and culture guard in the future. The Group aims to cultivate regional groups and business groups that have competitive strategies, independent business thinking capacities, self-developed comprehensive competitiveness and the awareness and mechanism for risk management and city companies that have strong comprehensive strength, as well as executive teams with thinking and innovation capacities, sound basic capacity systems, self-operation abilities and competitive advantages.

In the future, the Group will continue to take property development as its core business, maintain the balanced and high-quality development of its core business of property development and accelerate the improvement in the competitive advantages of “property development +” business, so as to rapidly develop itself into a large enterprise group that has comprehensive competitive advantages and vast growth potentials.

## Summary of Land Bank

As at 31 December 2020, the Group and its joint ventures and associates had a total land bank of approximately 258 million sq.m. and attributable land bank of approximately 161 million sq.m.. The breakdown of land bank by city is as follows:

<b>City</b>	<b>Attributable land bank ( '000 sq.m.)</b>	<b>Total land bank ( '000 sq.m.)</b>
Chongqing	13,047.7	20,351.5
Qingdao	9,971.7	13,418.0
Wuhan	9,262.1	18,205.4
Meishan	7,225.8	14,017.2
Tianjin	6,826.3	9,379.9
Xi'an	6,782.4	12,243.0
Kunming	6,752.6	11,080.2
Chengdu	5,762.3	7,822.1
Ji'nan	5,724.6	8,332.0
Zhengzhou	5,019.5	8,051.3
Hangzhou	3,469.8	7,298.7
Harbin	2,942.6	4,487.7
Xishuangbanna	2,810.4	3,553.5
Guiyang	2,770.2	4,283.3
Wenzhou	2,525.5	3,535.7
Jiangmen	2,357.2	2,563.0
Taiyuan	2,322.2	4,283.0
Shanghai	2,139.5	3,648.5
Qingyuan	2,107.1	2,361.0
Changsha	2,106.7	2,724.3
Guangzhou	2,077.4	3,504.9
Wuxi	2,057.9	3,241.9
Dalian	1,990.0	2,077.1
Hainan Province	1,967.9	3,448.7
Shijiazhuang	1,778.8	3,174.4
Hefei	1,767.9	1,913.8
Guilin	1,601.2	1,720.5
Shenyang	1,562.5	2,998.1

City	Attributable land bank ( '000 sq.m.)	Total land bank ( '000 sq.m.)
Dali	1,543.9	2,592.6
Jiaxing	1,444.6	1,463.9
Fuzhou	1,414.6	2,104.2
Ningbo	1,338.8	2,959.5
Yinchuan	1,331.5	1,604.3
Changchun	1,290.2	1,497.6
Xianning	1,232.9	1,761.3
Nanning	1,205.2	1,996.1
Shaoxing	1,185.8	2,241.4
Zhaotong	1,161.5	1,438.3
Xuzhou	1,071.0	2,142.8
Yantai	1,068.9	1,841.3
Beijing	1,068.3	1,498.0
Suzhou	1,035.9	2,497.8
Nanchang	1,003.3	1,085.6
Changzhou	965.9	1,414.7
Tangshan	934.0	1,349.3
Langfang	911.6	1,751.3
Huizhou	895.3	928.2
Zhaoqing	878.0	1,051.7
Shenzhen	842.6	1,794.0
Nantong	774.0	1,225.6
Zhuhai	668.7	792.1
Foshan	665.4	1,095.1
Ezhou	620.5	1,128.2
Daqing	607.4	607.4
Yueyang	570.6	916.7
Taizhou	562.5	1,150.3
Huzhou	544.5	1,082.5
Nanjing	513.0	1,345.5
Others	14,944.9	27,644.3
<b>Total</b>	<b>161,025.1</b>	<b>257,720.3</b>



## **OTHER INFORMATION**

### **Annual General Meeting, Final Dividend and Closure of Register of Members**

The Company's annual general meeting (the "AGM") is expected to be held on Thursday, 27 May 2021, and the notice of the AGM will be published and despatched to the shareholders of the Company (the "Shareholders") in the manner as required by the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange in due course.

For the purpose of determining the eligibility of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 21 May 2021 to Thursday, 27 May 2021 (both days inclusive), during which period no transfer of shares of the Company (the "Shares") will be registered. In order to qualify for attending and voting at the AGM, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 20 May 2021.

At the meeting of the Board held on 11 March 2021, the Board proposed to declare a final dividend of RMB1.650 per share, being approximately RMB7.69 billion in aggregate, for the year ended 31 December 2020, where the number of Shares on which such dividend was calculated was the total number of Shares issued as at 31 December 2020, subject to approval of the Shareholders at the forthcoming AGM. The proposed final dividend is expected to be paid on or around Friday, 27 August 2021 to those Shareholders whose names appear on the register of members of the Company on Wednesday, 18 August 2021. The proposed final dividend will be paid in Hong Kong dollars in such amount to be calculated by reference to the central parity rate published by the People's Bank of China for the conversion of Renminbi to Hong Kong dollars on 27 May 2021.

For the purpose of determining the Shareholders' entitlement to the final dividend, the register of members of the Company will be closed from Friday, 13 August 2021 to Wednesday, 18 August 2021 (both days inclusive). To ensure the entitlement to the final dividend, which will be resolved and voted on at the AGM, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Thursday, 12 August 2021.

### **Senior Notes Issued during the Year**

On 10 January 2020, the Company issued the US\$540 million 6.5% senior notes due 2025.

On 9 July 2020, the Company issued (i) the US\$600 million 6.5% senior notes due 2023, and (ii) the US\$400 million 7% senior notes due 2025.

On 3 August 2020, the Company issued the US\$500 million 6.65% senior notes due 2024.

On 1 December 2020, the Company issued (i) an additional US\$200 million 7% senior notes due 2025 (consolidated with the US\$400 million 7% senior notes due 2025 to form a single series), and (ii) an additional US\$120 million 6.65% senior notes due 2024 (consolidated with the US\$500 million 6.65% senior notes due 2024 to form a single series).

The aforesaid senior notes are listed and traded on the Singapore Exchange Securities Trading Limited, the details of which are set out in the announcements of the Company published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) as well as the website of the Company ([www.sunac.com.cn](http://www.sunac.com.cn)).

## **Placing of New Shares under General Mandate during the Year**

On 17 January 2020, the Company completed the placing of 186,920,000 new Shares at a price of HK\$42.8 per share, to not less than six independent placees. The total proceeds of the placing were approximately HK\$8.0 billion, and the net placing price was approximately HK\$42.58 per share after deducting all related costs and expenses of the Company. The net proceeds were approximately HK\$7.958 billion. The Company has applied the net proceeds from the placing for general corporate purposes, and the purpose of capital utilisation is consistent with the intended use of the placing. Details of the placing are set out in the announcement of the Company dated 10 January 2020.

## **Purchase, Sale or Redemption of Company's Listed Securities**

The Company adopted a share award scheme with effect from 8 May 2018 (the "Share Award Scheme"), details of which are set out in the announcement of the Company dated 8 May 2018. During the year ended 31 December 2020, the trustee of the Share Award Scheme did not purchase any of the shares of the Company. As at 31 December 2020, on a cumulative basis, the trustee of the Share Award Scheme has purchased on the open market a total of 94,653,000 Shares at the total consideration of approximately HK\$2.57 billion.

The Company has repurchased on the open market part of the senior notes in an aggregate amount of US\$505.0 million during the year ended 31 December 2020, comprising (i) the 8.625% senior notes due 2020 of US\$80.5 million in aggregate principal amount; (ii) the 6.875% senior notes due 2020 of US\$26.8 million in aggregate principal amount; (iii) the 8.375% senior notes due 2021 of US\$357.1 million in aggregate principal amount; (iv) the 8.35% senior notes due 2023 of US\$7.0 million in aggregate principal amount; (v) the 7.95% senior notes due 2023 of US\$8.4 million in aggregate principal amount; (vi) the 7.5% senior notes due 2024 of US\$16.1 million in aggregate principal amount; and (vii) the 6.5% senior notes due 2025 of US\$9.1 million in aggregate principal amount. The Company cancelled the repurchased notes in accordance with the terms of the notes and indentures.

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

## **Subsequent Events**

### ***Senior notes issued***

On 26 January 2021, the Company issued (i) the US\$600 million 5.95% senior notes due 2024, and (ii) the US\$500 million 6.5% senior notes due 2026.

On 2 March 2021, the Company issued (i) an additional US\$342 million 5.95% senior notes due 2024, with an effective rate of 5.85% (consolidated with the US\$600 million 5.95% senior notes due 2024 to form a single series); and (ii) an additional US\$210 million 6.5% senior notes due 2025, with an effective rate of 6.3% (consolidated with the US\$540 million 6.5% senior notes due 2025 to form a single series).

The aforesaid senior notes are listed and traded on the Singapore Exchange Securities Trading Limited, the details of which are set out in the announcements of the Company published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.sunac.com.cn](http://www.sunac.com.cn)).

### ***Early redemption of the Company's senior notes***

On 22 January 2021, the Company announced to redeem the outstanding balance of the US\$800 million 7.875% senior notes due on 15 February 2022 in full on 21 February 2021 (the "Redemption Date") at a redemption price equal to 102.0% of the principal amount thereof, plus accrued and unpaid interest to (but not including) the Redemption Date. The Company cancelled the notes early redeemed in accordance with the terms of the notes and indentures. Details of the redemption are set out in the announcements of the Company dated 22 January 2021 and 23 February 2021.

## **Employee and Remuneration Policy**

As of 31 December 2020, the Group had a total of 64,436 employees. The Group's employee remuneration policy is determined by reference to factors such as remuneration standard of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and employee performance. The Group conducts annual performance appraisals for its employees, the results of which are applied in annual salary and promotional assessment. Social insurance is paid by the Group for its employees in Mainland China in accordance with the relevant PRC regulations. The Group also operates insurance and mandatory provident fund schemes for Hong Kong employees. The Group also makes contributions to social security or other retirement schemes for its overseas employees in accordance with local regulations.

## **Compliance with the Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 to the Listing Rules as the guidelines for the Directors’ dealings in securities of the Company. Following specific enquiries of all Directors, all Directors confirmed that they have complied with the required standards as set out in the Model Code in relation to their securities dealings during the year ended 31 December 2020, if any.

## **Compliance with Corporate Governance Code**

The Company has adopted the Corporate Governance Code (the “Corporate Governance Code”) contained in Appendix 14 to the Listing Rules as its own code on corporate governance and had, throughout the year ended 31 December 2020, complied with all applicable code provisions under the Corporate Governance Code except the following:

Under Code E.1.2 of the Corporate Governance Code, the chairman of the Board should attend the annual general meeting. Mr. Sun Hongbin, the chairman of the Board, was not able to attend the annual general meeting on 28 May 2020 due to other business engagements. Mr. Wang Mengde, being an executive Director and the chief executive officer of the Company, attended and chaired the annual general meeting and was delegated to make himself available to answer questions if raised at the meeting.

The Board recognises and appreciates the importance and benefits of good corporate governance practices and has adopted certain corporate governance and disclosure practices for achieving a higher standard of transparency and accountability. The Board members have regular discussions about the business strategies and performance of the Group. They, together with the relevant senior executives of the Group, have also attended regular training on the Listing Rules and other regulatory requirements. The Company has established an internal reporting practice throughout the Group in order to monitor the operation and business development of the Group.

## **Audit Committee**

The Company has established an audit committee (the “Audit Committee”) with written terms of reference in compliance with the Listing Rules. The Audit Committee currently consists of four independent non-executive Directors, namely, Mr. Poon Chiu Kwok, Mr. Zhu Jia, Mr. Ma Lishan and Mr. Yuan Zhigang, and is chaired by Mr. Poon Chiu Kwok who possesses the qualification of professional accountant. The primary duties of the Audit Committee are to assist the Board to fulfill the functions of reviewing and monitoring the financial reporting procedure, internal control and risk management systems of the Company, to review the corporate governance policies and practices of the Group and to perform other duties and responsibilities as assigned by the Board.

The Audit Committee has reviewed the accounting principles and practices adopted by the Company and discussed matters concerning the audit, internal control and risk management systems and financial reporting matters, including reviewing the Group’s results for the year ended 31 December 2020.

## **Review of Results Announcement**

The figures in respect of the Group’s consolidated balance sheet, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this results announcement have been agreed by the Group’s auditor, PricewaterhouseCoopers, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

## **Publication of the Annual Results Announcement and Annual Report**

This announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) as well as the website of the Company ([www.sunac.com.cn](http://www.sunac.com.cn)). The Company's 2020 annual report will be despatched to the Shareholders along with the AGM circular, the notice of AGM, the proxy form for use at the AGM and relevant documents and such documents will be published on the aforementioned websites in due course.

By order of the Board  
**Sunac China Holdings Limited**  
**SUN Hongbin**  
*Chairman*

Hong Kong, 11 March 2021

*As at the date of this announcement, the executive directors of the Company are Mr. SUN Hongbin, Mr. WANG Mengde, Mr. JING Hong, Mr. CHI Xun, Mr. TIAN Qiang, Mr. SHANG Yu, Mr. HUANG Shuping and Mr. SUN Kevin Zheyi; and the independent non-executive directors of the Company are Mr. POON Chiu Kwok, Mr. ZHU Jia, Mr. MA Lishan and Mr. YUAN Zhigang.*