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**中国三迪**

CHINA SANDI

**CHINA SANDI HOLDINGS LIMITED**

**中國三迪控股有限公司**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 910)**

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

The board (the “Board”) of directors (the “Directors”) of China Sandi Holdings Limited (the “Company”) announces the consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2020 together with the comparative figures for the year ended 31 December 2019:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 31 DECEMBER 2020*

		2020	2019
	<i>Notes</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Revenue			
Goods and services	4	<b>3,107,266</b>	1,825,886
Rental of investment properties	4	<b>117,822</b>	115,679
		<hr/>	<hr/>
Total revenue		<b>3,225,088</b>	1,941,565
Cost of sales and services		<b>(2,084,160)</b>	(1,322,124)
		<hr/>	<hr/>
Gross profit		<b>1,140,928</b>	619,441
Other income	6	<b>3,253</b>	14,709
Other gains and losses	7	<b>74,043</b>	125,490
Change in fair value of investment properties		<b>18,161</b>	19,747
Change in fair value upon transfer from inventories of properties to investment properties		<b>82,858</b>	382,058
Change in fair value of financial assets at fair value through profit or loss ("FVTPL")		–	(30,364)
Change in fair value of derivative component of convertible bond		<b>48,339</b>	(9,334)
Selling and distribution expenses		<b>(195,825)</b>	(104,508)
Administrative expenses		<b>(213,563)</b>	(143,549)
Finance costs	8	<b>(103,065)</b>	(139,388)
Share of results of an associate		–	(11,643)
		<hr/>	<hr/>
Profit before tax	9	<b>855,129</b>	722,659
Income tax expense	10	<b>(314,226)</b>	(255,477)
		<hr/>	<hr/>
Profit for the year		<b>540,903</b>	467,182
		<hr/>	<hr/>

		2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
	<i>Note</i>		
<b>Other comprehensive income (expense)</b>			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>4,807</b>	(1,524)
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Change in fair value of property, plant and equipment, right-of-use assets and properties under development upon transfer to investment properties		<b>401,960</b>	943,369
Deferred tax arising on change in fair value of property, plant and equipment, right-of-use assets and properties under development upon transfer to investment properties		<b>(100,490)</b>	(235,842)
Total comprehensive income for the year		<b>847,180</b>	1,173,185
Profit (loss) for the year attributable to:			
– Owners of the Company		<b>420,503</b>	482,165
– Non-controlling interests		<b>120,400</b>	(14,983)
		<b>540,903</b>	467,182
Total comprehensive income (expense) attributable to:			
– Owners of the Company		<b>726,780</b>	1,188,168
– Non-controlling interests		<b>120,400</b>	(14,983)
		<b>847,180</b>	1,173,185
<b>EARNINGS PER SHARE</b>			
Basic (RMB cents)	12	<b>8.27</b>	9.70
Diluted (RMB cents)	12	<b>5.81</b>	8.89

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2020**

	<i>Notes</i>	<b>2020</b> <b>RMB'000</b>	2019 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		<b>67,145</b>	42,261
Right-of-use assets		<b>860,304</b>	1,011,054
Investment properties		<b>8,681,440</b>	7,451,740
Properties under development		<b>230,568</b>	279,860
Deferred tax assets		<b>29,231</b>	62,122
		<b>9,868,688</b>	8,847,037
<b>Current assets</b>			
Inventories of properties		<b>13,900,453</b>	8,849,683
Contract costs		<b>72,008</b>	111,150
Trade and other receivables and prepayments	13	<b>853,696</b>	940,976
Deposits for land use rights for properties under development for sale		<b>613,944</b>	99,000
Prepaid income tax		<b>116,332</b>	119,582
Financial assets at FVTPL	14	<b>–</b>	24,889
Amounts due from related companies		<b>547,106</b>	491,784
Amount due from a non-controlling shareholder of subsidiary		<b>96,594</b>	20,595
Restricted/pledged bank deposits		<b>201,570</b>	62,840
Bank balances and cash		<b>838,036</b>	707,276
		<b>17,239,739</b>	11,427,775
<b>Current liabilities</b>			
Trade and other payables and accruals	15	<b>2,297,906</b>	2,303,680
Lease liabilities		<b>774</b>	2,500
Contract liabilities		<b>7,634,981</b>	6,553,298
Income tax payable		<b>323,464</b>	153,547
Amounts due to related companies		<b>673,392</b>	642,927
Amounts due to non-controlling shareholders of subsidiaries		<b>72,802</b>	–
Amount due to a director		<b>99,626</b>	99,626
Bank and other borrowings – due within one year	16	<b>2,958,230</b>	619,493
		<b>14,061,175</b>	10,375,071
<b>Net current assets</b>		<b>3,178,564</b>	1,052,704
<b>Total assets less current liabilities</b>		<b>13,047,252</b>	9,899,741

	<i>Note</i>	<b>2020</b> <b>RMB'000</b>	2019 RMB'000
<b>Capital and reserves</b>			
Share capital		<b>42,881</b>	42,881
Reserves		<b>4,629,926</b>	3,902,682
		<hr/>	<hr/>
Equity attributable to owners of the Company		<b>4,672,807</b>	3,945,563
Non-controlling interests		<b>233,898</b>	53,969
		<hr/>	<hr/>
<b>Total equity</b>		<b>4,906,705</b>	3,999,532
		<hr/>	<hr/>
<b>Non-current liabilities</b>			
Lease liabilities		<b>86</b>	607
Amount due to a related company		<b>275,000</b>	–
Debt component of convertible bond		<b>333,112</b>	322,972
Derivative component of convertible bond		<b>230,798</b>	293,981
Promissory note		<b>460,809</b>	446,249
Deferred tax liabilities		<b>1,369,007</b>	1,225,965
Bank borrowings – due after one year	16	<b>5,471,735</b>	3,610,435
		<hr/>	<hr/>
		<b>8,140,547</b>	5,900,209
		<hr/>	<hr/>
		<b>13,047,252</b>	9,899,741
		<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 DECEMBER 2020

### 1. GENERAL INFORMATION

China Sandi Holdings Limited (the “Company”) is a public limited company incorporated in Bermuda and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its parent and ultimate parent is United Century International Limited (incorporated in the British Virgin Islands (“BVI”). The ultimate controlling party is Mr. Guo Jiadi. The address of registered office and principal place of business of the Company are located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and Room 2113, 21st Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong respectively.

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

### 2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial instruments that are measured at fair values at the end of the reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

### 3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

#### Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the “*Amendments to References to the Conceptual Framework in HKFRS Standards*” and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

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

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

#### 3.1. Impacts on application of Amendments to HKAS 1 and HKAS 8 “Definition of Material”

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

### 3. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) – Continued

#### Amendments to HKFRSs that are mandatorily effective for the current year – Continued

##### 3.1. Impacts on application of Amendments to HKAS 1 and HKAS 8 “Definition of Material” – Continued

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

##### 3.2 Impacts on application of Amendments to HKFRS 3 “Definition of a Business”

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

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

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

The Group has elected to apply the optional concentration test on the acquisitions of Hanzhongxu Sandi Real Estate Development Company Limited and Baoji Xingyaocheng Real Estate Development Company Limited and concluded that such acquisitions does not constitute a business.

#### New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments <sup>1</sup>
Amendment to HKFRS 16	Covid-19-Related Rent Concessions <sup>4</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 <sup>5</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendments to HKFRS 16	Property, Plant and Equipment – Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>4</sup> Effective for annual periods beginning on or after 1 June 2020.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2021.

#### 4. REVENUE

##### Disaggregation of revenue

Segments	For the year ended 31 December 2020		
	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Types of goods or service</b>			
Sales of properties	3,096,792	–	3,096,792
Property management and related fee income	–	10,474	10,474
	<hr/>	<hr/>	<hr/>
Revenue from contracts with customers	3,096,792	10,474	3,107,266
Rental income	–	117,822	117,822
	<hr/>	<hr/>	<hr/>
	<b>3,096,792</b>	<b>128,296</b>	<b>3,225,088</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Geographical market</b>			
Mainland China	3,096,792	128,296	3,225,088
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
<b>Timing of revenue recognition</b>			
At a point in time	3,096,792	–	3,096,792
Over time	–	10,474	10,474
	<hr/>	<hr/>	<hr/>
	<b>3,096,792</b>	<b>10,474</b>	<b>3,107,266</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Set out below is the reconciliation of revenue from contracts with customers with the amounts disclosed in the segment information:

Segments	For the year ended 31 December 2020		
	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Revenue disclosed in segment information</b>			
External customer	3,096,792	128,296	3,225,088
Less: rental income	–	(117,822)	(117,822)
	<hr/>	<hr/>	<hr/>
Revenue from contracts with customers	<b>3,096,792</b>	<b>10,474</b>	<b>3,107,266</b>
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



#### 4. REVENUE – Continued

##### Disaggregation of revenue – Continued

Segments	For the year ended 31 December 2019			
	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Hotel operation <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Types of goods or service</b>				
Sales of properties	1,787,352	–	–	1,787,352
Hotel operation income				
– Hotel accommodation	–	–	13,122	13,122
– Catering service and other hotel income	–	–	15,822	15,822
Property management and related fee income	–	9,590	–	9,590
Revenue from contracts with customers	1,787,352	9,590	28,944	1,825,886
Rental income	–	115,679	–	115,679
	<u>1,787,352</u>	<u>125,269</u>	<u>28,944</u>	<u>1,941,565</u>
<b>Geographical market</b>				
Mainland China	<u>1,787,352</u>	<u>125,269</u>	<u>28,944</u>	<u>1,941,565</u>
<b>Timing of revenue recognition</b>				
At a point in time	1,787,352	–	15,822	1,803,174
Over time	–	9,590	13,122	22,712
	<u>1,787,352</u>	<u>9,590</u>	<u>28,944</u>	<u>1,825,886</u>

Set out below is the reconciliation of revenue from contracts with customers with the amounts disclosed in the segment information:

Segments	For the year ended 31 December 2019			
	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Hotel operation <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Revenue disclosed in segment information</b>				
External customer	1,787,352	125,269	28,944	1,941,565
Less: rental income	–	(115,679)	–	(115,679)
Revenue from contracts with customers	<u>1,787,352</u>	<u>9,590</u>	<u>28,944</u>	<u>1,825,886</u>

For contracts entered into with customers on sales of properties, the relevant properties specified in the contracts are based on customer's specifications with no alternative use. Taking into consideration of the relevant contract terms, the management concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Revenue from sales of properties is therefore recognised when the completed property is transferred to customers, being at the point that the customer obtains control of the completed property when the key was delivered to the customers and the customer has obtained the ownership of the property.

#### 4. REVENUE – Continued

##### Disaggregation of revenue – Continued

The Group receives 30%-100% of the contract value from customers when they sign the sale and purchase agreement (the customers who use mortgage loans provided by the banks and the remaining amount of the total contract value will be paid to the Group from the banks once the customers meet the requirements of the banks) while construction work of properties is still ongoing. These advance payment of 30%-100% of the contract value from customers resulted in contract liabilities being recognised throughout the property construction period until sales of properties is recognised. The Group receives full payment from the customers before physical delivery of the completed property.

For property management and related services to the tenants of the Group's investment properties, the Group agrees the fixed rate for services with the customers upfront. As the tenant simultaneously receives and consumes the benefits provided by the Group's performance, the revenue is recognised over time when the performance obligations are satisfied. Monthly payment of the transaction is invoiced to the customers in advance each month.

For provision of hotel accommodation services, the Group agrees the fixed rate for services with the customers upfront. As the customer simultaneously receives and consumes the benefits provided by the Group's performance, the revenue is recognised over time when the performance obligations are satisfied. Payment of the transaction is received upfront before the provision of the services.

For provision of catering services, the revenue is recognised at a point in time when the performance obligations are satisfied. Payment of the transaction is due immediately when performance obligations are satisfied.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2020 and 2019 and the expected timing of recognising revenue are as follows:

	<b>Sales of properties</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	<b>RMB'000</b>
– Within one year	<b>3,168,671</b>	2,996,875
– More than one year but not more than two years	<b>4,273,314</b>	2,741,260
– More than two years but not more than five years	<b>690,903</b>	980,522
	<b>8,132,888</b>	6,718,657

##### Leases

	<b>Rental income</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	<b>RMB'000</b>
Lease payments that are fixed or depend on an index or a rate	<b>110,953</b>	106,280
Variable lease payments that do not depend on an index or a rate	<b>6,869</b>	9,399
	<b>117,822</b>	115,679

## 5. SEGMENT INFORMATION

Information regularly reported to the Group's chief executive officer (the chief operating decision maker ("CODM")) for the purposes of resource allocation and assessment of performance focuses on the type of goods and services delivered or provided. The Group ceased the business of hotel operation on 31 December 2019 as the relevant hotel properties have been leased out and operated by independent third parties. As at 31 December 2019, the hotel segment assets and liabilities have been aggregated in property investment segment accordingly. The Group's reportable and operating segments under HKFRS 8 "Operating Segments" are as follows:

Property development – development and sale of properties

Property investment – lease of investment properties and provision of property management service

Hotel operation – provision of hotel accommodation and catering service (ceased on 31 December 2019)

### Segment revenues and results

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

#### For the year ended 31 December 2020

Segments	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Hotel operation <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue</b>				
External revenue	<u>3,096,792</u>	<u>128,296</u>	<u>–</u>	<u>3,225,088</u>
<b>Segment profit</b>	<u><b>601,948</b></u>	<u><b>239,543</b></u>	<u><b>–</b></u>	<u><b>841,491</b></u>
Other income				536
Other gains and losses				51,430
Change in fair value of derivative component of convertible bond				48,339
Unallocated corporate expenses				(13,599)
Finance costs				<u>(73,068)</u>
Profit before tax				<u><b>855,129</b></u>

## 5. SEGMENT INFORMATION – Continued

### Segment revenues and results – Continued

For the year ended 31 December 2019

Segments	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Hotel operation <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue</b>				
External revenue	1,787,352	125,269	28,944	1,941,565
<b>Segment profit (loss)</b>	415,165	449,677	(5,833)	859,009
Other income				9,692
Other gains and losses				(25,890)
Change in fair value of financial assets at FVTPL				(30,364)
Change in fair value of derivative component of convertible bond				(9,334)
Unallocated corporate expenses				(17,177)
Finance costs				(63,277)
Profit before tax				722,659

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned by or loss from each segment without allocation of part of other income, part of other gains and losses, change in fair value of financial assets at FVTPL, change in fair value of derivative component of convertible bond, unallocated corporate expenses and part of finance costs. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

### Segment assets and liabilities

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

#### Segment assets

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Property development	18,334,057	12,317,840
Property investment	8,737,115	7,569,139
Total segment assets	27,071,172	19,886,979
Unallocated assets:		
Financial assets at FVTPL	–	24,889
Restricted/pledged bank deposits	51	–
Bank balances and cash	23,743	342,474
Unallocated corporate assets	13,461	20,470
Consolidated assets	27,108,427	20,274,812

## 5. SEGMENT INFORMATION – Continued

### Segment assets and liabilities – Continued

#### Segment liabilities

	2020 RMB'000	2019 RMB'000
Property development	18,785,017	12,533,919
Property investment	2,297,436	2,266,362
Total segment liabilities	21,082,453	14,800,281
Unallocated liabilities:		
Debt component of convertible bond	333,112	322,972
Derivative component of convertible bond	230,798	293,981
Promissory note	460,809	446,249
Amount due to a related company	–	222,292
Unallocated corporate liabilities	94,550	189,505
Consolidated liabilities	22,201,722	16,275,280

For the purposes monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than financial assets at FVTPL, certain restricted/pledged bank deposits, bank balances and cash and unallocated corporate assets not attributable to respective segment.
- all liabilities are allocated to operating segments other than debt component of convertible bond, derivative component of convertible bond, promissory note, amount due to a related company and unallocated corporate liabilities not attributable to respective segment.

#### Other segment information

	For the year ended 31 December 2020					
	Property development RMB'000	Property investment RMB'000	Hotel operation RMB'000	Total reportable segment RMB'000	Unallocated RMB'000	Total RMB'000
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>						
Addition of non-current assets	113,736	396,237	–	509,973	–	509,973
Bank interest income	1,444	54	–	1,498	259	1,757
Finance costs	(27,466)	(2,531)	–	(29,997)	(73,068)	(103,065)
Depreciation of property, plant and equipment	(9,507)	(252)	–	(9,759)	(128)	(9,887)
Depreciation of right-of-use assets	(27,929)	–	–	(27,929)	(1,543)	(29,472)
Gain on disposal of an investment property	–	2,975	–	2,975	–	2,975
Loss on disposal of financial assets at FVTPL	–	–	–	–	(4,076)	(4,076)
Gain on disposals of subsidiaries	–	19,638	–	19,638	–	19,638
Change in fair value of investment properties	–	18,161	–	18,161	–	18,161
Change in fair value of inventories of properties upon transfer to investment properties	–	82,858	–	82,858	–	82,858

## 5. SEGMENT INFORMATION – Continued

### Other segment information – Continued

	For the year ended 31 December 2019					
	Property development <i>RMB'000</i>	Property investment <i>RMB'000</i>	Hotel operation <i>RMB'000</i>	Total reportable segment <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
<i>Amounts included in the measure of segment profit or loss or segment assets:</i>						
Addition of non-current assets	243,312	–	4,712	248,024	302	248,326
Share of results of an associate	(11,643)	–	–	(11,643)	–	(11,643)
Bank interest income	2,171	270	6	2,447	9,256	11,703
Finance costs	(14,037)	(59,690)	(2,384)	(76,111)	(63,277)	(139,388)
Depreciation of property, plant and equipment	(8,292)	(189)	(5,307)	(13,788)	(122)	(13,910)
Depreciation of right-of-use assets	(27,808)	–	–	(27,808)	(1,530)	(29,338)
Gain on disposal of property, plant and equipment	41	–	–	41	–	41
Gain on disposal of financial assets at FVTPL	–	–	–	–	239	239
Gain on disposals of interest in an associate	151,380	–	–	151,380	–	151,380
Change in fair value of investment properties	–	19,747	–	19,747	–	19,747
Change in fair value of inventories of properties upon transfer to investment properties	–	382,058	–	382,058	–	382,058

### Geographical information

The following tables set out information about the Group's revenue from external customers by cities in the PRC, based on the location at which the properties are sold, properties are invested and services are provided. Information about its non-current assets is analysed by geographical location of assets.

#### *Revenue from external customers:*

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Nanping	1,143,270	–
Xi'an	681,585	580,516
Baoji	583,763	1,228,072
Jilin	328,056	7,333
Shanghai	243,144	238
Yongtai	153,876	–
Fuzhou	91,394	125,406
	<b>3,225,088</b>	<b>1,941,565</b>

## 5. SEGMENT INFORMATION – Continued

### Geographical information – Continued

#### Non-current assets:

	2020 RMB'000	2019 RMB'000
Fuzhou	4,698,638	4,555,940
Shanghai	3,418,051	2,653,649
Baoji	1,534,233	1,528,418
Yongtai	144,495	756
Xi'an	30,355	30,043
Nanping	4,645	7,063
Jilin	4,353	4,360
Hong Kong	653	2,375
Others	4,034	2,311
	<u>9,839,457</u>	<u>8,784,915</u>

Note: Non-current assets excluded deferred tax assets.

#### Information about major customers

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

## 6. OTHER INCOME

	2020 RMB'000	2019 RMB'000
Bank interest income	1,757	3,046
Interest income from loan receivables	–	8,657
Dividend income from financial assets at FVTPL	–	436
Government grants	595	–
Others	901	2,570
	<u>3,253</u>	<u>14,709</u>

## 7. OTHER GAINS AND LOSSES

	2020 RMB'000	2019 RMB'000
Gain on disposal of property, plant and equipment	–	41
Gain (loss) on disposal of an investment property	2,975	(235)
(Loss) gain on disposal of financial assets at FVTPL	(4,076)	239
Exchange gain (loss), net	55,506	(23,267)
Gain on disposals of subsidiaries	19,638	–
Gain on disposals of an associate	–	151,380
Others	–	(2,668)
	<u>74,043</u>	<u>125,490</u>

## 8. FINANCE COSTS

	2020 RMB'000	2019 RMB'000
Interests on bank and other borrowings	462,559	404,246
Effective interests on convertible bond	30,641	25,938
Effective interests on promissory note	42,368	36,583
Interests on amount due to a related company	23,925	–
Interests on contract liabilities	336,782	387,698
Interests on lease liabilities	111	179
Interests on bonds payable	–	638
Total borrowing costs	896,386	855,282
Less: amounts capitalised to inventories of properties	(709,513)	(633,938)
amounts capitalised to properties under development	(65,136)	(60,707)
amounts capitalised to investment properties under construction	(18,672)	(21,249)
	<b>103,065</b>	<b>139,388</b>

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 8.41% (2019: 8.52%) per annum to expenditure on qualifying assets.

## 9. PROFIT BEFORE TAX

	2020 RMB'000	2019 RMB'000
Profit before tax has been arrived at after charging (crediting):		
Auditor's remuneration	1,849	2,160
Directors' emoluments	3,394	4,229
Other staff costs		
Staff salaries and allowances	143,511	82,708
Retirement benefit scheme contributions	1,436	5,051
Equity-settled share-based payments	322	1,909
Total other staff costs	145,269	89,668
Less: amounts capitalised to inventories of properties	(20,913)	(13,728)
amounts capitalised to properties under development	(975)	(1,909)
amounts capitalised to investment properties under construction	(3,690)	(1,756)
	<b>119,691</b>	<b>72,275</b>
Cost of inventories recognised as an expense	2,076,148	1,284,722
Depreciation of property, plant and equipment	9,887	13,910
Depreciation of right-of-use assets	29,472	29,338
Gain on disposal of property, plant and equipment	–	(41)
(Gain) loss on disposal of an investment property	(2,975)	235
Reversal of write-down of inventories of properties (included in cost of sales and services)	(247)	–
Gross rental income from investment properties	(117,822)	(115,679)
Less: direct operating expenses from investment properties that generated rental income during the year	7,674	12,594
	<b>(110,148)</b>	<b>(103,085)</b>



## 10. INCOME TAX EXPENSE

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current tax:		
Enterprise Income Tax ("EIT") in the PRC	127,847	93,787
Land Appreciation Tax ("LAT")	108,309	48,050
	<u>236,156</u>	<u>141,837</u>
Under provision in prior years:		
EIT in the PRC	2,627	4,481
	<u>2,627</u>	<u>4,481</u>
Deferred tax:	75,443	109,159
	<u>75,443</u>	<u>109,159</u>
	<b><u>314,226</u></b>	<b><u>255,477</u></b>

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two – tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two – tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the year. No provision for Hong Kong Profits Tax has been made as the income of the Group neither arises in, nor is derived from, Hong Kong for the years ended 31 December 2020 and 2019.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulation. LAT has been provided at ranges of progressive rate of the appreciation value, with certain allowable exemptions and deductions.

## 11. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2020, nor has any dividend been proposed since the end of the reporting period (2019: Nil).

## 12. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Profit for the year attributable to owners of the Company	<b>420,503</b>	482,165
Effect of dilutive potential ordinary shares on convertible bond	<b>(53,043)</b>	60,789
Earnings for the purpose of diluted earnings per share	<b>367,460</b>	542,954

### Number of shares

	<b>2020</b> <i>'000</i>	2019 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>5,087,208</b>	4,970,348
Effect of dilutive potential ordinary shares:		
Convertible bond	<b>1,213,592</b>	1,113,845
Share options	<b>28,215</b>	26,002
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<b>6,329,015</b>	6,110,195

## 13. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	<b>2020</b> <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade receivables		
– contracts with customers	<b>12,329</b>	15,511
– rental income	<b>21,295</b>	14,849
	<b>33,624</b>	30,360
Other receivables	<b>138,122</b>	211,745
Less: Allowance for credit losses	<b>(73)</b>	(73)
	<b>138,049</b>	211,672
Prepayments	<b>268,573</b>	301,518
Other refundable deposits	<b>66,642</b>	93,729
Other tax prepayments	<b>346,808</b>	303,697
	<b>853,696</b>	940,976

### 13. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS – Continued

The following is an aged analysis of the Group's trade receivables presented based on the date of the properties delivered and date of demand note for rental income were recognised:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
0 – 30 days	4,742	4,174
31 – 90 days	1,058	4,999
Over 90 days	27,824	21,187
	<u>33,624</u>	<u>30,360</u>

### 14. FINANCIAL ASSETS AT FVTPL

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Financial assets mandatorily measured at FVTPL:		
Listed securities held for trading:		
– Equities securities listed in Hong Kong	–	24,889
	<u>–</u>	<u>24,889</u>

### 15. TRADE AND OTHER PAYABLES AND ACCRUALS

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade payables	675,543	864,704
Other payables	360,451	402,591
Deposits received from tenants	27,540	25,484
Other tax payables	35,352	22,717
Accrued construction costs	1,199,020	988,184
	<u>2,297,906</u>	<u>2,303,680</u>

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
0 – 30 days	161,900	85,420
31 – 90 days	76,053	66,572
91 – 365 days	191,338	319,961
Over 1 year	246,252	392,751
	<u>675,543</u>	<u>864,704</u>

## 16. BANK AND OTHER BORROWINGS

	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
Secured bank borrowings	<b>5,713,965</b>	3,729,928
Secured other borrowings	<b>2,716,000</b>	500,000
	<b>8,429,965</b>	4,229,928

The carrying amounts of the above borrowings are repayable based on scheduled repayment dates set out in the loan agreements as follows:

	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
Within one year	<b>2,958,230</b>	619,493
More than one year, but not exceeding two years	<b>1,730,235</b>	813,400
More than two years, but not exceeding five years	<b>2,982,500</b>	1,938,035
More than five years	<b>759,000</b>	859,000
	<b>8,429,965</b>	4,229,928
Less: Amounts due within one year shown under current liabilities	<b>(2,958,230)</b>	(619,493)
Amounts shown under non-current liabilities	<b>5,471,735</b>	3,610,435

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **FINANCIAL HIGHLIGHTS**

For the year ended 31 December 2020, the Group recorded a total revenue of approximately RMB3,225.1 million, representing an increase of approximately RMB1,283.5 million compared with the year ended 31 December 2019.

Profit attributable to the owners of the Company for the year ended 31 December 2020 amounted to approximately RMB420.5 million as compared with profit of approximately RMB482.2 million for the year ended 31 December 2019. Basic earnings per share was RMB8.27 cents (2019: RMB9.70 cents).

### **DIVIDEND**

The Board does not recommend the payment of any final dividend for the year ended 31 December 2020 (2019: Nil).

### **BUSINESS REVIEW**

The Group is principally engaged in property development, and holding of property for investment and rental purpose. The Group has ceased to carry on hotel operations since 31 December 2019.

#### **Property development**

As at 31 December 2020, the Group had 18 property projects under development which are situated in different cities in the People's Republic of China (the "PRC"), key cities included Shanghai, Fuzhou, and Xian. The Group primarily focuses on the development of residential properties, as well as residential and commercial complex properties, product types including apartments, offices, retail shops and villas, etc.

#### ***Contracted property sales***

During the year ended 31 December 2020, the Group achieved contracted sales of approximately RMB4,466.8 million with contracted gross floor area ("GFA") of approximately 418,359 square meters ("sq.m"), representing an increase of 40.8% in contracted sales and 31.9% in contracted GFA in comparison with the year ended 31 December 2019. Although the Group's pre-sale and marketing activities were interrupted by the COVID-19 epidemic during the first quarter of 2020, those activities resumed in second quarter of 2020. The increase in contracted sales is mainly contributed from the new projects launched for pre-sales after March 2020.

The table below illustrates the contracted sales (stated before the deduction of applicable taxes) achieved by the Group for the year ended 31 December 2020:

Property projects	Type	Contracted sales RMB'000	Contracted GFA (sq.m.)	Average selling price RMB/sq/m	Percentage of total contracted sales %	Group interest %
<b>Fujian Province</b>						
Sandi Fengdan Yazhu	Residential	1,347,625	88,945	15,133	30.2	100
Sandi Yungu Fengdan	Residential	779,232	76,460	10,191	17.4	51
Wuyishan Sandi New Times Square	Residential	374,140	27,317	13,696	8.4	60
Sandi Yasong Fengdan Garden	Residential	352,787	23,369	15,096	7.9	100
<b>Shaanxi Province</b>						
Sandi Century New City	Residential/ Commercial	511,511	64,478	7,348	11.5	100
Sandi Jinyu Gaoxin	Residential/ Commercial	233,928	46,732	5,006	5.2	100
Qujiang Xiangsong Fengdan • Xian Sandi	Residential/ Commercial	205,104	6,047	20,502	4.6	100
<b>Shanghai</b>						
Sandi Manhattan	Commercial	182,842	5,497	33,264	4.1	100
Others	Residential/ Commercial	479,679	79,514	5,882	10.7	
Total		<u>4,466,848</u>	<u>418,359</u>	10,360	<u>100.0</u>	
Attributable to the Group		<u>3,826,214</u>	<u>357,199</u>			

Notes:

- (i) Contracted sales and the calculation of average selling price are based on the sales revenue before the deduction of business/value-added tax and other surcharges/taxes.
- (ii) Contracted sales and GFA attributable to the car parking spaces are excluded in the contracted GFA and average selling price calculation.

### ***Property under development***

The table below summarises the major property development projects of the Group as at 31 December 2020:

Property projects	Expected completion dates	Site area <i>sq.m.</i>	Completed		GFA under development <i>sq.m.</i>	Planned GFA for future development <i>sq.m.</i>	Group's interest %
			Saleable GFA delivered/ pre-sold <i>sq.m.</i>	GFA available for sale <i>sq.m.</i>			
Fujian Province							
Sandi Fengdan Yazhu	2022	58,169	–	–	136,815	–	100
Sandi Jiangshan Waterfront	2021	310,176	10,525	–	84,424	40,086	100
Sandi Jinyu Yunjing	2023	46,719	–	–	96,144	17,386	100
Sandi Xishanyuan	2021	177,010	–	–	96,449	–	100
Sandi Yasong Fengdan Garden	2022	38,539	–	–	94,616	–	100
Sandi Yungu Fengdan	2023	57,813	–	–	115,772	–	51
Sandi Yunqitai	2022	60,928	–	–	–	96,947	100
Wuyishan Sandi New Times Square	2022	168,669	–	–	157,823	–	60
Shaanxi Province							
Qujiang Xiangsong Fengdan • Xian Sandi	2022	124,304	191,815	67,919	169,921	–	100
Sandi Bahe Yihao	2024	134,723	–	–	–	243,363	100
Sandi Century New City	2023	169,923	880,845	18,556	239,954	36,964	100
Sandi Jinyu Bowan	2023	59,789	–	–	65,563	–	51
Sandi Jinyunfu	2025	40,592	–	–	152,221	–	100
Sandi Jinyu Gaoxin	2023	65,157	–	–	178,508	–	100
Sandi Yunding Fengdan	2022	52,870	–	–	133,359	–	100

Property projects	Expected completion dates	Site area <i>sq.m.</i>	Completed		GFA under development <i>sq.m.</i>	Planned GFA for future development <i>sq.m.</i>	Group's interest <i>%</i>
			Saleable GFA delivered/ pre-sold <i>sq.m.</i>	GFA available for sale <i>sq.m.</i>			
<b>Shanghai</b>							
Sandi Manhattan	2021	104,251	94,048	16,931	77,698	–	100
<b>Zhejiang Province</b>							
Sandi Fengdan Yaju	2023	64,743	–	–	108,427	37,252	100
<b>Jilin Province</b>							
Shouchuang International Plaza	2021	30,313	125,742	1,980	12,922	–	51
Total		<u>1,764,688</u>	<u>1,302,975</u>	<u>105,386</u>	<u>1,920,616</u>	<u>471,998</u>	
Attributable to the Group		<u>1,624,742</u>	<u>1,241,362</u>	<u>104,416</u>	<u>1,762,300</u>	<u>471,998</u>	

Notes:

- (i) The table above includes properties for which the Group has obtained the relevant land use rights certificate(s) but has not obtained the requisite construction permits or the Group has received the confirmation letter on bidding of granting land use rights but in progress to obtain the land use right certificate(s). The figures for “GFA available for sale”, “GFA under development” and “Planned GFA for future development” are based on figures provided in the relevant governmental documents, such as the property ownership certificates, the construction work planning permits, the pre-sale permits, the construction land planning permits or the land use rights certificate. The categories of information are based on our internal records.
- (ii) The figures of “Saleable GFA pre-sold” and “GFA available for sale” include saleable GFA of car parks lot; the figures of “GFA under development” and “Planned GFA for future development” also include non-saleable GFA such as ancillary area.
- (iii) “GFA available for sale” and “GFA under development” and “Planned GFA for future development” are derived from the Group’s internal records and estimates.

The following section provides further details of the development progress of major ongoing projects of the Group.

#### 1) Sandi Yungu Fengdan

Sandi Yungu Fengdan is located in Wuyi New District of Nanping City, Fujian Province with a total site area of approximately 57,813 sq.m. It is planned to be developed into low-rise apartment buildings which is scheduled to be completed by 2023. The project has been launched for pre-sales in May 2020. The contracted sales amount of approximately RMB779.2 million were recorded during the year ended 31 December 2020.



## 2) *Sandi Century New City*

Sandi Century New City is located in Jintai district, Baoji City, Shannxi Province, involving a site area of 169,923 sq.m planned for residential and commercial development of which 899,401 sq.m GFA was completed and 276,918 sq.m GFA is under construction which is expected to be completed in 2023. During the year ended 31 December 2020, the contracted sales amount of approximately RMB511.5 million was achieved.

## 3) *Wuyishan Sandi New Times Square*

The project is situated at 4 kilometres west of Da Hong Pao Scenic Area (a PRC National 4A-level scenic spot), Wuyishan City, Fujian Province, with a total site area of 168,669 sq.m, and is planned to develop into low-density residential properties with a commercial complex.

Construction work commenced in July 2018 and the project is expected to be completed in 2022. The first and second phases of residential properties were launched for pre-sales following its sales permit granted in November 2018 and contracted sales amount of approximately RMB374.1 million were recorded during the year ended 31 December 2020.

## 4) *Qujiang Xiangsong Fengdan • Xian Sandi*

Qujiang Xiangsong Fengdan Xian Sandi is a residential project located in Qujiang New District in Xian City, which is a new urban development zone designated for promoting the cultural and tourism industry. The project occupies a site area of approximately 124,304 sq.m in total and divided into 3 phases in development, each phase mainly comprises high-rise apartments with ancillary facilities.

Phase 1 consists of two zones. Zone A consists of 3 blocks of residential buildings with certain retail units and was completed in 2017. They are mostly delivered to the buyers since then. Zone B consists of 2 blocks of residential buildings and a kindergarten and was completed in 2019. Pre-sales for Phase 1 had commenced since 2015 and the contracted sales amount of approximately RMB33.9 million was recorded during the year ended 31 December 2020.

Phase 2 and Phase 3 are currently under construction and scheduled to complete in 2021 and 2022, respectively. Pre-sales for Phase 2 had commenced since 2017 and Phase 3 had launched for pre-sales in September 2018 after pre-sales permits were granted for 2 blocks of residential buildings. During the year ended 31 December 2020, Phase 2 and Phase 3 recorded the contracted sales amount of approximately RMB29.6 million and RMB141.6 million, respectively.

## 5) Sandi Manhattan

Sandi Manhattan is situated in the prime location of Shanghai Songjiang District, involving a site area of 104,251 sq.m planned for a mixed-use development complex and an office and shopping complex of which 110,979 sq.m GFA was completed. 77,698 sq.m GFA is under construction which is expected to be completed in 2021. During the year ended 31 December 2020, the contracted sales amount of approximately RMB182.8 million was achieved.

### ***Land bank replenishment***

The Group's strategy is to maintain a land bank portfolio sufficient to support the Group's own development pipeline for the next few years. As at 31 December 2020, the Group had a quality land bank amounting to a total GFA of approximately 2,498,000 sq.m, of which approximately 2,339,000 sq.m were attributable to the owners of the Company.

The table below summarises the landbank by location as at 31 December 2020:

<b>Landbank by location</b>	<b>Total GFA</b> ( '000 sq.m.)	<b>Attributable GFA</b> ( '000 sq.m.)
Shaanxi Province	1,306	1,274
Fujian Province	936	816
Zhejiang Province	146	146
Shanghai	95	95
Jilin Province	15	8
Total	<u>2,498</u>	<u>2,339</u>

### **Property Investment**

During the year ended 31 December 2020, the Group recognised rental income and property management and related fee income of approximately RMB128.3 million (2019: approximately RMB125.3 million), which is mainly generated by two furniture malls situated in Fuzhou and Baoji. The Group's investment properties also include hotels, kindergarten, commercial and office premise, which are all located in the PRC and provided a stable income stream to the Group.

Set out below were the major investment properties held by the Group as at 31 December 2020:

<b>Location</b>	<b>Existing/ Intended use</b>	<b>Approximate GFA (sq.m)</b>	<b>Group's interest (%)</b>
<b>Completed investment properties</b>			
Sandi Furniture Plaza, No.173 Gongye Road, Yizhou Street, Taijiang District, Fuzhou City, Fujian Province, the PRC	Shopping Mall	113,252	100%
Various blocks, Sandi Kaixuan Fengdan, No.202 Minjiang Avenue, Cangshan District, Fuzhou City, Fujian Province, the PRC	Commercial/ Hotel	13,308	100%
Red Star Macalline, Block 196 No. 8 Bao Guo Road Jin Tai District, Baoji City, Shaanxi Province, the PRC	Shopping Mall	63,643	100%
Sandi Plaza, Block 186 No. 8 Bao Guo Road Jin Tai District, Baoji City, Shaanxi Province, the PRC	Shopping Mall	63,125	100%
Ramada Hotel Block No. 184 No. 8 Bao Guo Road Jintai District, Baoji City, Shaanxi Province, the PRC	Hotel	15,181	100%
Pesht Boutique, Block No. 25 No. 8 Bao Guo Road Jintai District, Baoji City, Shaanxi Province, the PRC	Hotel	13,520	100%
Jinjiang Inn, Block No. 18 No. 8 Bao Guo Road Jintai District, Baoji City, Shaanxi Province, the PRC	Hotel	7,094	100%
Fuzhou Sandi Chuangfu Square Zone B, Fuxia Road, Cangshan District, Fuzhou City, Fujian Province, the PRC	Commercial/ Hotel	48,149	100%
Lot N5, No.11 Zhongshan Street Neighbourhood, Songjiang District, Shanghai, the PRC	Commercial/ Hotel	61,084	100%
Lot N11, No. 11 Zhongshan Street Neighbourhood, Songjiang District, Shanghai, the PRC	Commercial	25,235	100%
<b>Investment properties under construction</b>			
Tang Kou,Xi Nan Village, Ge Ling Town, Yongtai County, Fuzhou City, Fujian Province, the PRC	Hotel	89,187	100%

## Significant event during the year

### ***Discloseable transaction – Acquisition of 51% equity interest in a PRC company holding land parcels in Baoji City, Shaanxi Province***

On 2 November 2020, Baoji Sandi Real Estate Development Company Limited (the “Purchaser”), an indirect wholly-owned subsidiary of the Company, and Baoji Ruixucheng Real Estate Development Company Limited (the “Vendor”) entered into an agreement, pursuant to which the Purchaser agreed to acquire and the Vendor agreed to sell (i) 51% equity interest in Baoji Xingyaocheng Real Estate Development Company Limited (the “Target Company”); and (ii) 51% of the shareholders’ loan owed by the Target Company to the Vendor, at the consideration of RMB143,784,300 (the “Acquisition”). The principal assets of the Target Company are the land use rights of two land parcels located at Weibin District, Baoji City, Shaanxi Province, the PRC. Upon completion of the Acquisition, the Target Company had become an indirect wholly-owned subsidiary of the Company.

Further details are set out in the announcement of the Company dated 2 November 2020.

## OUTLOOK

Looking ahead, with series of anti-epidemic measures implemented by the government and the ongoing vaccination schemes, the economic impact of the COVID-19 pandemic is expected to mitigate. The epidemic is currently under control in the PRC, and the economic activities were resumed in the second half of the year. The Group had been closely monitoring the development of the epidemic since the outbreak and making every effort to minimize its impact to the operation of the Group. The Group is confident to the future development of the PRC economy arising from China’s further opening-up and reforms over the long term. The Group is also positive in the PRC government’s stabilization policy which is important to accelerate the development of the domestic economic system of China. Moreover, the reduction of loan prime rate has played a key role in stabilizing economic development, as well as the real estate industry. It will play a positive role in stabilizing the market confidence in the real estate market.

In a view of creating the maximum value for customers, shareholders, employees and society, the Group will continue to drive the diversified channels for the land acquisition and proactively look into various opportunities in the property investment sector to expand its operating scale for continuous development and accomplishing sustainable growth in the years ahead.

## OPERATING RESULTS AND FINANCIAL REVIEW

### Revenue

The Group's revenue is primarily derived from property sales, which contributed approximately 96.0% of the revenue for the year ended 31 December 2020. The table below sets forth the breakdown of the Group's revenue by operating segment as indicated:

	For the year ended 31 December 2020		For the year ended 31 December 2019	
	RMB'000	%	RMB'000	%
Property sales	3,096,792	96.0	1,787,352	92.1
Property investment	128,296	4.0	125,269	6.4
Hotel operation	—	—	28,944	1.5
	<u>3,225,088</u>	<u>100.0</u>	<u>1,941,565</u>	<u>100.0</u>

### Revenue from property sales

The Group's revenue from property sales increased to approximately RMB3,096.8 million for the year ended 31 December 2020 (2019: approximately RMB1,787.4 million).

The table below summarises the revenue from property sales for the year ended 31 December 2020:

Property projects	Type	Sales revenue RMB'000	GFA (sq.m)	Average selling price RMB/sq.m	Percentage of total amount %
<b>Fujian Province</b>					
Xicheng Fengdan	Residential/Commercial	1,143,267	114,059	9,920	36.9
<b>Shaanxi Province</b>					
Qujiang Xiangsong Fengdan • Xian Sandi	Residential/Commercial	679,566	58,567	11,331	21.9
Sandi Century New City	Residential/Commercial	550,957	76,278	7,221	17.8
<b>Jilin Province</b>					
Shouchuang International Plaza	Residential/Commercial	328,016	59,326	5,432	10.6
<b>Shanghai</b>					
Sandi Manhattan	Commercial	240,874	5,376	44,806	7.8
Others	Residential/Commercial	<u>154,112</u>	<u>10,525</u>	<u>14,621</u>	<u>5.0</u>
Total		<u>3,096,792</u>	<u>324,131</u>	<u>9,450</u>	<u>100.0</u>

*Notes:*

- i. Sales revenue amount and the calculation of average price are based on the sales revenue after the deduction of business/value-added tax and other surcharges/taxes.
- ii. GFA and sales revenue attributable to the car parking spaces are excluded in the GFA sold and the average selling price calculation.

**Revenue from property investment**

Revenue from property investment including rental income and property management and related fee income amounted to approximately RMB128.3 million for the year ended 31 December 2020 (2019: approximately RMB125.3 million), which was derived from the Group's investment properties situated in the PRC, including shopping malls, commercial buildings and kindergartens.

**Cost of properties sales**

The Group's cost of properties sales increased to approximately RMB2,076.1 million for the year ended 31 December 2020 (2019: approximately RMB1,284.7 million). The increase was primarily attributable to the increase in the total GFA of properties delivered during the year ended 31 December 2020 as compared with 2019, which led to the increase in the cost of properties sales.

**Change in fair value on investment properties and upon transfer to investment properties**

For the year ended 31 December 2020, the Group recognised a net fair value gain of approximately RMB18.2 million on its investment properties (2019: approximately RMB19.7 million).

In addition, following a change of purpose of a property during the year, the Group had reclassified the investment property which was previously classified as inventories of properties. As a result, an increase in fair value of approximately RMB82.9 million (2019: approximately RMB382.1 million) was recognised to the consolidated statement of profit or loss and an increase in fair value of approximately RMB402.0 million (2019: approximately RMB943.4 million) was recognised to properties revaluation reserve during the year.

### **Change in fair value of derivative components of convertible bond**

During the year ended 31 December 2020, the Group recognised a fair value gain of approximately RMB48.3 million (2019: fair value loss of approximately RMB9.3 million) on the derivative components of the convertible bonds with principal amount of HK\$500 million, issued to Primary Partner International Limited (“Primary Partner”), which is wholly-owned by Mr. Guo Jiadi (“Mr. Guo”), on 30 January 2019 as the consideration for acquisition of All Excel Industries Limited. The derivative components of the convertible bonds represented the conversion option to convert into shares of the Company and early redemption option before its maturity date on 30 January 2024, which are classified as derivative financial instrument and measured at fair value with changes in fair value recognised in profit or loss.

### **Gain on disposals of subsidiaries**

During the year ended 31 December 2020, the Group recognised a gain on disposals of subsidiaries of approximately RMB19.6 million which resulted from the disposal of 100% equity interest in Baoji Sandi Hotel Co. Ltd, Baoji Sandi Pace Boutique Hotel Co. Ltd, Baoji Sandi Ecological Catering Management Co. Ltd and Baoji Sandi Ramada Hotel Co. Ltd (collectively referred to as the “Disposed Subsidiaries”). Such gain represents the difference between the sales proceed and the carrying amount of the equity interest in the Disposed Subsidiaries.

### **Other gains and losses**

The Group recognised a net other gains of approximately RMB74.0 million for the year ended 31 December 2020 (2019: approximately RMB125.5 million), which is mainly attributed to net exchange gain during the year and the gain on disposals of subsidiaries as mentioned above.

### **Selling and distribution expenses**

The Group’s selling and distribution expenses increased by approximately RMB91.3 million from approximately RMB104.5 million for the year ended 31 December 2019 to approximately RMB195.8 million for the year ended 31 December 2020, which was mainly due to the increase in sales commission recognised during the year.

### **Administrative expenses**

The Group’s administrative expenses increased by approximately RMB70.1 million from approximately RMB143.5 million for the year ended 31 December 2019 to approximately RMB213.6 million for the year ended 31 December 2020. The increase was primarily attributable to the overall increase in staff cost.

### **Finance costs**

Finance costs consist of interest expenses on bank and other borrowings, convertible bonds, promissory note, contract liabilities and lease liabilities. The finance costs amounted to approximately RMB103.1 million (2019: approximately RMB139.4 million) for the year ended 31 December 2020. The decrease in finance cost was attributable to contract liabilities, lease liabilities and bonds payable which had been fully repaid on 23 July 2019.



## **Income tax expense**

Income tax expense mainly comprises the PRC enterprise income tax and land appreciation tax amounted to approximately RMB314.2 million for the year ended 31 December 2020 (2019: approximately RMB255.5 million). The substantial increase was mainly attributable to the increase in sales of properties recognised during the year.

## **Investments in security**

As at 31 December 2020, the investment portfolio comprises no equity security (31 December 2019: 2 equity securities listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The carrying amount of the investment is equal to its fair values, which are determined by reference to the quoted market bid prices available on the Stock Exchange.

During the year ended 31 December 2020, the Group fully disposed of 31,964,000 shares in Kingston Financial Group (stock code: HK.1031) and 10,000,000 shares in EverChina Int'l Holdings Company Limited (stock code: HK.202) respectively. There are net realised losses of approximately RMB4.1 million (2019: a net realised gain of approximately RMB0.2 million) during the year.

No investment represented more than 1% of the total assets of the Group as at 31 December 2020.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 31 December 2020, the Group had bank and other borrowings of approximately RMB8,429.9 million denominated in RMB (31 December 2019: approximately RMB4,229.9 million denominated in RMB) and other debts comprising convertible bonds, promissory note and amount due to a related company in total amount to approximately RMB1,299.7 million denominated in HK\$ and RMB (31 December 2019: approximately RMB1,063.2 million denominated in HK\$). As at 31 December 2020 and 2019, all bank and other borrowings were secured with fixed interest rate. The bank and other borrowings with maturities falling due within one year, in the second year, in the third to the fifth year, over five years amounted to approximately RMB2,958.2 million, RMB1,730.2 million, RMB2,982.5 million and RMB759.0 million, respectively (31 December 2019: approximately RMB619.5 million, RMB813.4 million, RMB1,938.0 million and RMB859.0 million, respectively). Further details of the bank and other borrowings are set out in note 16 to the consolidated financial statements in this announcement.

As at 31 December 2020, the Group had cash and cash equivalents of approximately RMB838.0 million (31 December 2019: approximately RMB707.3 million) which were mainly denominated in HK\$ and RMB.



As at 31 December 2020, the gearing ratio for the Group was approximately 181.2% (31 December 2019: approximately 114.7%), calculated based on the net debts (comprising bank and other borrowings and other debts comprising convertible bonds, promissory note and amount due to a related company less cash and cash equivalent) of approximately RMB8,891.6 million (31 December 2019: approximately RMB4,585.9 million) over the total equity of approximately RMB4,906.7 million (31 December 2019: approximately RMB3,999.5 million). The debt ratio was approximately 81.9% (31 December 2019: approximately 80.3%), calculated as total liabilities over total assets of the Group.

The Group's current available liquidity resources are sufficient to meet its capital commitments. As at 31 December 2020, the Group's net current assets amounted to approximately RMB3,178.6 million (31 December 2019: approximately RMB1,052.7 million). The Group's current ratio, being percentage of its current assets and its current liabilities, amounted to approximately 122.6% (31 December 2019: approximately 110.1%).

The Group continued to adopt a prudent funding and treasury policy to manage its liquidity needs. The objective is to maintain adequate funds for financing working capital and capture investment opportunities as and when they become available. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to Shareholders, issue new shares or sell assets to reduce debt.

## **CAPITAL STRUCTURE**

The capital structure of the Group and fund raising activities during the year ended 31 December 2020 are summarised as follows:

### **(i) Bank and other borrowings**

As at 31 December 2020, the Group had bank and other borrowings of approximately RMB8,429.9 million (31 December 2019: approximately RMB4,229.9 million), of which approximately RMB2,958.2 million are repayable within one year and approximately RMB5,471.7 million are repayable beyond one year. The Group's bank and other borrowings bear interest rates ranging from approximately 4.8% to 13.0% per annum. All the bank and other borrowings were denominated in RMB.

### **(ii) Promissory note**

As at 31 December 2020 and 2019, the Company had a 5-year promissory note (the "Promissory Note") with principal amount of HK\$600 million issued to Mr. Guo, a Director, with interest of 3% per annum for the first and second years after the date of issuance, 4.5% per annum for the third and fourth years after the date of issuance and 6% per annum for the fifth year after the date of issuance, with interest payable annually in arrears and the principal will be repaid when the Promissory Note falls due on 30 January 2024. The Promissory Note is denominated in HK\$. There was no early redemption of the Promissory Note requested by the Company or Mr. Guo during the year ended 31 December 2020.

**(iii) Convertible bonds**

As at 31 December 2020 and 2019, the Company had a 5-year convertible bonds (the “CB”) with principal amount of HK\$500 million to Primary Partner, which is wholly-owned by Mr. Guo, a Director, with interest of 1% per annum payable annually in arrears and carrying a conversion price of HK\$0.412 per conversion share, with conversion rights to convert into a maximum of 1,213,592,233 shares. The principal will be repaid when the CBs fall due on 30 January 2024 if no conversion happened on or before 30 January 2024. The CBs are denominated in HK\$. There was no early redemption of the CB requested by the Company or Mr. Guo during the year ended 31 December 2020.

**(iv) Amount due to a related company**

As at 31 December 2020, Nanping Sandi Yungu Real Estate Development Co., Limited, an indirect owned subsidiary of the Company, had a 3-year borrowing with principal amount of RMB275.0 million, from Fujian Sandi Real Estate Development Co., Limited (“Fujian Sandi”), which is ultimately controlled by Mr. Guo. Interest is payable quarterly with interest rate of 12% per annum and the principal would be fully repaid when the borrowing fell due on 14 April 2023. There is no early repayment of the borrowing requested by Fujian Sandi during the year ended 31 December 2020.

**SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

On 27 September 2020, Fuzhou Gaojia Real Estate Development Co., Ltd, an indirectly wholly-owned subsidiary of the Company, acquired 51% interest in Hanzhongxu Sandi Real Estate Development Co., Ltd (“Hanzhongxu Sandi”) from an independent third party at a cash consideration of RMB5,100,000. Hanzhongxu Sandi holds a piece of land for property development.

During the year ended 31 December 2020, the Group had disposed of its 100% equity interest in the Disposed Subsidiaries to an independent third party at a consideration of RMB18,954,000 and recorded a gain on disposal of approximately RMB19,638,000 in aggregation.

Except for investment in subsidiaries, there were no significant investments held by the Group as at 31 December 2020.

Save as disclosed above and the acquisition and disposal of subsidiary disclosed in the “Management Discussion and Analysis” section in this announcement, the Group had no other material acquisition or disposal of subsidiaries, associates and joint ventures during the year.

## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD**

Save as disclosed in “Management Discussion and Analysis” section in this announcement, there is no material subsequent event undertaken by the Company or by the Group after 31 December 2020 and up to the date of this announcement.

## **CHARGE ON THE GROUP’S ASSETS**

As at 31 December 2020, the Group had pledged certain investment properties, properties under development, land use rights and certain inventories of properties of an aggregate carrying value of approximately RMB18,071.3 million (31 December 2019: approximately RMB11,863.2 million) together with certain rental proceeds over investment properties, and shares of certain subsidiaries of the Group to secure the bank and other facilities granted to the Group.

## **CONTINGENT LIABILITIES**

The Group had entered into agreements with certain banks to provide guarantees in respect of mortgage facilities granted to purchasers of the Group’s properties. As at 31 December 2020, the Group provided guarantees for mortgage loans in an amount of approximately RMB5,693.7 million (31 December 2019: approximately RMB3,566.9 million) to banks in respect of such agreements. Certain subsidiaries of the Group has provided corporate guarantees of approximately RMB981.2 million (31 December 2019: approximately RMB1,157.0 million) to certain financial institutions in respect of loan facilities granted to certain companies that were indirectly wholly owned or controlled by Mr. Guo. In addition, certain subsidiaries of the Group had also provided corporate guarantees of approximately RMB122.9 million (31 December 2019: approximately RMB82.4 million) to certain financial institutions in respect of loan facilities granted to certain independent third parties during the year ended 31 December 2020.

## **COMMITMENTS**

As at 31 December 2020, the Group had capital commitments in respect of investment properties, properties under development and property, plant and equipment amounted to approximately RMB1,070.7 million (31 December 2019: approximately RMB884.7 million).

## **FOREIGN EXCHANGE EXPOSURE**

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC and Hong Kong denominated in RMB and HK\$, respectively. The functional currency of the Company and its subsidiaries which operate in Hong Kong as investment holdings companies is HK\$. The functional currency of its principal operating subsidiaries in the PRC is RMB. As at 31 December 2020, the Group did not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will closely monitor its foreign currency exposure and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate. As at 31 December 2020, the Group had no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedging or other financial arrangements for hedging purposes to reduce any currency risk nor made any over-the-counter contingent forward transactions.

## **EMPLOYEES**

As at 31 December 2020, the Group employed a total of 702 employees (31 December 2019: 795 employees) of which 700 employees (31 December 2019: 791 employees) were hired in the PRC and 2 employees (31 December 2019: 4 employees) in Hong Kong. Total remuneration paid to the employees for the year ended 31 December 2020 amounted to approximately RMB144.9 million (2019: approximately RMB87.8 million). In addition to competitive remuneration package offered to the employees, the Group also provides other benefits including contributions to mandatory provident fund, as well as group medical and accident insurance. On-going training sessions were also conducted to enhance the competitiveness of the Group's human assets. The Company also maintains a share option scheme, pursuant to which share options may be granted to the Directors, executives and employees of the Company to provide them with incentives in the growth of the Group.

## **PROPERTY VALUATION**

Property valuation on the Group's investment properties located in the PRC as at 31 December 2020 had been carried out by an independent qualified professional valuer, Ravia Global Appraisal Advisory Limited. The property valuation was used in preparing the annual results. The valuation was based on direct capitalization approach by making reference to comparable market information as available in the relevant markets. For investment properties under development, the valuation has also taken into account the construction costs expended and to be expended to complete the development. The Group's investment properties were valued at approximately RMB8,681.4 million as at 31 December 2020 (31 December 2019: approximately RMB7,451.7 million). A net fair value gain of approximately RMB18.2 million (2019: approximately RMB19.7 million) and an increase in fair value of approximately RMB82.9 million (2019: approximately RMB382.1 million) were recognised to the consolidated statement of profit or loss for the year and an increase in fair value of approximately RMB402.0 million was recognised to properties revaluation reserve during the year (2019: approximately RMB943.4 million).

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange (the "Model Code") as its code of conduct in respect of the securities dealing by the Directors. The Company has made specific enquiry of all Directors in respect of the securities dealing by the Directors and all Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2020.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES**

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

## **CORPORATE GOVERNANCE**

The corporate governance principles of the Company emphasise an effective Board, sound internal control, appropriate independence policy, transparency and accountability so as to safeguard the interests of the shareholders of the Company (the “Shareholders”).

The Board is committed to comply with the code provisions (the “Code Provisions”) set out in the Corporate Governance Code (the “CG Code”) under Appendix 14 to the Listing Rules to the extent that the Directors consider it to be practical and applicable to the Company. During the year ended 31 December 2020 and up to the date of this announcement, the Company has complied with the CG Code except for the following deviations:

### **Code Provision A.2.1**

The roles of the chairman and the chief executive officer should be segregated and not be exercised by the same individual. The chairman is responsible for the corporate strategic planning and formulation of corporate policies for the Group, while the chief executive officer is responsible for overseeing day-to-day management of the Group’s business. Mr. Guo currently serves as the chairman of the Board (the “Chairman”). Up to date of this announcement, no individual was appointed as the chief executive officer of the Company (the “CEO”). The day-to-day management of the Group’s business is monitored by the executive Directors and senior management. Given the size of the Group, the current business operations and administration have been stable, the Board is of the view that the current management structure is able to effectively discharge the duties of both positions. However, going forward, the Board will review from time to time and separate the roles of the Chairman and the CEO when necessary.

### **Code Provision E.1.2**

The code provision E.1.2 currently in force stipulates, among other things, that the chairman of the issuer should attend the annual general meeting. Mr. Guo being the Chairman, was unable to attend the annual general meeting of the Company held on 12 June 2020 (the “2020 AGM”) due to other commitment and Mr. Guo appointed Mr. Chan Yee Ping, Michael, an independent non-executive Director, to act as his representative and take the chair of 2020 AGM to ensure that proceedings of the meeting would be conducted in order. The Company considers that sufficient measures have been taken to ensure the Company’s corporate governance practices are no less exacting than those in the CG Code. This constitutes a deviation of the code provision E.1.2.

The Board will continue to monitor and review the Company’s corporate governance practices in order to ensure that such practices may meet the general rules and standards as required by the Listing Rules. The Board believes that sound and reasonable corporate governance practices are essential for sustainable growth of the Group and for benefit of the Group and the Shareholders as a whole.

## **AUDIT COMMITTEE**

The Company has established an audit committee (the “Audit Committee”) for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. It also reviews the effectiveness of the audit process and risk evaluation. The Audit Committee which comprised Mr. Chan Yee Ping, Michael, Ms. Ma Shujuan and Mr. Zheng Yurui, being all the independent non-executive Directors, has reviewed the accompanying financial statements prior to their publication. The Audit Committee has reviewed with management, the Group’s consolidated results for the year ended 31 December 2020, and was of the opinion that the accounting policies of the Group are in accordance with the current best practice in Hong Kong.

## **SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this preliminary announcement have been agreed by the Group’s auditor (the “Auditor”), Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by the Auditor 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 the Auditor on this preliminary announcement.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is published on the websites of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chinasandi.com.cn](http://www.chinasandi.com.cn)). The annual report of the Company for the year ended 31 December 2020 will be despatched to the Shareholders and will be published on the aforesaid websites in due course.

## **APPRECIATION**

On behalf of the Board, I would like to thank our valued customers, suppliers and business associates for their invaluable contributions and support. I also want to express my gratitude to our management team and all staff of the Group for their hard work during the year. Last but not least, I am most grateful to our Shareholders for their continuous support and confidence.

By order of the Board  
**China Sandi Holdings Limited**  
**Guo Jiadi**  
Chairman

Hong Kong, 19 March 2021

*As at the date of this announcement, the Board comprises Mr. Guo Jiadi, Ms. Amika Lan E Guo and Mr. Wang Chao, being the executive Directors; Mr. Chan Yee Ping, Michael, Ms. Ma Shujuan and Mr. Zheng Yurui, being the independent non-executive Directors.*