Sinic Holdings (Group) Company Limited
新力控股(集團)有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2103)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS

- Total contracted sales and attributable contracted sales in 2020 reached a record high of RMB113,735.9 million and RMB50,420.6 million respectively, representing a year-on-year increase of approximately 24.4% and 11.8%, respectively.
- Total revenue increased by approximately 4.0% year-on-year to RMB28,069.0 million in 2020.
- Gross profit amounted to RMB6,859.6 million, representing a year-on-year decrease of approximately 14.2%. Gross profit margin was 24.4%.
- Profit for the year hit a record high, with a year-on-year increase of approximately 1.2% to RMB2,038.5 million in 2020. The profit attributable to the owners of the parent was RMB1,960.4 million, representing a year-on-year increase of approximately 0.1%. Net profit margin was 7.3%.
- Core profit attributable to the owners of the parent*(Note 1)* was RMB1,868.2 million, representing a year-on-year increase of approximately 0.8%.
- The Board proposed a final dividend of RMB14 cents per share, representing a payout ratio of approximately 26.8% of the core profit attributable to owners of the parent in 2020.
- Cash and bank balances*(Note 2)* were RMB17,535.1 million as at 31 December 2020, representing a year-on-year increase of approximately 5.6%.
- Net gearing ratio decreased by 3.4 percentage points to 63.6% as at 31 December 2020.
- Weighted average cost of indebtedness as at 31 December 2020 was 9.1%, representing a decrease of 0.1 percentage points as compared with 2019.

Notes:

(1) Core profit attributable to the owners represents profit attributable to the owners less the changes in fair value of investment properties (net of tax) and changes in fair value of financial assets/liabilities (net of tax).

(2) Cash and bank balances comprise restricted cash, pledged deposits and cash and cash equivalents.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Sinic Holdings (Group) Company Limited (the " **Sinic Holdings**" or the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2020 (the "**Year**") with comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	**2020** *RMB'000*	2019 *RMB'000*
REVENUE	*2,3*	**28,069,007**	26,984,943
Cost of sales		**(21,209,389)**	(18,986,406)
GROSS PROFIT		**6,859,618**	7,998,537
Finance income		**125,101**	47,178
Other income and gains	*3*	**200,069**	105,627
Selling and distribution expenses		**(955,509)**	(1,076,736)
Administrative expenses		**(579,800)**	(568,787)
Other expenses		**(32,508)**	(27,239)
Fair value gains on investment properties		**167,164**	164,786
Fair value on financial assets at fair value through profit or loss		**(33,246)**	(24,816)
Fair value gains on financial liabilities at fair value through profit or loss		**40**	121
Impairment losses recognised for properties	*5*	**(164,401)**	–
Finance costs	*4*	**(564,943)**	(456,397)
Share of profits and losses of:			
Joint ventures		**(97,731)**	62,257
Associates		**162,335**	39,493
PROFIT BEFORE TAX	*5*	**5,086,189**	6,264,024
Income tax expense	*6*	**(3,047,700)**	(4,249,750)
PROFIT FOR THE YEAR		**2,038,489**	2,014,274
Attributable to:			
Owners of the parent		**1,960,352**	1,957,763
Non-controlling interests		**78,137**	56,511
		2,038,489	2,014,274
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted earnings per share	*8*	**RMB0.55**	RMB0.64

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)
For the year ended 31 December 2020

	2020	2019
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**2,038,489**	2,014,274
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**200,733**	(49,519)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	**200,733**	(49,519)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**200,733**	(49,519)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**2,239,222**	1,964,755
Attributable to:		
Owners of the parent	**2,161,085**	1,908,244
Non-controlling interests	**78,137**	56,511
	2,239,222	1,964,755

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**72,565**	91,349
Right-of-use assets		**50,229**	70,866
Investment properties		**2,395,300**	1,751,200
Intangible assets		**28,999**	25,196
Investments in joint ventures		**4,867,128**	5,992,646
Investments in associates		**9,514,957**	7,231,927
Deferred tax assets		**2,113,865**	2,162,741
Other non-current assets		**948,780**	1,034,122
Total non-current assets		**19,991,823**	18,360,047
CURRENT ASSETS			
Financial assets at fair value through profit or loss		**640,520**	281,795
Properties under development		**43,594,738**	48,908,306
Completed properties held for sale		**4,218,401**	2,881,983
Trade receivables	*9*	**42,068**	20,872
Due from related companies		**6,010,466**	4,796,093
Prepayments, other receivables and other assets		**4,392,606**	4,055,067
Tax recoverable		**202,102**	320,818
Cash and bank balances		**17,535,147**	16,598,569
Total current assets		**76,636,048**	77,863,503
CURRENT LIABILITIES			
Trade and bills payables	*10*	**6,907,719**	5,457,196
Other payables and accruals		**3,090,290**	3,470,586
Contract liabilities		**25,586,430**	34,231,211
Due to related companies		**5,132,922**	5,957,364
Interest-bearing bank and other borrowings		**9,535,660**	10,208,923
Senior notes		**3,531,945**	812,145
Corporate bonds		**512,623**	624,072
Asset-backed securities		**514,722**	–
Lease liabilities		**21,052**	30,629
Financial liabilities at fair value through profit or loss		**458**	498
Tax payable		**7,127,279**	5,467,328
Total current liabilities		**61,961,100**	66,259,952
NET CURRENT ASSETS		**14,674,948**	11,603,551
TOTAL ASSETS LESS CURRENT LIABILITIES		**34,666,771**	29,963,598

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
At 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**13,255,282**	14,521,275
Senior notes		**1,344,595**	–
Corporate bonds		**277,449**	406,552
Asset-backed securities		**690,000**	–
Lease liabilities		**17,136**	29,483
Deferred tax liabilities		**18,620**	110,554
Total non-current liabilities		**15,603,082**	15,067,864
Net assets		**19,063,689**	14,895,734
EQUITY			
Equity attributable to owners of the parent			
Share capital		**31,958**	31,958
Reserves		**9,833,539**	8,135,050
		9,865,497	8,167,008
Non-controlling interests		**9,198,192**	6,728,726
Total equity		**19,063,689**	14,895,734

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendment to IFRS 16	*COVID-19-Related Rent Concessions* (early adopted)
Amendments to IAS 1 and IAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRSs are described below:

(a) *Conceptual Framework for Financial Reporting 2018* (the "**Conceptual Framework**") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

(b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("**RFR**"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

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

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors upon reducing the scale of production as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the pandemic during the year ended 31 December 2020. The reduction in the lease payments arising from the rent concessions accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020 was insignificant.

(e) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

2. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development and leasing and commercial property management by project locations for the purpose of making decisions about resource allocation and performance assessment, while no single location's revenue, net profit or total assets exceeds 10% of the Group's consolidated revenue, net profit or total assets. As the economic characteristics are similar in all the locations, where the nature of property development and leasing and management are similar, as well as the nature of the aforementioned business processes, the type or class of customer for the aforementioned business and the methods used to distribute the properties or provide the services, and thus all locations were aggregated as one reportable operating segment.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue at the end of the reporting period.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2020	2019
	RMB'000	*RMB'000*
Revenue from contracts with customers	**28,056,967**	26,975,871
Revenue from other sources		
Property lease income	**12,040**	9,072
	28,069,007	26,984,943

Revenue from contracts with customers

(i) ***Disaggregated revenue information***

	2020	2019
	RMB'000	*RMB'000*
Types of goods or services:		
Sale of properties	**27,414,075**	26,806,590
Project consulting services	**642,892**	169,281
Total revenue from contracts with customers	**28,056,967**	26,975,871
Timing of revenue recognition:		
Properties transferred at a point in time	**25,458,355**	25,606,195
Properties transferred over time	**1,955,720**	1,200,395
Consulting services transferred over time	**642,892**	169,281
Total revenue from contracts with customers	**28,056,967**	26,975,871

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2020	2019
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	**25,636,478**	25,379,162

(ii) ***Performance obligations***

Information about the Group's performance obligations is summarized below:

Sale of properties

For a property sales contract for which the control of the property is transferred at a point in time, the performance obligation is satisfied upon delivery of the property and the Group has already received the payment or have the right to receive the payment probably.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

Consulting services

For consulting services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date. The Group has elected the practical expedient not to disclose the remaining performance obligations for these types of contracts. The majority of the management consulting service contracts do not have a fixed term. The term of the contracts for pre-delivery and consulting services is generally set to expire when the counterparties notify the Group that the services are no longer required.

An analysis of other income and gains is as follows:

	2020	2019
	RMB'000	*RMB'000*
Other income and gains		
Gain on bargain purchase	**–**	4,987
Net gains on disposal of subsidiaries	**9,857**	72,160
Remeasurement gain on investment in joint ventures held before business combination	**3,105**	–
Exchange gain	**119,026**	–
Forfeiture of deposits	**22,524**	21,218
Government grants	**25,096**	273
Gain on disposal of items of property, plant and equipment	**1,073**	78
Dividend income	**15,707**	–
Others	**3,681**	6,911
Total	**200,069**	105,627

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2020	2019
	RMB'000	*RMB'000*
Interest on loans, borrowings, corporate bonds, senior notes and asset-backed securities	**2,420,062**	2,191,382
Interest on lease liabilities	**3,836**	4,949
Interest expense arising from revenue contracts	**366,191**	213,337
Total interest expense on financial liabilities not at fair value through profit or loss	**2,790,089**	2,409,668
Less: Interest capitalised	**(2,225,146)**	(1,953,271)
Total	**564,943**	456,397

5. PROFIT BEFORE TAX

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

	2020	2019
	RMB'000	*RMB'000*
Cost of inventories sold	**21,022,853**	18,943,054
Cost of services provided	**186,536**	43,352
Impairment losses recognised for properties under development	**155,073**	–
Impairment losses recognised for properties held for sale	**9,328**	–
Depreciation of items of property, plant and equipment	**23,900**	25,375
Depreciation of right-of-use assets	**26,933**	31,025
Amortisation of other intangible assets	**4,088**	2,493
Rental expenses	**19,515**	12,241
Auditors' remuneration	**8,600**	8,670
Impairment losses on financial assets/(reversal of impairment losses)	**433**	(611)
Employee benefit expense (including Directors' and chief executive's remuneration)		
Wages and salaries	**338,410**	334,526
Pension scheme contributions and social welfare	**38,906**	60,759

6. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and the British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong were not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2020.

Subsidiaries of the Group operating in Mainland China were subject to PRC corporate income tax ("**CIT**") at a rate of 25% for the year.

PRC land appreciation tax ("**LAT**") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. In addition, these subsidiaries in Jiangxi province were subject to LAT which is calculated based on 10% of their revenue in accordance with "No. 1 (2017) Announcement of Jiangxi tax bureau". The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	2020	2019
	RMB'000	*RMB'000*
Current tax:		
CIT	**1,795,773**	2,649,944
LAT	**1,306,968**	2,325,035
Deferred tax	**(55,041)**	(725,229)
Total tax charge for the year	**3,047,700**	4,249,750

Tax payable in the consolidated statement of financial position represents:

	2020	2019
	RMB'000	*RMB'000*
CIT payable	**3,621,155**	2,793,457
LAT payable	**3,506,124**	2,673,871
Total tax payable	**7,127,279**	5,467,328

7. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend for the year 2020 of RMB14 cents (2019: RMB13 cents) per share, amounting to a total of approximately RMB499,826,180 (2019: RMB464,124,310), has been proposed from the share premium account of the Company by the Directors and is subject to the approval of by the shareholders at the forthcoming annual general meeting. The final dividends has been proposed after the end of reporting period and therefore has not been recognized as a liability at the end of the reporting period.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,570,187,000 (2019: 3,070,516,484) in issue during the year.

The weighted average number of ordinary shares used to calculate the basic earnings per share amounts for the years ended 31 December 2020 and 2019 was based on 100 shares of the Company as at 18 September 2018, 900 shares of the Company issued in the year ended 17 May 2019, and 2,999,999,000 ordinary shares of the Company issued under the capitalisation issue occurred on 15 November 2019, as if these additional shares issued under the capitalisation issue had been in issue throughout the years ended 31 December 2019 and 2018. On 15 November 2019, the Company issued 529,412,000 new ordinary shares. On 11 December 2019, the over-allotment option has been partially exercised and the Company allotted and issued 40,775,000 additional shares.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2020 and 2019 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019.

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

	2020	2019
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent	**1,960,352**	1,957,763
	No. of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year	**3,570,187,000**	3,070,516,484
Earnings per share		
Basic and diluted	**RMB0.55**	RMB0.64

9. TRADE RECEIVABLES

	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**42,110**	20,893
Impairment	**(42)**	(21)
	42,068	20,872

Trade receivables mainly represent consulting services receivable from third parties and rentals receivable from tenants. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values. An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2020	2019
	RMB'000	*RMB'000*
Less than 1 year	**42,068**	20,872
	42,068	20,872

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

The Group applies the simplified approach to measure expected credit losses as prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rate of trade receivables is assessed to be 0.1%. The Group has evaluated the expected loss rate and gross carrying amount, measured the impairment based on the 12-month expected credit losses, and assessed that the expected credit losses were RMB42,000 as at 31 December 2020 (2019: RMB21,000).

10. TRADE AND BILLS PAYABLES

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

	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**6,790,772**	5,434,386
Over 1 year	**116,947**	22,810
Total	**6,907,719**	5,457,196

The trade payables are unsecured and are normally settled based on the progress of construction.

CHAIRMAN'S STATEMENT

On behalf of the Board of Sinic Holdings (Group) Company Limited (the "**Sinic Holdings**" or the "**Company**"), I am pleased to present to the shareholders the annual results, business review and outlook of the Group for the year ended 31 December 2020 (the "**Year**").

RESULTS OF 2020

For the Year, the Group recorded revenue of approximately RMB28,069.0 million, representing a year-on-year increase of approximately 4.0% as compared with the previous year (2019: RMB26,984.9 million). Gross profit amounted to approximately RMB6,859.6 million, representing a year-on-year decrease of approximately 14.2% as compared with the previous year (2019: RMB7,998.5 million). Profit for the year was approximately RMB2,038.5 million, representing a year-on-year increase of RMB24.2 million or 1.2% (2019: RMB2,014.3 million). The core profit attributable to the shareholders of the Group was approximately RMB1,868.2 million, representing a year-on-year increase of 0.8% as compared with the previous year. The basic earnings per share of the Group was RMB0.55 per share.

BUSINESS REVIEW

Overall Property Market Development Outlook

2020 was an extraordinary year for everyone. Along with the outbreak of 2019 coronavirus disease ("**COVID-19**"), trade frictions and the pushing of the multilateral political and economic landscape, 2020 was destined to be an extraordinary year in history. The outbreak of COVID-19 had a wide impact on China's macro economy, production and operation of various industries and daily life. The real estate industry became one of the most affected sectors. However, the epidemic also gave rise to new opportunities, and the online sale of properties became exceptionally hot. The Company actively adopted a strategy to cope with the situation and opened a cloud sales model to strengthen its capability for reducing inventory. At the same time, the Company is committed to further improving its management and development model through "Real estate + Internet".

2020 is the 10th anniversary of the founding of Sinic, and also the first anniversary since its listing. After ten years' hard-working, we get to a new height. The decade from 2010 to 2020 is a decade of steady progress of Sinic, and a decade of full harvest from its ingenuity. We are the best choice for happy living, which can be evidenced by high-rise buildings we built from flat grounds and the layout of many places across the country from the first project. In addition to "continuation", "upgrading" is more important for us. Firstly, we need to upgrade the product quality through the transcendental quality empowered by three major assertions: security, care for customers of all ages, and fineness and delicacy. Secondly, we need to upgrade the customer guarantee services by aiming at the full-service cycle from home purchasing to living. Thirdly, we need to upgrade the development of the Company by upgrading the core driving force of sustainable development, thereby letting the capital market and customers to have full confidence in the Company's future development. Moreover, we need to upgrade the better society, and the Company will continue to assume corporate social responsibility by delivering love to the public. In 2020, the Group continued to implement its city-depth development strategy and further expanded its scale by deepening its city coverage through 11 regional companies. The Company's comprehensive standardized operating procedures for developing quality properties have given new impetus to the expansion. As of the end of 2020, over 90% of medium-high turnover projects developed by Sinic Holdings have adopted the new standardized model, thus speeding up the construction schedule of some projects to a certain extent and helping to relieve some of the pressure.

While carrying out the standardized operation strategy, the Group has been steadfastly adhering to the quality upgrade strategy for a decade and has been well recognized by other industries for its steady growth in comprehensive strength. The Group has polished its product competitiveness with a high-quality gene and built a diversified product matrix covering three major residential product lines, namely, Bay, Garden and Delight, as well as a property business system comprising shopping centers, shared offices and hotel management. The Group's business model has enabled it to rapidly expand its business from its headquarters in Jiangxi to the Yangtze River Delta, the Greater Bay Area, the Central and Western China core cities and other regions. According to the China Real Estate Index System, we ranked 35th, 32nd and 34th in terms of contracted property sales in 2020 by CRIC, China Index Academy and Yihan Think Tank respectively.

In 2020, we continue to be bullish and positioned in four regions.

Jiangxi Province

In 2020, the province's economy continued to recover steadily in the face of the sudden outbreak of COVID-19 and the super-historic flood in the Poyang Lake basin. The GDP of Jiangxi Province reached RMB2.60 trillion in 2020, 1.5 times of that in 2015. The total GDP of Nanchang, the capital of the province, sat steadily at the top, reaching RMB574.551 billion, with a growth rate of 3.6%; the GDP of Ganzhou, which ranked second, reached RMB364.520 billion, with a growth rate of 4.2%, ranked first in the province. In 2020, Jiangxi's supply and demand gradually improved, market vitality continued to increase, employment and livelihood received strong supports, the development of emerging energy accelerated, the growth rate of the main economic indicators rebounded, the coordination of epidemic prevention and control, flood relief and economic and social development achieved remarkable results, and the "Thirteenth Five-Year Plan" successfully concluded. Looking ahead to 2021, the province's economy is expected to continue the stable recovery trend of 2020, the economic operation will move towards normality, and the growth rate will gradually return. As the Group's base camp, Jiangxi Province has ranked first place in Nanchang and Ganzhou in terms of market share for many years. In 2020, the Group won the first place in the transaction volume of real estate enterprises in Jiangxi Province: The real estate enterprises in Jiangxi Province and Nanchang City ranked first in the transaction amount of commercial housing. Nanchang performed well during the Spring Festival in 2021. In February, sales of real estate generally launched new year marketing and hometown purchase promotions, and the overall transaction continued to run smoothly.

Greater Bay Area

"The Outline of the Plan for the Development of the Guangdong-Hong Kong-Macao Greater Bay Area" proposes that the Guangdong-Hong Kong-Macao Greater Bay Area should become a vibrant world-class city cluster, an international center for scientific and technological innovation, an important support for the construction of the "Belt and Road Initiative", and a demonstration area for in-depth cooperation between the Mainland, Hong Kong and Macao. The Guangdong-Hong Kong-Macao Greater Bay Area is located at the frontier of China's coastal opening, with obvious advantages in location and strong economic strength, and the core cities of Shenzhen and Guangzhou remain attractive to migrants. In 2020, the turnover of commercial residential properties in the Greater Bay Area was approximately RMB1.36 trillion, representing a year-on-year increase of 18%; and the volume of transactions was approximately 60.65 million sq.m., representing a year-on-year increase of 7%, with an average price of approximately RMB22,368 per sq.m..

In 2020, real estate policies in the Guangdong-Hong Kong-Macau Greater Bay Area were both relaxed and tightened. Land-related restrictions were relaxed at the beginning of the epidemic, but as the epidemic was effectively controlled and the real estate market recovered, Bay Area real estate policy gradually returned to the logic of normal property regulation. Policies were tightened in a targeted manner, such as the strengthening of the second-hand housing market in Shenzhen and the issuance of the "New Eight" regulations. However, cities such as Huizhou, Guangzhou, Zhongshan introduced policies of relaxing the restrictions on settlement and encouraging the introduction of talents. With the continuous advancement of urbanization and infrastructure construction in the Greater Bay Area cities, the continuous optimization of the talent policy and the continuous development of the economy and society will bring a continuous demand to the Bay Area property market.

Yangtze River Delta Region

In 2019, the Political Bureau conference of the CPC Central Committee emphasized that the development of the Yangtze River Delta integration should be elevated to a national strategy, that the construction of integration in key areas should be promoted in depth, that innovation-driven development should be strengthened, that interaction and cooperation in various fields should be enhanced, so that the development of the Yangtze River Delta integration will be promoted in a solid manner. In 2020, the land market in the Yangtze River Delta Region heated up, with year-on-year growth in both land supply and transaction scale. The epidemic accelerated urban differentiation, with first- and second-tier cities in the Yangtze River Delta Region heating up significantly and some third- and fourth-tier cities surging year-on-year, also showing the efforts made to extend reach of the brand to lower-tier markets from real estate enterprises in the region. In terms of transactions, the Yangtze River Delta Region was the first to recover from the epidemic, with priority positive growth in commercial residential sales and market warming ahead of the nation. In 2020, the Yangtze River Delta Region recorded transactions of RMB1.67 trillion in commercial residential sales with 81.19 million sq.m., representing a year-over-year increase of 9%. The average price was RMB20,609 per sq.m., representing a year-on-year increase of 7%.

As the integration of the Yangtze River Delta Region progresses, the flow of industrial resources and production factors in the Yangtze River Delta Region will be upgraded in all respects, and policies, capital and high-end talents will be transferred to first-tier and strong second-tier cities at an accelerated pace, thus driving the development of advantageous and innovative industries. As a national strategic plan, the integration process of Yangtze River Delta Region is accelerating, and the real estate market in the Yangtze River Delta Region is also embracing huge opportunities and development potentials.

Central and Western China Core Cities and Other Regions with High-Growth Potential

In the Central and Western China region, the real estate market has been developing steadily in recent years, with both sales area and value on the rise. In terms of planning, according to the "Opinions of the State Council of the Central Committee of the Communist Party of China on Establishing a New Mechanism for More Effective Regional Coordinated Development", Wuhan is the center to lead the development of the middle reaches of Yangtze River city cluster, and Zhengzhou is the center to lead the Central Plains city cluster. In terms of population, as the regional economy continues to develop, the population inflow to the core cities remains stable. In 2020, Wuhan saw a decline in the first quarter due to the epidemic and a rapid rebound in the post-epidemic period. As of December 31, Wuhan had 17.45 million sq.m. of commercial residential transactions at an average price of RMB14,819 per sq.m., a year-on-year increase of 15.4%; Changsha had 13.21 million sq.m. of commercial residential transactions at an average price of RMB9,789 per sq.m.. The average price increased by 14.4% year-on-year; the volume of commercial residential transactions in Chengdu was 24.2 million sq.m., with an average price of RMB13,797 per sq.m.. The average price increased by 14.2% year-on-year.

Although the growth rate of the Central and Western China region has slightly slowed down, with the different strengths of the region in attracting talents, the development mode according to local conditions will also bring real estate enterprises to develop here. Overall, some enterprises in the region have made positive attempts and explorations in strategic transformation, regional layout, product upgrade and reform and innovation, and have achieved better results.

Business Development Strategies of the Group

As of 31 December 2020, the total land reserve attributable to the Group reached approximately 15.21 million, with both development scale and land reserve displaying a rapid growth. From the perspective of the land reserve locations, the attributable area to the Group in Jiangxi Province, the Yangtze River Delta Region, the Greater Bay Area and other core cities in Central and Western China accounted for approximately 30.7%, 20.1%, 32.6%, and 16.6%, respectively. In terms of saleable area, 85.6% of the land reserve was located in the first- and second-tier cities.

In 2020, we obtained 35 projects through public tender, auction and listing-for sale process, as well as mergers and acquisitions, with an attributable land premium of RMB15.74 billion and a total planned GFA of 5.8 million sq.m. Our projects located in various regions, of which 6.5% were in the Central and Western China and other regions, 21.1% in the Yangtze River Delta Region, 50.9% in Jiangxi Province, and 21.5% in the Greater Bay Area, across 21 cities. The percentage of newly added land reserve in the first- and second-tier cities reached 78.6%.

Our business development strategy contains five major aspects:

Firstly, insisting on the strategy of deeper cultivation in cities and regions. In the face of the complex political environment, we insist on a more stable strategy of deeper cultivation, no longer simply pursuing business scale, but placing equal importance on the quality of operation and economic efficiency, and further optimizing the Company's land reserve structure through continuous optimization of investment methods and cooperation models. We will consolidate our position in the Jiangxi market, actively expand our business in the Chinese market, and continue to expand our presence in the four regions to achieve our goal of expanding our market share and brand influence.

Secondly, consistently pursuing quality and services. In the face of fierce competition in the industry, we insist on the "craftsman" sentiment and spirit of Sinic's products, polishing one fine project after another, winning 52 design awards, such as Kinpan Award, Aesthetics Vogue Award, Human Settlements Award, etc., so that our product value enjoyed popular support. In 2020, we launched the "Sinic's 5S Healthy Residential District", a new healthy residential system driven by five standards, which will give owners and customers a new living experience through fresh products, craftsmanship, experience, guarantee, services, namely over 800 items of 5S residential district standards in five categories. In the face of ever-increasing customer demands, our property team, under the pressure of the epidemic, has used their passion and professionalism to win the unanimous praise of owners and the government. According to a survey conducted by Savi Consulting, the overall customer satisfaction rate of the Group in 2020 was 89.9, ranking 8th among 110 enterprises in Savi's database, including property service satisfaction rate of 94.8, ranking 1st among 112 real estate enterprises; and maintenance service satisfaction rate was 86.1, ranking 5th among 104 real estate enterprises.

Thirdly, our refinement management strategy. We will continue to improve our management and enhance our economic efficiency. We are committed to further improving our management and development model through "Real Estate + Internet". In 2020, Sinic has reached a comprehensive cooperation with AliCloud for digitization and built a "Smart Enterprise/Project Master Data Platform" with SAP and Deloitte. Through the implementation of digital modules and setting higher industry management standards, we will gradually improve operational efficiency through our efforts to refine management. Against the backdrop of market uncertainty, the refinement management will consolidate Sinic's long-term growth in its core regions.

Fourthly, we will also continue our prudent financial policies. We will improve our financial indicators and diversify our financing channels. Since the beginning of this year, the four major rating agencies have successively given a "stable" or "positive" outlook to Sinic Holdings. With the credit endorsement from international rating agencies, it means that the financing channels of Sinic Holdings will be further widened, the financing process will be smoother and the financing cost is expected to be further reduced. With its good credit standing, the Company has been actively optimizing and broadening its financing channels: it had successfully issued three series of offshore USD bonds in

2020, and the coupon rates had been gradually reduced; it had further expanded and deepened its cooperation with banks on the basis of the existing banking cooperation, and had obtained credit from a number of financial institutions in 2020 and developed new financing channels asset-backed securities (“**ABS**”).

Last but not least, as a new force in the industry, the Company is committed to continuously enhancing its market influence and brand competitiveness through high standards of corporate governance and ESG governance to safeguard the Group’s compliance and sustainable development, and to build an all-round lifestyle platform underpinned by a happy community. In 2020, we announced the Green, Socially Responsible, Sustainable Development Finance Framework (the “**Framework**”), which reinforces Sinic Holdings’ commitment to sustainable development and aligns our financing strategy with global best practices in ESG bond issuance. As a responsible market participant, Sinic Holdings is committed to creating and maintaining economic, environmental and social value for our stakeholders. Our ESG governance structure represents our formal commitment to achieve this vision by proactively managing our environmental and social risks and monitoring performance. In 2020, we received the Titanium Award and the honor of “Social Responsibility–Affordable Housing” in the “Asset ESG Corporate Awards 2020” organized by The Asset, one of the leading financial magazines, highlighting our efforts and achievements in building a sustainable business.

PROSPECT AND OUTLOOK FOR 2021

Looking ahead to 2021, there are still many domestic and external uncertainties. Although the economy is recovering steadily, the problem of unbalanced economic structure development still exists and the overall economy is still under greater pressure. We believe that the long-term management mechanism and supervision of real estate will continue to be strengthened to prevent excessive financialization of the real estate market and to prevent and resolve systemic financial risks. Therefore, the sales target of real estate enterprises will tend to be rational, cooperative land acquisition and cooperative development will continue to be maintained, and the concentration of the industry will be further enhanced.

Under the centralized land supply mode, the requirements for real estate enterprises’ capital capacity and financing capacity are higher, which is beneficial to medium and large real estate enterprises with strong capital strength and rich financing resources; This policy will improve the transparency of market information, provide market players with more choices and opportunities, create a more open and transparent environment, and guide the market to return to rationality; The change from “sporadic supply” to “centralized high volume” will have a greater effect in society, reflecting the adequate guarantee of land. According to the experience of some cities such as Zhengzhou, the two concentrations are for the municipal districts of 22 key cities, and suburban counties are not in the scope of implementation, so real estate enterprises may adopt differentiated strategies to increase the attention of investments from outside 22 cities and increase the attention of suburban counties that have not yet been removed from the county. Nanchang is currently not among the cities that centrally supply land. There are more choices for small and medium-sized real estate companies, which can avoid direct competition from large real estate enterprises and obtain land development opportunities. From the perspective of investment opportunities, the centralized land supply model will diversify the land acquisition targets of real estate enterprises, reduce the number of bidding participants for a single parcel, and reduce the premium rate of land auctions to a certain extent. In addition, real estate enterprises will adopt more joint land acquisition methods to share capital pressure. In this regard, the Company will adopt the following strategies: focusing on cities to enhance the probability of land acquisition/cooperation in urban reform land application in a multi-pronged approach; optimizing adjustments to seize customers in advance/increase the tempo to collect cash for funds preparation; the fast turnover to seize the pre-sale; focus on "22 cities" to find opportunities in non-key cities/explore diversified cooperation modes to strengthen land application capability; expand cooperation to enhance front-end financing.

The strategic layout of the future development of Sinic Holdings is firmly based on the four regions, with the development of first and second-tier cities as the main focus, and the strong third-tier cities as a supplement and the four regions will be expanded in a deeper cultivation way so that the brand will have more opportunities and development space to earn the popular support. The Group will continue to maintain steady and quality growth, and improve its operational capability and expand its business development through sales returns. The Group will further establish headquarters-to-headquarters strategic cooperation with banks, and optimize the terms of debts. The Group will adopt a prudent financial policy, actively reduce the leverage through various financing channels, and control the three red lines at a reasonable level.

Finally, I would like to take this opportunity to express my gratitude to shareholders, partners, customers and 3,527 employees of the Group for their joint efforts to enable the business grow continuously and steadily. They are crucial to the Group's success.

Sinic Holdings (Group) Company Limited
Zhang Yuanlin
Chairman

Hong Kong, 30 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

Market and Business Review

The National Bureau of Statistics released a new record for national real estate development and investment and sales from January to December 2020, with national real estate development and investment of RMB14.2 trillion, representing an increase of 7.0% over last year; the sales area of commercial residential sales reached 1.76 billion sq.m., representing an increase of approximately 2.6% over last year; the sales area of commercial residential properties was RMB17.4 trillion, representing an increase of approximately 8.7% from the previous year. China's real estate industry showed strong resilience in 2020 as it remained stable and positive despite the gloom of the COVID-19.

In 2020, the 2019 coronavirus disease (COVID-19) was rampant around the world. The economic activities of countries and the global industrial chain were severely impacted by the implementation of different degrees of country closures, customs closures and suspension of flight. As a result of the epidemic, there was a sudden reduction in economic activity at the beginning of the year, with all sectors of the economy shutting down production and cities being closed to the public, and rarely appeared negative economic growth in the first quarter. The Central Government was decisive in implementing effective preventive measures at the beginning of the epidemic and succeeded in controlling the spread of the epidemic within a short period of time. At the same time, the central and local governments introduced a number of effective fiscal and supportive policies to mitigate the impact of the epidemic, including lowering the Loan Prime Rate ("**LPR**") for five years or more in the first half of the year, releasing liquidity through several open market operations by the central bank, lowering the interest rate for reverse repurchase several times, lowering the threshold for talent to settle and purchase homes, and providing subsidies for home purchases. In the first half of 2020, with the epidemic under control for a short period of time and the government's reintroduction of a number of supportive policies, the domestic economy achieved a V-shaped turnaround and economic development returned to the right track. Despite the global outbreak of COVID-19, sales and land transactions in many major core cities in China, including the Yangtze River Delta Region and the Greater Bay Area, continued to be brisk, with land prices reaching record highs in the first half of the year.

The Central Government has repeatedly stressed that "housing is not speculative" and "stabilizing land prices, stabilizing housing prices and stabilizing expectations" will not use real estate as a short-term economic stimulus. In the second half of the year, a number of popular cities have upgraded their control policies to prevent the risk of overheating in the market. In order to promote the stable and healthy development of China's real estate market, the Central Government introduced the "three red lines" policy to tighten market financing, control the debts of real estate developers and reduce leverage, and gradually tighten the overall financial supervision. With the introduction of a number of austerity policies, enterprise capital pressure increased, the overheating in a number of popular cities obviously cooled, the land market gradually returned to rationality. The real estate market has slowed down significantly throughout the year under the influence of the epidemic, but has shown a stable and positive trend.

With the successful development of the COVID-19 vaccine and the start of large-scale vaccination in many countries, the global economic recovery is expected to accelerate in 2021, and corporate results are expected to improve accordingly.

Expanding financing channels and optimizing its financial structure

The Group has gained widespread support and recognition from the market since its listing on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") in November 2019 (the "**Listing**"). It has also received overall positive reviews from a number of domestic and overseas investment banks such as CMB International, CCB International, BNP Paribas, BOCI, Guotai Junan, Standard Chartered Bank, Barclays Bank, Citibank, BofA Securities, and CRIC Securities. In addition, on 9 March 2020, the Group was officially included in both the Hang Seng Composite Index and Mainland-Hong Kong Stock Connect (港股通).

During the reporting period, the Group was assigned global scale long-term issuer corporate credit ratings (國際長期發行人主體信用評級) of "B+" (Outlook "stable"), "B" (Outlook "stable"), "B2" (Outlook "stable") and "BB–" (Outlook "positive") by the international credit rating agencies Fitch, Standard & Poor, Moody and Lianhe Ratings Global Limited respectively, for the first time. In addition, the domestic credit rating agency United Ratings has maintained the Company's corporate credit rating of "AA+" with rating outlook of "Stable", and has also maintained facility credit rating of "AA+".

The Group has actively optimized and broadened its financing channels, and further expanded and deepened its cooperation with existing banking partners. The Group obtained credit lines of approximately RMB90,700 million from a number of financial institutions, with about 72% being unutilized as at 31 December 2020; and the Group in 2020 completed the issuance of the two tranches of asset-backed securities with a principal amount of RMB490 million and RMB690 million at an interest rate from 6.0%–7.5%; the Group successfully issued three series of USD bonds, all of which were oversubscribed, and its interest rate was gradually reduced; it also successfully issued refinancing corporate bonds of RMB300 million with an interest rate of 7.0%. The Group will keep exploring new financing channels to achieve the diversification of financing and lower financing costs.

As of 31 December 2020, the net debt ratio of the Group was 63.6%, and the cash short-term debt ratio was 1.24 times.

During the Year, the Group successfully issued three series of USD bonds, all of which were oversubscribed, and the interest rate of issuance was gradually reduced, including:

- In March 2020, the Company completed the issuance of bonds in the principal amount of US$280 million with a coupon rate of 11.75% and due on 10 March 2021 ("**USD Bonds I due 2021**"); and
- In June 2020, the Company completed the issuance of two-year bonds in the principal amount of US$210 million with a coupon rate of 10.5% and due on 18 June 2022 ("**USD Bonds due 2022**").
- In October 2020, the Company completed the issuance of bonds in the principal amount of US$250 million with a coupon rate of 9.5% and due on 18 October 2021 ("**USD Bonds II due 2021**").

	Time of issuance	**Scale (USD million)**	**Term**	**Issuance rate**	**Rating unit**	**Rating results**
US Dollar bond	2020.03	280	364-day	11.75%	–	–
	2020.06	210	2-year	10.50%	Fitch	B+
	2020.10	250	364-day	9.50%	Fitch	B+
	2021.01	250	364-day	8.50%	Fitch/Lianhe Ratings Global	B+/BB–

	Time of issuance	**Existing scale (RMB million)**	**Term (year)**	**Coupon rate**	**Rating unit**	**Rating results**
Renminbi corporate bonds	2018.10	34	2+1	7.00%	Lianhe	AA+
	2019.04	417	2+1	7.50%	Lianhe	AA+
	2020.12	300	3+2	7.00%	Lianhe	AA+

	Time of issuance	**Existing scale (RMB million)**	**Term (year)**	**Coupon rate**	**Rating unit**	**Rating results**
ABS	2020.07	490	1	6%/7%	Lianhe	AAA/AA+
	2020.10	690	2	7%/7.5%	Lianhe	AAA/AA+

Performance Highlights

	For the year ended 31 December 2020	For the year ended 31 December 2019	**Change in percentage**
Contracted sales			
Total contracted sales (RMB'000)	**113,735,872**	91,422,720	+24.4%
Attributable contracted sales (RMB'000)	**50,420,605**	45,109,064	+11.8%
Attributable contracted GFA sold (sq.m.)	**3,360,103**	3,448,001	–2.5%
Attributable contracted average selling price ("**ASP**") (RMB/sq.m.)	**15,006**	13,083	+14.7%
Selected financial information			
Revenue (RMB'000)	**28,069,007**	26,984,943	+4.0%
Gross profit (RMB'000)	**6,859,618**	7,998,537	–14.2%
Profit for the year (RMB'000)	**2,038,489**	2,014,274	+1.2%
Profit attributable to the owners of the parent (RMB'000)	**1,960,352**	1,957,763	+0.1%
Core profit attributable to the owners of the parent (RMB'000)	**1,868,195**	1,852,695	+0.8%
Gross profit margin (%)	**24.4**	29.6	–5.2 percentage point
Net profit margin (%)	**7.3**	7.5	–0.2 percentage point
Earnings per Share (basic and diluted) (RMB cents)	**55**	64	–14.1%

	As at 31 December 2020	As at 31 December 2019	**Change in percentage**
Total assets (RMB'000)	**96,627,871**	96,223,550	+0.4%
Cash and bank balances (RMB'000)	**17,535,147**	16,598,569	+5.6%
Total indebtedness (RMB'000)*(Note1)*	**29,662,276**	26,572,967	+11.6%
Total equity (RMB'000)	**19,063,689**	14,895,734	+28.0%
Equity attributable to the owners of the parent (RMB'000)	**9,865,497**	8,167,008	+20.8%
Current ratio (times)*(Note 2)*	**1.2**	1.2	–
Net gearing ratio (%)*(Note 3)*	**63.6**	67.0	–3.4 percentage point
Weighted average cost of indebtedness (%)*(Note 4)*	**9.1**	9.2	–0.1 percentage point

Notes:

(1) Total indebtedness represents total interest-bearing bank and other borrowings, corporate bonds, asset-backed securities and senior notes.

(2) The calculation of current ratio is based on the current assets divided by the total current liabilities as of the respective dates.

(3) The calculation of net gearing ratio is based on total indebtedness less cash and bank balances divided by total equity at the end of the year and multiplied by *100%*.

(4) *Weighted average cost of indebtedness is the weighted average of interest costs of all indebtedness outstanding as at the end of the year.*

Contracted Sales

Setting the foothold in Jiangxi Province, the Group gradually expanded to the Greater Bay Area, the Yangtze River Delta Region, the Central and Western China core cities and other regions with high-growth potential. The Group recorded year-on-year sales growth, deeply cultivated the four major regions and further diversified the sources of revenue from sale of properties. The sale of properties of the Group was mainly driven by the high turnover of residential property development, and revenue from residential properties accounted for 86.6%.

For the year ended 31 December 2020, the Group's total contracted sales and attributable contracted sales reached a record high of RMB113,735.9 million and RMB50,420.6 million respectively, representing a year-on-year increase of approximately 24.4% and 11.8%, as compared with RMB91,422.7 million and RMB45,109.1 million last year, which was mainly attributable to the increase of the Group's ASP. The attributable contracted sales arose from four major regions across China, with approximately 30.8% in Jiangxi Province, approximately 23.9% in the Greater Bay Area, approximately 28.7% in the Yangtze River Delta Region, and approximately 16.6% in the Central and Western China core cities and other regions with high-growth potential.

Jiangxi Province is where the Company originated, and the residential property businesses of Nanchang-based property enterprises are absolutely dominant in the Group. The Group will allocate its existing strengths to deeply cultivate the local market, so as to further enhance the market position. As of 31 December 2020, the Group had 4.67 million sq.m. of attributable land reserve in the Jiangxi Province, which accounted for approximately 30.7% of the total attributable land reserve, among which Nanchang accounted for approximately 76.6% of attributable land reserve in the Jiangxi Province. Jiangling Sinic Crowning Garden, one of our key sales projects in Jiangxi for this Year, boasted an excellent geographical location and gained popularity from customers.

Guangdong-Hong Kong-Macao Greater Bay Area is a key development area in China and is positioned as an international first-class bay area. The scientific and technological innovation and rapid development of economic activities in the region, as well as the gradual improvement of the transportation network by high-speed rail, urban railway, Shenzhen-Zhongshan Corridor and other major infrastructures, attracted a large influx of talents, and also will significantly enhance the value of cities and properties in the Greater Bay Area. As of 31 December 2020, the Group had attributable land reserve in the Greater Bay Area of 4.96 million sq.m., which accounted for 32.6% of the total attributable land reserve. Many of the projects were located in core areas and highly growing areas including Guangzhou, Shenzhen, Zhuhai, Zhongshan and Huizhou, with superior location. Huizhou Sinic Garden (惠州新力花園) is one of our most popular projects in the Greater Bay Area.

The Yangtze River Delta is an important convergence zone of the "Belt and Road Initiative" and Yangtze River Economic Belt, and is on the golden section of international important trade routes, and is therefore regarded as strategically critical in the national modernization and all-round opening up. The Group expanded to the Yangtze River Delta Region in 2017. As of 31 December 2020, the Group had attributable land reserve in the Yangtze River Delta Region of 3.06 million sq.m., which accounted for approximately 20.1% of the total attributable land reserve. Many of the projects were located in core cities including Shanghai, Suzhou, Hangzhou, Wuxi, Nanjing and Wenzhou. For the year ended 31 December 2020, our Group launched many key projects including Shanghai Menzhiqing (上海夢之晴) and Wuxi Feicuiwan (無錫翡翠灣), which acquired the popularity of the market.

The Group has been actively expanding its business in Central and Western China in recent years. As of 31 December 2020, the Group had 2.52 million sq.m. of attributable land reserve in Central and Western China core cities and other regions with high-growth potential, which accounted for 16.6% of the total attributable land reserve. Wuhan Sinic City and Chengdu Dong Yuan, the Group's key projects in the Central and Western regions, achieved aggregate attributable contracted sales of over RMB2,800.0 million during the Year.

For the year ended 31 December 2020, the Group achieved attributable contracted sales in GFA of 3,360,103 sq.m., representing a decrease of approximately 2.5% from 3,448,001 sq.m. for the year ended 31 December 2019. The Group's attributable contracted ASP in 2020 was RMB15,006 per sq.m., representing an increase of approximately 14.7% from RMB13,083 per sq.m. in 2019.

The following table summarizes the attributable contracted sales by region for the Year:

Region	Attributable contracted sales	% of total Attributable contracted sales	Attributable contracted GFA	Attributable contracted ASP
	RMB'000	*%*	*sq.m.*	*RMB/sq.m.*
Jiangxi Province	15,550,810	30.8%	1,128,690	13,778
Greater Bay Area	12,041,345	23.9%	854,583	14,090
Yangtze River Delta Region	14,443,277	28.7%	798,848	18,080
Central and Western China core cities and other regions with high-growth potential	8,385,173	16.6%	577,982	14,508
Total	50,420,605	100.0%	3,360,103	15,006

Property Investment

In addition to residential property development, the Group also engages in developing commercial properties that are integrated with or near to residential properties, making contribution to upgrading community business and creating 20-minute lifestyle ecosystem. The Group focuses on the three major product systems, being shopping center, shared office and hotel management, respectively. In response to community requirements, the Group creates city-based, region-based and community-based business centers according to local characteristics and offers super premium office buildings and multi-functional apartments. Over years of planning, the Group completed the construction of several commercial property projects in succession since 2016, among which, Sinic Times Square is a key project to the Group involving a complex that integrates residential properties, five-star hotel, office space and shopping center, and the total GFA reaches 800,000 sq.m..

Land Reserve

The Group emphasizes diversified regional distribution in first-tier and second-tier cities and acquisition of high-quality land reserves. As of 31 December 2020, the total attributable land reserve reached 15.2 million sq.m., covering 39 cities in total, which satisfy the the development requirements of about 3 years in the future. Such distribution and land reserve showed that while building a large high-quality land reserve, the Group also greatly improved the proportions of land reserves in the Greater Bay Area and core cities of the Yangtze River Economic Belt where the Group latest expanded its businesses, through which, the Group also manifested its steadfast determination of promoting nation-wide development. The Greater Bay Area, greatly benefiting from the "Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area" and the "policy of pioneering demonstration zone for socialism with Chinese characteristics", and core cities of the Yangtze River Economic Belt are the most active core regions of China's economy, and these positive factors will stimulate the Group to grow faster.

In view of the Group's existing land reserve, it was located in the four regions, with 30.7% was in Jiangxi Province, 32.6% in the Guangdong-Hong Kong-Macao Greater Bay Area, 20.1% in the Yangtze River Delta Region, and 16.6% in the Central and Western China core cities and other regions with high-growth potential, respectively. The proportion of revenue contributed by markets outside Jiangxi Province is expected to increase further in the future, with an aim of revenue evenly distributed in the four regions. The Group has now transformed from a regional property enterprise solely relying on revenue from Jiangxi Province to a cross-region integrated property developer with footprint in national core economic cities and rapid growth. The large land reserve and the diversified land acquisition approaches will become the two wings to boost performance growth.

Majority of the land reserve the Group acquired in 2020 was in the first-tier and the second-tier cities of the four major regions. During the Year, the Group acquired 35 parcels of high-quality land through various approaches including public tender, mergers and acquisitions, joint ventures and associates and land acquisition by consolidating industries. In respect of land acquisition by consolidating industries, in 2020, Sinic obtained a new construction site to the south of Nanchang New City, and the Sinic Services headquarter was close to the newly established area. The land acquired is located in the new city Economic Development Zone of the newly built area of Wangcheng, and there will be no less than 70,000 sq.m. of commercial construction to be built, which represents another success case of land acquisition of the Group by consolidating industries. The total planned GFA of the land parcel acquired during the Year was 5.8 million sq.m., of which 3.5 million sq.m. of planned GFA was attributable to the Group. The total attributable consideration of the land acquired during the year was approximately RMB15,736.6 million. The average land cost for the lands acquired in 2020 was approximately RMB4,527 per sq.m.

The following table sets forth the details of additional land parcels developed and managed by the Group during the Year:

	Project	City	The Group's equity interest %	Planned GFA sq.m.	Attributable planned GFA sq.m.
	Jiangxi Province				
1.	Hedong Avenue, Nancheng County, Fuzhou City	Fuzhou	100%	138,738	138,738
2.	North of Ganxian District, Ganzhou City	Ganzhou	100%	158,671	158,671
3.	Xianghe Avenue, Taihe County, Ji'an City	Ji'an	100%	37,949	37,949
4.	South of Guangming Road, Zhangshu, Yichun City	Yichun	50%	52,129	26,065
5.	Industrial Road 3, Changleng Town, Xinjian District, Nanchang City	Nanchang	100%	114,910	114,910
6.	Cultural Center, Changleng Town, Xinjian District, Nanchang City	Nanchang	100%	182,655	182,655
7.	231 mu, Leping City	Jingdezhen	45%	274,553	123,549
8.	100.84 mu, Chongren County, Fuzhou City	Fuzhou	43%	161,201	69,881
9.	70 mu, east of Fengling Road, Qinglan New District, Jinxian County, Nanchang City	Nanchang	52%	83,661	43,127
10.	104 mu, east of Fengling Road, Qinglan New District, Jinxian County, Nanchang City	Nanchang	52%	142,159	73,283
11.	98.75 mu, Yingbin Avenue, Nanchang County, Nanchang City	Nanchang	50%	174,919	87,460
12.	115.36 mu, Tourist Highway, Jinxi County, FuzhouCity	Fuzhou	50%	158,991	79,496
13.	238 mu, Wangcheng Town, Xinjian District, Nanchang City	Nanchang	52%	373,312	192,442
14.	258 mu, Jiulong Lake, Nanchang City	Nanchang	18%	874,385	157,389
	The Guangdong-Hong Kong-Macao Greater Bay Area				
15.	Zhongkai District, Huizhou City	Huizhou	80%	214,670	171,736
16.	242 mu, Lin Village, Fang Village, Huizhou City	Huizhou	100%	490,100	490,100
17.	203 mu, Xuetangpai, Huizhou City	Huizhou	80%	529,753	423,802

	Project	City	The Group's equity interest %	Planned GFA *sq.m.*	Attributable planned GFA *sq.m.*
	Yangtze River Delta Region				
18.	West of Yinhe Road, Zhangpu Town, Kunshan, Suzhou City	Suzhou	50%	137,419	68,709
19.	South of Beijing Road, Haimen, Nantong City	Nantong	25%	63,849	15,643
20.	Haiyangguan East Road, Gulou District, Xuzhou City	Xuzhou	50%	80,323	40,161
21.	Land parcel B5 of 32 mu, South of Taihu Avenue, Xinzhuang, Yixing, Wuxi City	Wuxi	50%	37,574	18,787
22.	Land parcel B7 of 37 mu, South of Taihu Avenue, Xinzhuang, Yixing, Wuxi City	Wuxi	50%	49,283	24,642
23.	Tangxia Town, Li'an, Wenzhou City	Wenzhou	51%	39,398	20,093
24.	South of Sanxing River, Guangling District, Yangzhou City	Yangzhou	100%	40,256	40,256
25.	South of Cixi, Ningbo City	Ningbo	40%	147,006	58,802
26.	84 mu, Pingyao, Yuhang District, Hangzhou City	Hangzhou	100%	76,888	76,888
27.	40 mu, Pingyao, Yuhang District, Hangzhou City	Hangzhou	100%	37,462	37,462
28.	South of Taihu Avenue, Xinzhuang Street, Yixing, Wuxi City	Nantong	50%	58,366	29,183
29.	Xiaoyanjia of Yuyao, Ningbo City	Ningbo	100%	58,737	58,737
30.	55 mu, Hailing District, Taizhou City	Taizhou	100%	49,753	49,753
31.	204 mu, Jiangbei New Area, Nanjing City	Nanjing	33%	263,209	86,859
32.	70.95 mu, Guanting, Beishan Road, Songyang County, Lishui City	Lishui	25%	79,115	19,771

	Project	City	The Group's equity interest	Planned GFA	Attributable planned GFA
			%	*sq.m.*	*sq.m.*
	Central and Western China core cities and other regions with high-growth potential				
33.	Heshang parcel, Changle District, Fuzhou City	Fuzhou	100%	139,735	139,735
34.	Dawangling, Furong District, Changsha City	Changsha	51%	149,049	76,015
35.	51.5 mu, Beihai Road, Fangzi District, Weifang City	Weifang	48%	86,185	41,669
	Total			**5,756,363**	**3,474,418**

Property projects developed and managed by the Group's subsidiaries, joint ventures or associates

The following table sets forth the breakdown of the total attributable land reserve developed and managed by the Group's subsidiaries, joint ventures or associates in terms of geographic location as at 31 December 2020:

Region/City	Land use	Attributable GFA	% of total Land Reserve
		sq.m.	*%*
Jiangxi Province			
Nanchang	Residential/Commercial	3,577,861	23.5%
Fuzhou	Residential/Commercial	348,887	2.3%
Ganzhou	Residential/Commercial	333,008	2.2%
Jingdezhen	Residential/Commercial	211,783	1.4%
Ji'an	Residential/Commercial	82,413	0.5%
Others	Residential/Commercial	118,946	0.8%
Sub-total		**4,672,898**	**30.7%**

Region/City	Land use	Attributable GFA	% of total Land Reserve
		sq.m.	*%*
Guangdong-Hong Kong-Macao Greater Bay Area			
Huizhou	Residential/Commercial	4,227,062	27.8%
Guangzhou	Residential	233,051	1.5%
Shenzhen	Residential/Commercial	201,829	1.3%
Zhuhai	Residential/Commercial	180,245	1.2%
Others	Residential/Commercial	117,166	0.8%
Sub-total		**4,959,353**	**32.6%**
Yangtze River Delta Region			
Suzhou	Residential/Commercial	960,152	6.3%
Wuxi	Residential/Commercial	501,631	3.3%
Zhuji	Residential/Commercial	462,707	3.0%
Hefei	Residential/Commercial	304,432	2.0%
Ningbo	Residential/Commercial	156,674	1.0%
Nanjing	Residential/Commercial	136,702	0.9%
Hangzhou	Residential/Commercial	114,350	0.8%
Xuzhou	Residential/Commercial	102,247	0.7%
Wenzhou	Residential/Commercial	100,373	0.7%
Shanghai	Residential/Commercial	58,946	0.4%
Nantong	Residential/Commercial	52,170	0.3%
Others	Residential/Commercial	109,779	0.7%
Sub-total		**3,060,163**	**20.1%**

Region/City	Land use	Attributable GFA	% of total Land Reserve
		sq.m.	*%*
Central and Western China core cities and other regions with high-growth potential			
Wuhan	Residential/Commercial	727,370	4.8%
Changsha	Residential/Commercial	578,524	3.8%
Chengdu	Residential/Commercial	352,332	2.3%
Fuzhou	Residential/Commercial	233,352	1.5%
Ezhou	Residential/Commercial	144,651	1.0%
Zigong	Residential/Commercial	122,714	0.8%
Weifang	Residential/Commercial	119,469	0.8%
Xiangyang	Residential	113,896	0.7%
Yantai	Residential/Commercial	75,042	0.5%
Others	Residential/Commercial	53,637	0.4%
Sub-total		**2,520,987**	**16.6%**
Total		**15,213,401**	**100.0%**

Details of the land acquired by the Group subsequent to the end of the reporting period are as follows:

	Project	City	Planned GFA
			sq.m.
1	62.8 mu, the north of Chenghu Avenue, Nanchang County, Nanchang City	Nanchang	107,762
2	33 mu, the east of Wanshun Avenue, Economic Development Zone, Wuxi City	Wuxi	48,004

FINANCIAL REVIEW

Revenue

Revenue of the Group arises from sales of properties, the provision of project consulting services to independent third parties and leasing of investment properties. For the year ended 31 December 2020, approximately 97.7% (2019: 99.3%) of the Group's revenue was derived from the sales of properties, approximately 2.3% (2019: 0.7%) was derived from project consulting services and leasing of investment properties.

The following table summarizes the revenue recognised by business for the years indicated:

	For the year ended 31 December			
	2020		2019	
	RMB'000	*%*	*RMB'000*	*%*
Sales of properties	**27,414,075**	**97.7**	26,806,590	99.3
Project consulting services	**642,892**	**2.2**	169,281	0.6
Rental income	**12,040**	**0.1**	9,072	0.1
Total	**28,069,007**	**100.0**	26,984,943	100.0

For the year ended 31 December 2020, the Group recorded total revenue of RMB28,069.0 million, representing an increase of approximately 4.0% as compared with RMB26,984.9 million of last year, which was primarily attributable to the increase in revenue from sales of properties and project consulting service during the Year.

Revenue from sales of properties

For the year ended 31 December 2020, revenue from sales of properties are mainly derived from the sales of residential properties with higher turnover rate and accounted for approximately 97.7% of the total revenue. Revenue generated from sales of properties increased by approximately 2.3% to RMB27,414.1 million for the year ended 31 December 2020 from RMB26,806.6 million for the year ended 31 December 2019, which was primarily due to the increase in ASP of the properties delivered by the Group during the Year. For the year ended 31 December 2020, the total GFA delivered amounted to 2,491,283 sq.m., representing a year-on-year decrease of approximately 7.7%; while the ASP of the properties delivered amounted to RMB11,004 per sq.m. (after tax), representing an increase of approximately 10.8% as compared to last year. During the Year, the revenue recognised are derived from Jiangxi Province, Greater Bay Area, Yangtze River Delta Region and Central and Western China core cities and other regions with high-growth potential, which accounted for approximately 67.6%, 15.0%, 7.9% and 9.5%, respectively.

The following table summarizes the revenue generated from sales of properties by region for the Year:

Region	**Revenue**	**% of total sales**	**GFA**	**ASP**
	RMB'000	*%*	*sq.m.*	*RMB/sq.m.*
Jiangxi Province	18,540,525	67.6%	1,625,104	11,409
Greater Bay Area	4,105,746	15.0%	390,535	10,513
Yangtze River Delta Region	2,153,499	7.9%	162,814	13,227
Central and Western China core cities and other regions with high-growth potential	2,614,305	9.5%	312,830	8,357
Total	**27,414,075**	**100.0%**	**2,491,283**	**11,004**

Revenue from project consulting services

Revenue generated from the provision of consulting services increased by approximately 279.8% to RMB642.9 million for the year ended 31 December 2020 from RMB169.3 million for the year ended 31 December 2019, primarily due to a number of new projects were engaged in providing consulting services during the Year.

Rental income

Rental income from the leasing of investment properties increased by approximately 32.7% to RMB12.0 million for the year ended 31 December 2020 from RMB9.1 million for the year ended 31 December 2019, which was primarily attributable to the increase in investment properties leasing out.

Cost of sales

Cost of sales primarily represent costs the Group incurred directly relating to its property development activities, which mainly consist of construction costs, land acquisition costs and capitalized interest. The Group's cost of sales increased by approximately 11.7% to RMB21,209.4 million for the year ended 31 December 2020 from RMB18,986.4 million for the year ended 31 December 2019, which was primarily attributable to the increase in the scale of the Group's operations and the higher cost of properties delivered compared to last year.

Gross profit and gross profit margin

The Group's gross profit decreased by approximately 14.2% to RMB6,859.6 million for the year ended 31 December 2020 from RMB7,998.5 million for the year ended 31 December 2019. For the Year, gross profit margin amounted to approximately 24.4%, representing a decrease of 5.2 percentage points as compared with 29.6% for the year ended 31 December 2019. The decrease in gross profit and gross profit margin was primarily attributable to higher land cost for properties delivered compared to last year.

Finance income

Finance income primarily represent interest income on bank deposits and long-term debt investments. The Group's finance income increased by approximately 165.2% to RMB125.1 million for the year ended 31 December 2020 from RMB47.2 million for the year ended 31 December 2019, which was primarily attributable to the increased fixed deposits during the Year resulting in increase in interest income.

Other income and gains

The Group's other income and gains increased to RMB200.1 million for the year ended 31 December 2020 from RMB105.6 million for the year ended 31 December 2019. The increase in other income and gains for the Year was primarily attributable to a record of exchange gain amounted to RMB119.0 million during the Year.

Selling and distribution expenses

Selling and distribution expenses primarily consist of (i) advertising costs; (ii) sales and marketing staff costs; (iii) property management fees paid to agencies; and (iv) sales commission to real estate agents. The Group's selling and distribution expenses decreased by approximately 11.3% to RMB955.5 million for the year ended 31 December 2020 from RMB1,076.7 million for the year ended 31 December 2019, and the total amount of selling and distribution expenses as a percentage of the Group's revenue decreased from approximately 4.0% in 2019 to approximately 3.4% in 2020, which was primarily attributable to the decrease in selling and distribution expenses through effective cost control.

Administrative expenses

Administrative expenses primarily consist of (i) administrative staff costs; (ii) office expenses; and (iii) tax expenses other than corporate income tax. The Group's administrative expenses increased by approximately 1.9% to RMB579.8 million for the year ended 31 December 2020 from RMB568.8 million for the year ended 31 December 2019, which was primarily attributable to the increase in staff cost as a result of the increase in number of administrative headcount. The total amount of administrative expenses for the Year represented approximately 2.1% of the Group's revenue, similar to last year.

Fair value gains on investment properties

Fair value gains on investment properties represent the increase in fair value of the investment properties located in certain commercial areas held by the Group for rental, operating income or capital appreciation. For the year ended 31 December 2020, the Group recorded fair value gains on investment properties of RMB167.2 million, representing an increase of 1.4% as compared to RMB164.8 million for the year ended 31 December 2019. The fair value gain on investment properties for the Year was mainly derived from the appraisal of Sinic Hu Po Yuan (新力琥珀園) in Nanchang and Nanchang Times Square.

Finance costs

Finance costs mainly represent interest expenses on bank and other borrowings and interest arising from a significant financing component of contract liabilities related to the pre-sale proceeds less the capitalized interest relating to properties under development. The Group's finance costs increased by approximately 23.8% to RMB564.9 million for the year ended 31 December 2020 from RMB456.4 million for the year ended 31 December 2019, which was primarily attributable to combined effect of the increase in interest on loans and borrowings, interest expense arising from contracted revenue and interest capitalization.

The Group's gross finance costs before capitalization for the year ended 31 December 2020 was RMB2,790.1 million, representing an increase of approximately 15.8% from RMB2,409.7 million for the year ended 31 December 2019. The increase was mainly due to the increase in borrowings during the Year.

The Group's weighted average cost of indebtedness as at 31 December 2020 was approximately 9.1% (31 December 2019: 9.2%).

Share of profit/losses of joint ventures

The Group recorded share of losses of joint ventures of RMB97.7 million for the year ended 31 December 2020 and share of profits of joint ventures of RMB62.3 million for the year ended 31 December 2019. Such change was primarily due to the loss recorded after the profit of joint venture projects deducting the expenses of other property projects delivered by the joint venture during the Year.

Share of profits of associates

The Group's share of profits of associates increased by approximately 311.1% to RMB162.3 million for the year ended 31 December 2020 from RMB39.5 million for the year ended 31 December 2019, primarily due to the increase in profits generated from the delivery of property projects held by the Group's associates during the year ended 31 December 2020.

Profit before tax

As a result of the aforementioned changes of the Group's financials, the Group's profit before tax decreased by approximately 18.8% to RMB5,086.2 million for the year ended 31 December 2020 from RMB6,264.0 million for the year ended 31 December 2019.

Income tax expense

The Group's income tax expense comprises provisions made for enterprise income tax ("**EIT**") and LAT in the PRC, net of deferred tax during the Year. The Group's income tax expense decreased by approximately 28.3% to RMB3,047.7 million for the year ended 31 December 2020 from RMB4,249.8 million for the year ended 31 December 2019, mainly attributable to decrease in profit before tax.

The effective income tax rate of the Group, being the income tax divided by profit before taxation, for the year ended 31 December 2020 was 59.9%, as compared with 67.8% for the year ended 31 December 2019.

Profit for the year

As a result of the aforementioned changes of the Group's financials, the Group's profit for the year increased by approximately 1.2% to RMB2,038.5 million for the year ended 31 December 2020 from RMB2,014.3 million for the year ended 31 December 2019. The profit attributable to the owners of the parent was RMB1,960.4 million, representing a year-on-year increase of approximately 0.1% from RMB1,957.8 million in 2019.

The core profit attributable to the owners of the parent was RMB1,868.2 million in 2020, representing an increase of approximately 0.8% from RMB1,852.7 million in 2019. Core profit attributable to the owners represents profit attributable to the owners amounted to RMB1,960.4 million less the fair value gains on investment properties (net of tax) amounted to RMB125.4 million and add back the net fair value losses on financial assets/liabilities (net of tax) amounted to RMB33.2 million.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The industry in which the Group engages is a capital-intensive industry. The Group met and expects to continue meeting its operating capital, capital expenditure and other capital needs with cash generated from operations including proceeds from sale and pre-sale of properties and bank and other borrowings. The Group's need for long-term liquid capital is associated with capital allocated for property development projects and repayment of long-term loans.

Net current assets

As at 31 December 2020, the Group's net current assets amounted to RMB14,674.9 million (2019: RMB11,603.6 million). Specifically, the Group's total current assets decreased by approximately 1.6% to RMB76,636.0 million as at 31 December 2020 from RMB77,863.5 million as at 31 December 2019. The Group's total current liabilities decreased by approximately 6.5% to RMB61,961.1 million as at 31 December 2020 from RMB66,260.0 million as at 31 December 2019.

Cash position

As at 31 December 2020, the Group had cash and bank balances of RMB17,535.1 million (2019: RMB16,598.6 million), of which RMB2,986.0 million (2019: RMB1,718.4 million) were time deposits. Excluding time deposits, other restricted cash and pledged deposits, the cash and cash equivalents amounted to RMB10,925.2 million, of which RMB10,705.3 million, RMB48.1 million and RMB171.8 million (2019: RMB9,772.2 million, RMB756.0 million and RMB30.5 million) were denominated in RMB, HK$ and US$, respectively.

Indebtedness

As at 31 December 2020, the Group had total outstanding borrowings of RMB29,662.3 million (2019: RMB26,573.0 million), of which RMB23,883.8 million (2019: RMB17,543.5 million) was carried at fixed rates.

The following table sets forth the Group's total borrowings as at the dates indicated:

	As at 31 December 2020 *RMB'000*	As at 31 December 2019 *RMB'000*
Non-current		
Bank loans – secured	**9,377,323**	7,823,160
Other loans – secured	**3,705,809**	6,698,115
Other loans – unsecured	**172,150**	–
Corporate bonds and senior notes	**1,622,044**	406,552
Asset-backed securities	**690,000**	–
Total non-current borrowings	**15,567,326**	14,927,827
Current		
Other loans – secured	**2,336,698**	2,357,686
Other loans – unsecured	**–**	741,242
Current portion of long term bank loans – secured	**4,094,243**	3,550,410
Current portion of other loans – secured	**3,104,719**	3,559,585
Corporate bonds and senior notes	**4,044,568**	1,436,217
Asset-backed securities	**514,722**	–
Total current borrowings	**14,094,950**	11,645,140
Total borrowings	**29,662,276**	26,572,967
Secured	**23,823,514**	24,801,101
Unsecured	**5,838,762**	1,771,866
	29,662,276	26,572,967

The following table sets forth the maturity profiles of the Group's total borrowings as at the dates indicated:

	As at 31 December 2020	As at 31 December 2019
	RMB'000	*RMB'000*
Bank loans repayable:		
– Within one year or on demand	**4,094,243**	3,550,410
– In the second year	**4,348,549**	4,513,400
– In the third to fifth year, inclusive	**5,028,774**	3,309,760
Sub-total	**13,471,566**	11,373,570
Other borrowings, senior notes, corporate bonds and asset-backed securities repayable:		
– Within one year or on demand	**10,000,707**	8,094,730
– In the second year	**4,971,597**	6,889,667
– In the third to fifth year, inclusive	**1,218,406**	215,000
Sub-total	**16,190,710**	15,199,397
Total	**29,662,276**	26,572,967

The following table sets forth the currency denomination of the Group's total borrowings as at the dates indicated:

By currency denomination

	As at 31 December 2020	As at 31 December 2019
	RMB'000	*RMB'000*
Analysis of borrowings by currency		
– Denominated in RMB	**23,862,323**	25,693,566
– Denominated in US$	**5,637,062**	812,145
– Denominated in HK$	**162,891**	67,256
	29,662,276	26,572,967

Net Gearing Ratio

As at 31 December 2020, the Group's net gearing ratio was 63.6% (31 December 2019: 67.0%).

Pledge of assets

As of 31 December 2020, the Group's borrowings were secured by the Group's assets of RMB29,505.5 million (2019: RMB27,200.0 million) which included properties under development.

Financial risks

The Group's activities expose it to a variety of financial risks, including interest rate risk, foreign currency risk, credit risk and liquidity risk. To minimize the Group's exposure to these risks, the Group did not use any derivatives and other instruments for hedging purposes. The Group did not hold or issue derivative financial instruments for trading purposes.

Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings. The Group has not use derivative financial instruments to hedge interest rate risk and manages its interest cost using variable rate bank borrowings and other borrowings.

Foreign currency risk

The Group primarily operates its business in China and substantially all of its revenue and expenditures are denominated in Renminbi. As at 31 December 2020, the Group had bank balances and cash denominated in Hong Kong dollars and United States dollars of RMB48.1 million and RMB171.8 million respectively, which are subject to fluctuations in exchange rates. In addition, the Group has transactional currency exposures, arising mainly from the Group's interest-bearing bank and other borrowings denominated in HK$ and US$. The Group does not have a foreign currency hedging policy. However, the Group will closely monitor its exposure to exchange rates in order to best preserve the Group's cash value.

Credit risk

The Group divides financial instruments on the basis of shared credit risk characteristics, such as instrument type and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment. To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the Group's counterparties. The credit period granted to the customers is generally six months and the credit quality of these customers is assessed, taking into account their financial position, past experience and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews regularly the recoverable amount of trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

CONTINGENT LIABILITIES

Mortgage guarantees

The Group provided mortgage guarantees to banks in respect of the mortgage loans they provided to the Group's customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificates to the customers; or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on the mortgage loan, the Group is typically required to repurchase the underlying property by paying off the mortgage loan. If the Group fails to do so, the mortgagee banks will auction the underlying property and recover the balance from the Group if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with industry practice, the Group does not conduct independent credit checks on its customers but rely on the credit checks conducted by the mortgagee banks.

The total guarantee provided by the Group to banks in connection with facilities granted to the Group's customers amounted to RMB38,450.0 million as at 31 December 2020 (2019: RMB27,964.7 million). The total guarantee provided by the Group to banks in connection with facilities granted to the Group's joint ventures and associates amounted to RMB7,088.2 million as at 31 December 2020 (2019: RMB8,633.4 million).

The Group did not incur any material losses during the year in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The Directors considered that in case of default on payments, the net realizable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

Legal contingencies

The Group may be involved in lawsuits and other proceedings in its ordinary course of business from time to time. The Group believes that no liabilities resulting from these proceedings will have a material and adverse effect on our business, financial condition or operating results.

COMMITMENTS

As at 31 December 2020, the Group had capital commitment in relation to the properties under development, land use right, acquisition of equity interests and capital contribution for investments in joint ventures and associates amounted to RMB21,026.8 million (2019: RMB18,985.7 million).

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as at 31 December 2020, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

The Group did not have any material acquisition or disposal of subsidiaries, associated companies and joint ventures during the year ended 31 December 2020.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

Save as disclosed in this announcement, there was no significant investment held by the Group as at 31 December 2020.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group will continue to focus on its existing property development business and acquiring high-quality land parcel in China. No concrete plan for future investments is in place as of the date of this announcement.

USE OF PROCEEDS FROM THE LISTING

Net proceeds from the Listing (including the exercise of the over-allotment options), after deducting the underwriting commission and other estimated expenses in connection with the Listing which the Company received amounted to approximately HK$2,188.9 million. The net proceeds received from the Listing had been used in a manner consistent with the proposed allocations in the Company's prospectus dated 30 October 2019 (the "**Prospectus**").

As at 31 December 2020, the Group utilized all the proceeds from initial public offering, among which approximately HK$671.7 million was used for repayment of a portion of an interest-bearing borrowing for our project development and approximately HK$200.0 million was allocated for general business operations and working capital. The remaining proceeds of approximately HK$1,317.2 million was used for financing our existing property projects, including construction costs of property development projects.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2020, the Group had 3,527 employees, and total staff costs amounted to RMB377.3 million. The compensation level is determined based on the qualification, position, seniority and periodic performance reviews of each of the employees. In the performance reviews, each of the employees is assessed with reference to the value that the employee has created for the Group during the performance period and any other meaningful contributions that the employee has made to the Group. Accordingly, their benefit packages are adjusted based on the assessments from the performance reviews. During the Year, the Group improved the welfare packages provided to its employees and adjusted the salary structure and the bonus payment mechanism with a view to improving its pay for performance compensation policy.

EVENTS AFTER THE REPORTING PERIOD

On 9 February 2021, the Company obtained a US$75 million loan facility from BOCI Leveraged & Structured Finance Limited for general working capital purposes. The facility agreement contains, among others, specific performance obligations on Mr. Zhang Yuanlin, Sinic Holdings Group Company Limited, Sinic Group Company Limited and Xin Hong Company Limited, each of them is a controlling shareholder of the Company.

On 26 January 2021, Sinic Holdings (Group) Company Limited completed the issuance of 8.50% senior notes due in 2022 with a principal amount of US$250 million, which were publicly listed on the Stock Exchange.

On 18 January 2021, the Company announced that a tender offer was being made (the "**Tender Offer**") to purchase for cash its outstanding USD Bonds I due 2021 in the aggregate principal amount of US$280 million prior to maturity. As a result of the Tender Offer, the Company repurchased and cancelled a total of US$119,355,000 in principal amount of the USD Bonds I due 2021. After cancellation of the repurchased USD Bonds I due 2021, the aggregate outstanding principal amount of the USD Bonds I due 2021 is US$160,645,000 (the "**Remaining USD Bonds 1 due 2021**"). For details of the repurchase, please refer to the announcements of the Company dated 18 January 2021, 26 January 2021 and 28 January 2021. The Remaining USD Bonds I due 2021 matured on 10 March 2021 and was fully redeemd by the Company, with a total redemption amount of US$170,029,880.90.

Save as disclosed above, there were no material events undertaken by the Group subsequent to 31 December 2020.

FINAL DIVIDEND

The Board recommends the payment of a final dividend ("**2020 Proposed Dividend**") of RMB14 cents per share from the share premium account of the Company, amounting to a total of RMB499,826,180 for the year ended 31 December 2020, representing approximately 26.8% of the core profit attributable to owners of the parent for the year ended 31 December 2020. The 2020 Proposed Dividend is subject to the approval of the shareholders at the upcoming annual general meeting ("**2021 AGM**") to be held on 4 June 2021. The 2020 Proposed Dividend will be paid in HK$ on or about 30 September 2021. The actual amount in HK$ will be based on the average benchmark rate between RMB and HK$ published by the People's Bank of China five business days prior to the date of the 2021 AGM.

CORPORATE GOVERNANCE

The Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the year ended 31 December 2020, except for the deviation from CG Code provision A.2.1, the Group's corporate governance practices are in compliance with the CG Code. CG Code provision A.2.1 stipulates that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Zhang is the chairman of the Board and the chief executive officer. In view of the fact that Mr. Zhang has been assuming day-to-day responsibilities in operating and managing the Group since its establishment, the Board believes that it is in the best interest of the Group to have Mr. Zhang taking up the roles of chairman and chief executive officer for effective management and business development. Therefore, the Directors consider that the deviation from CG Code provision A.2.1 is appropriate in such circumstance. Notwithstanding from above, the Board is of the view that this management structure is effective for the Group's operations and sufficient checks and balances are in place.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the "**Model Code**") as the guidelines for the Directors' dealings in the securities of the Company. In response to the specific enquiry made by the Company, all Directors have confirmed their compliance with the required standards set out in the Model Code during the year ended 31 December 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

2021 AGM AND CLOSURE OF REGISTER OF MEMBERS

The 2021 AGM will be held on Friday, 4 June 2021. A notice convening the 2021 AGM will be published on the Company's website and the Stock Exchange's website and despatched to the shareholders in accordance with the requirements of the Listing Rules in due course. For the purposes of determining the shareholders' eligibility to attend, speak and vote at the 2021 AGM and the shareholders' entitlement to the 2020 Proposed Dividend, the register of members will be closed as appropriate as set out below:

For determining the entitlement to attend, speak and vote at the 2021 AGM

The register of members will be closed from Tuesday, 1 June 2021 to Friday, 4 June 2021, both days inclusive, during which period no transfer of shares will be effected. In order to determine the identity of members who are entitled to attend, speak and vote at the 2021 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 31 May 2021.

For determining the entitlement to the 2020 Proposed Dividend

The register of members will be closed from Wednesday, 8 September 2021 to Friday, 10 September 2021, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the 2020 Proposed Dividend, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 7 September 2021.

REVIEW OF ANNUAL RESULTS

The Board established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the CG Code. The terms of reference of the Audit Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinicdc.com).

The primary duties of the Audit Committee are to review, supervise and approve the financial reporting process and internal control system and to provide advice and comments to the Board. The Audit Committee consists of three members, namely Mr. Tam Chi Choi (chairman), Mr. Au Yeung Po Fung, and Mr. Liu Xin, each of them is an independent non-executive Director.

The Audit Committee and management have discussed, reviewed and agreed with the annual results of the Group for the year ended 31 December 2020.

The figures in respect of the Group's consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Group's independent auditor, Ernst & Young, Certified Public Accountants of Hong Kong ("**Ernst & Young**") to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by the Group's 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 Group's Auditor on this preliminary announcement of results.

PUBLICATION OF ANNUAL RESULTS

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk as well as the website of the Company at www.sinicdc.com. The Company's 2020 annual report will be despatched to shareholders and published on the aforementioned websites in due course.

By Order of the Board
Sinic Holdings (Group) Company Limited
Zhang Yuanlin
Chairman

Hong Kong, 30 March 2021

As at the date of this announcement, the Board comprises Mr. Zhang Yuanlin and Ms. Tu Jing as executive Directors, and Mr. Tam Chi Choi, Mr. Au Yeung Po Fung and Mr. Liu Xin as independent non-executive Directors.