SINIC

STOCK CODE: 2103.HK

新力控股（集團）有限公司
SINIC HOLDINGS (GROUP) COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

2020 ANNUAL REPORT

CORPORATE PROFILE

ABOUT SINIC HOLDINGS

Sinic Holdings was listed on the Stock Exchange (Stock Code: 2103) on 15 November 2019, which marked an important milestone in the development of the Company. Sinic Holdings is a large-scale and comprehensive property developer focusing on the development of residential and commercial properties. Headquartered in Shanghai, Sinic Holdings has established a leading position among residential property developers in Jiangxi Province, and expanded into the Yangtze River Delta Region, the Greater Bay Region and the Central and Western China Core Cities and Other Regions with High-Growth Potential through ten years' operations.

Sinic Holdings focuses on developing quality properties through comprehensive standardized operating procedures. The Group implemented a series of standardized operating manuals which set forth detailed procedures and requirements for the various stages of the property development process, which have enabled the Group to achieve operating efficiency while maintain its quality standards for properties.

Leveraging on its strong brand name, Sinic Holdings will continue its expansion strategies nationwide and strives to become a leading comprehensive real estate developer in China.

Sinic Holdings (Group)
Company Limited
新力控股（集團）有限公司

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhang Yuanlin *(Chairman)*
Ms. Tu Jing
Mr. She Runting *(resigned on 26 May 2020)*
Mr. Chen Kai (*resigned on 1 October 2020)*

Independent non-executive Directors

Mr. Tam Chi Choi
Mr. Au Yeung Po Fung
Mr. Liu Xin

AUDIT COMMITTEE

Mr. Tam Chi Choi *(Chairman)*
Mr. Au Yeung Po Fung
Mr. Liu Xin

REMUNERATION COMMITTEE

Mr. Au Yeung Po Fung *(Chairman)*
Mr. Zhang Yuanlin
Mr. Tam Chi Choi
Mr. Liu Xin

NOMINATION COMMITTEE

Mr. Zhang Yuanlin *(Chairman)*
Mr. Tam Chi Choi
Mr. Au Yeung Po Fung
Mr. Liu Xin

COMPANY SECRETARY

Mr. Yim Lok Kwan *(ACG, ACS)*

AUTHORIZED REPRESENTATIVES

Mr. Zhang Yuanlin
Mr. Yim Lok Kwan *(ACG, ACS)*

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

COMPLIANCE ADVISOR

Zhongtai International Capital Limited

LEGAL ADVISER

Sidley Austin

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE IN THE PRC

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Shanghai, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKS

China Minsheng Bank
China CITIC Bank
Ping An Bank
CMB Wing Lung Bank
Bank of China (Hong Kong)
China Construction Bank (Asia)
Hang Seng Bank

WEBSITE

www.sinicdc.com

STOCK CODE

2103

MILESTONES




2010

- Jiangxi Sinic Properties was established and acquired its first land parcel in Nanchang, Jiangxi Province

2011

- Won the auction of a parcel of land located at the core of Nanchang City

2012

- Developed the first residential property project, Nanchang Dibo Wan, in Nanchang

2013

- Launched three residential property series, namely the "Yue", "Yuan" and "Wan" series
- Developed the first commercial property project, Nanchang Sinic Center

2014

- Built competitive strengths in three key business segments, namely residential properties, commercial properties and services

2015

- Ranked top three among the property developers in Jiangxi in terms of sales GFA by integrating 15 property projects

2016

- Expanded into Suzhou and Huizhou to consolidate the Company's presence across the Yangtze River Delta Region, the Greater Bay Region and the Central and Western China Core Cities and Other Regions with High-Growth Potential
- Nanchang Sinic Center received the 2015 Best Office Building Award granted by the National Real Estate Commercial Association and Jiangxi Real Estate Association

2017

- Relocated corporate headquarters to Shanghai
- Recognized as one of the "2017 China's Top 100 Real Estate Developers" by China Real Estate Industry Association, Shanghai Yiju Real Estate Research Institution and China Real Estate Appraisal
- Ranked top 50 among the property developers in the PRC

2018

- Recognized as one of the "2018 China's Top 50 Real Estate Developers" by China Real Estate Industry Association, Shanghai Yiju Real Estate Research Institution and China Real Estate Appraisal
- "2018 China's Top 100 Real Estate Developers — Growth Top 10"
- China Characteristic Properties Outstanding Operation Enterprises — Ecological Properties"

2019

- Listed on the Stock Exchange on 15 November, 2019 (Stock code: 2103)
- Recognized as one of the "2019 China's Top 50 Real Estate Developers"
- Received the "2019 China's Top 100 Real Estate Developers — Growth Top 10" and "China Characteristic Properties Outstanding Operation Enterprises — Ecological Properties" awards
- Launched Sinic 4.0 products

2020

- Included as a constituent of the Hang Seng Composite Index, Hang Seng Stock Connect Hong Kong Index
- 5S Residential Zone Strategy
- Ranked 35th, 32nd and 34th respectively in 2020 among the property developers in the PRC in terms of total sales amount according to CRIC, China Index Academy and EH Consulting respectively
- Ranked among "Top 30 Chinese Real Estate Enterprises"
- 2020 China's Top 100 Real Estate Companies — Top 10 Growth Companies
- Established a Green, Social, Sustainability Financing Framework

Uplifting our Design
Strive for the Best

Taking “art, diversity, openness and compatibility” as the overall space design concept, emphasizing the internationalized forefront design of space art aesthetics, combining landscape scenes and building blocks, creating a smart curved space aesthetics and telling the poetry of space.

CHAIRMAN'S STATEMENT

On behalf of the Board, 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").

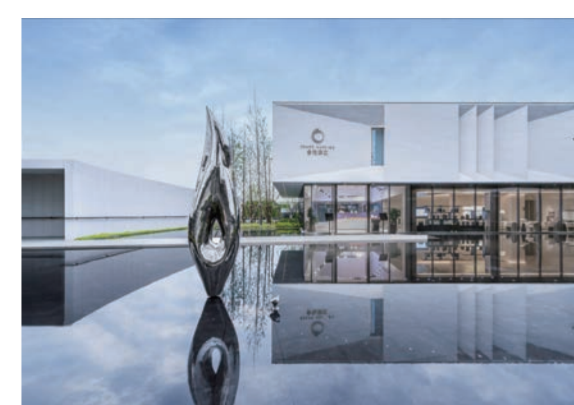
RESULTS OF 2020

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 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.

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



Nanchang — Heyue Binjiang

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,

Nanchang – Sinic City

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..

Ningbo – Jiangyue Chaoqi

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.

Wuhan – Sinic City

Huizhou – Sinic City

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.

Changsha – Sinic Bo Yuan

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.

Guangzhou – Zhou Yue

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.

Changsha — Yuehujun

Hangzhou — Yunying Fengyuan

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

FINANCIAL HIGHLIGHTS

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.

NON-GAAP FINANCIAL MEASURE

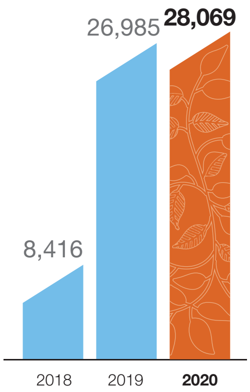
To supplement the consolidated financial statements which are presented in accordance with IFRS, the Company also presented the core profit as non-GAAP measures used by the management of the Group to provide additional information on the its operating performance. Core profit eliminates the impact of fair value of investment properties and financial assets/liabilities net of deferred tax, which are not indicative for evaluating the actual performance of the Group's business. Core profit is not a standard measure under IFRS. We believe that such non-GAAP measure provides additional information to investors and others in understanding and evaluating the consolidated results of operations in the same manner as the management of the Group.

The following table sets forth a reconciliation between the profit attributable to the owners of the parent and core profit attributable to the owners of the parent for the year:

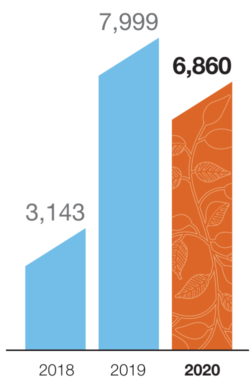
	For the year ended 31 December	
	2020 RMB'000	2019 RMB'000
Profit attributable to the owners of the parent	**1,960,352**	1,957,763
Adjustment for:		
Fair value gains on investment properties (net of tax)	**(125,373)**	(123,589)
Fair value losses on financial assets (net of tax)	**33,246**	18,612
Fair value gains on financial liabilities (net of tax)	**(30)**	(91)
Core profit attributable to the owners of the parent	**1,868,195**	1,852,695

The definitions of core profit attributable to the owners of the parent should not be considered in isolation or be construed as an alternative to profit attributable to the owners of the parent or any other standard measure under IFRS or as an indicator of operating performance.

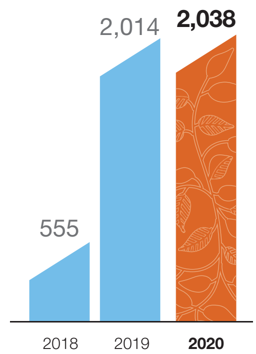
Revenue
(RMB'million)



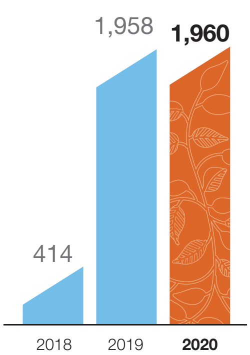
Gross profit
(RMB'million)



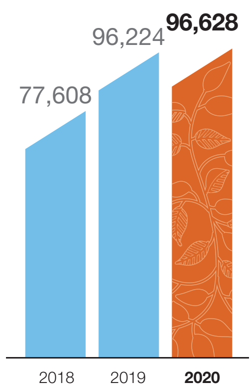
Net profit
(RMB'million)



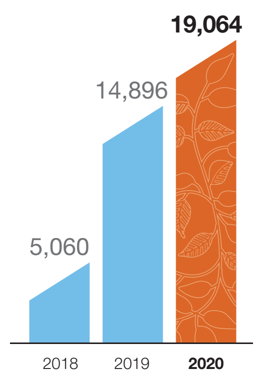
Profit attributable to Shareholders
(RMB'million)



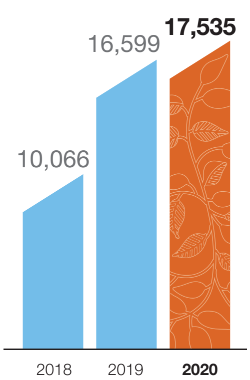
Total assets
(RMB'million)



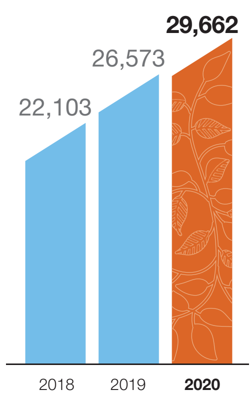
Total equity
(RMB'million)



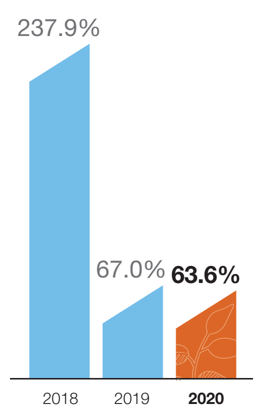
Cash and bank balances
(RMB'million)

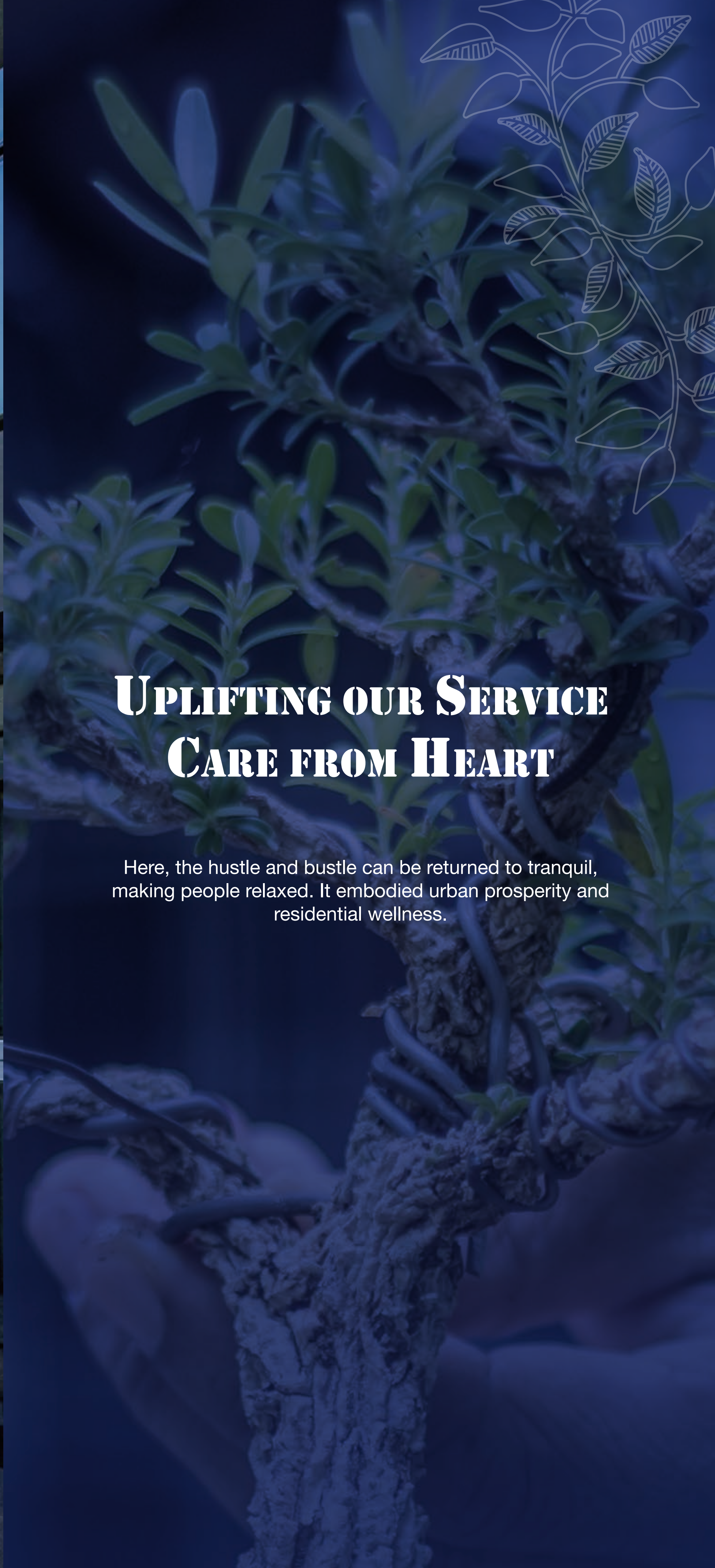


Total indebtedness
(RMB'million)



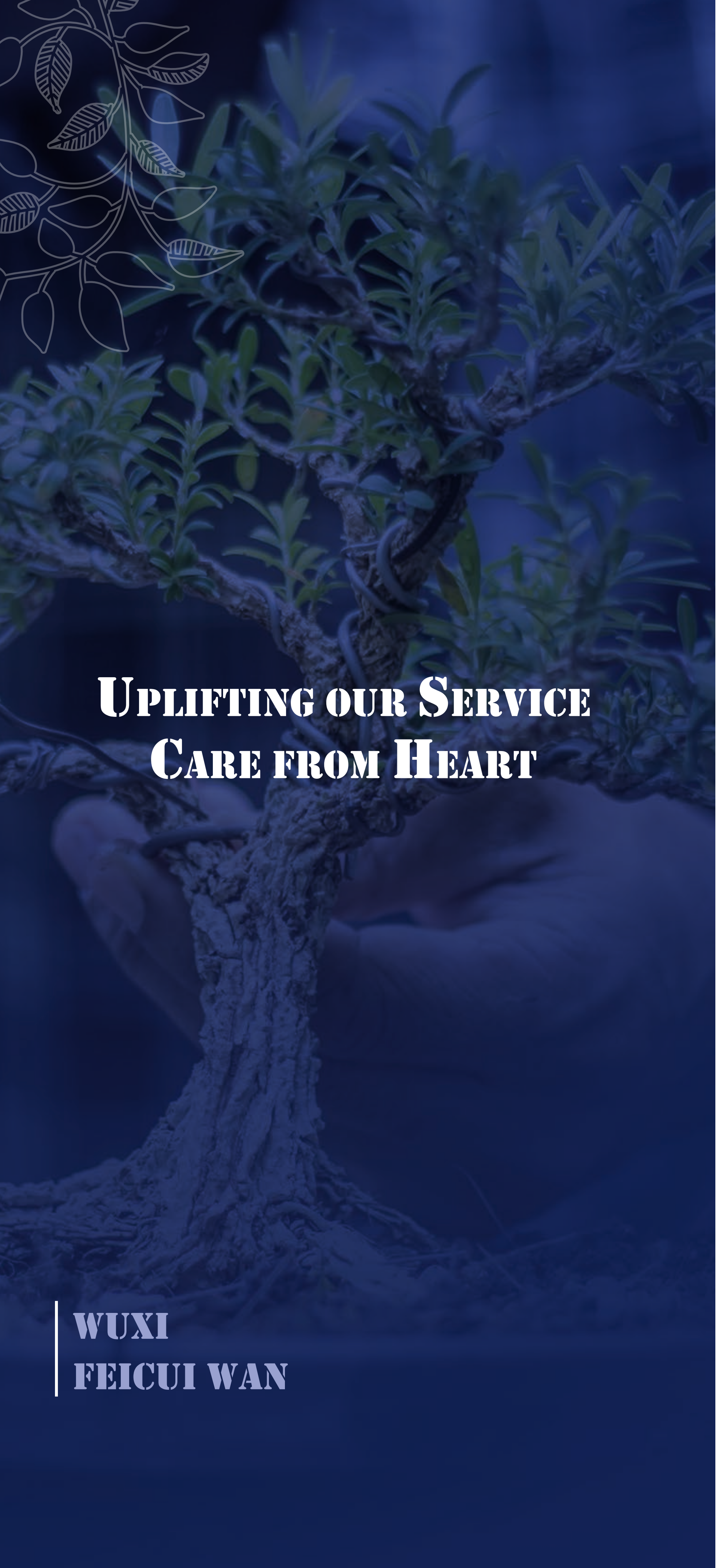
Net gearing ratio
(%)





Uplifting our Service Care from Heart

Here, the hustle and bustle can be returned to tranquil, making people relaxed. It embodied urban prosperity and residential wellness.



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, 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 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 Capital Limited, CCB International Capital Limited, BNP Paribas, BOCI Asia Limited, Guotai Junan Securities (Hong Kong) Limited, Standard Chartered Bank, Barclays Bank PLC, Citibank, Merrill Lynch (Asia Pacific) Limited, and CRIC Securities Company Limited. 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 Agency	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 Agency	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 Agency	Rating results
ABS	2020.07	490	1	6%/7%	Lianhe	AAA/AA+
	2020.10	690	2	7%/7.5%	Lianhe	AAA/AA+

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, the 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** RMB'000	**% of total Attributable contracted sales** %	**Attributable contracted GFA** sq.m.	**Attributable contracted ASP** 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

Fuzhou — Changle Yuerong Shoufu

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, namely 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, Fuzhou City	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, 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. Ningbo City Jiangyue Chaoqi	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. Taizhou Sinic Pu Yuan	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
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 sq.m.	% of total Land Reserve %
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%**
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 sq.m.	% of total Land Reserve %
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 as of 30 March 2021 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 RMB'000	As at 31 December 2019 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 RMB'000	As at 31 December 2019 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 used 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 notes 14, 17 and 18, 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 report.

Suzhou — Yunyu Bo Yuan

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, REMUNERATION POLICY AND TRAINING

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.

The Group is led by an experienced and professional management team. Since the establishment in 2010, the Board has been leading the Group to develop rapidly. Members of the senior management have extensive experience in the property development sector. Most of the senior executives have over 20 years of industry experience in average. With outstanding leadership, international vision and incomparable execution of the management and the prudent implementation of international best practice in consistency with the Company's actual conditions, the Group has become one of the strongest property developers in China.

To effectively expedite the realization of RMB100 billion target and to provide stronger human resource support, Sinic had gradually expanded to the four major regions, and focused resources on improving the Group's organizational structure, the incentive mechanism and the talent development system.

Promoting "structure optimization and efficiency improvement" in organization management: The Group conducted employee engagement survey to identify drivers of employee engagement, improved each function centre and the organizational structure and post setting of city companies, so as to build a horizontal organization, clearly define powers and responsibilities and reasonably divide the work. It developed the Measures on Managing Management Fees (《管理費管理辦法》), set the framework that city companies should work out the budget and fulfil tasks on a contract basis and should be solely responsible for any profit or loss, determined clearly the staffing standard, launched staffing dynamic control and improved the overall organizational productivity and the output per capita.

With respect to talent retention and incentive, the Group improved the benefit system and the benefit standard, and comprehensively adjusted the compensation system, including the salary structure and the bonus payment, so that employees' income was linked to the performance more closely. From 2019, the Group realized the promotion of project co-investment mechanism, and employees became the internal "partners" of co-invested projects through co-investment, which was conducive to accelerating the overall project operation and improving the efficiency and benefits.

Promoting "external recruitment and internal cultivation" in talent development: The Group was open to national key universities and launched the young power campus recruitment campaign themed "Seeking Slash Youth" to attract a number of outstanding graduates. It developed the three-tier talent review system, conducted comprehensive review on key talents of the Company, and set out the nine-patch talent review model and the talent development program. The Group also attached great importance to the cultivation and skill development of employees and offered special trainings and incentive programs tailored for different levels of employees, which included Orientation Plan, Growth Plan, Advanced Plan and Tutor Plan. In addition, the Group established internal learning platforms for employees, and the internal learning environment and mechanism support platform offered employees diverse career growth and development opportunities.

Constructing corporate culture through culture traction: The Group organized executive culture workshops and developed the five "Sinic Growth Values" and the corporate concept system. It promoted these values to all employees by working out the culture manual, holding culture sharing meetings and exclusive series activities of celebrities sharing cultural understanding, and the pass rate of employees' corporate value assessment reached 99.9%. To further promote the corporate culture, Sinic established a complete implementation mechanism that covered cultural cognition, cultural identity and cultural practice, and developed a special Sinic organizational culture and value assessment system to assess the cultural understanding and practice of all employees, so as to facilitate the healthy organization development and the talent decision.

Wuhan – Yayuan

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 redeemed 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.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Executive Directors

Mr. Zhang Yuanlin (張園林), aged 44, founded the Group in March 2010. Mr. Zhang has been a Director since 18 September 2018 and was re-designated as the chairman of the Board, an executive Director and the CEO on 14 May 2019. He ceased to be the CEO and was re-designated as the co-chairman of the Board on 2 March 2020, and was appointed as CEO and redesigned as Chairman on 1 October 2020. Mr. Zhang is primarily responsible for the overall business direction and strategic development of the Group. Mr. Zhang has also served as a director of Jiangxi Sinic Properties Investment Co., Ltd. (江西新力置地投資有限公司), a subsidiary of the Group, since March 2010. He has over 18 years of experience in the PRC real estate industry. From January 2002 to January 2006, he worked in Jiangxi Province Fifth Construction Group Co., Ltd. (江西省第五建設集團有限公司), a general contractor for construction engineering projects and infrastructure construction projects, with his last position as the general manager. From December 2005 to October 2018, he served as the executive director of Jiangxi Yuren Investment Co., Ltd. (江西裕仁投資有限公司). From August 2007 to January 2014, he served as the executive director of Jiangxi Fengcheng Hilton Properties Co., Ltd. (江西省豐城市希爾頓置地有限公司), a company engaged in the development of residential properties in Fengcheng City in Jiangxi Province of the PRC.

Mr. Zhang has received multiple awards in recognition of his outstanding achievements. He was named one of the "100 Most Influential Entrepreneurs in China's Real Estate Industry in 2018" (2018中國房地產百強企業貢獻人物) as well as the "Leading Person of Real Estate in Nanchang in 2016" (2016南昌樓市領軍人物) by China Real Estate Top 10 Research Group (中國房地產Top 10研究組) in 2018 and 2016, respectively. In 2015, Mr. Zhang was recognized as a "Person with Outstanding Contributions in China's Real Estate Industry in 2015" (中國品牌地產榮譽榜2015年傑出人物) by China Real Estate Business Alliance (全國房地產商會聯盟). He was also awarded the "Top 10 Figures in Jiangxi's Real Estate Industry of the Year" (江西地產年度十大名人) by Jiangxi Real Estate Association (江西省地產協會) in January 2015.

Ms. Tu Jing (涂菁), aged 32, was appointed as the executive Director on 14 May 2019. Ms. Tu is primarily responsible for the overall management of the Group and performance review of the senior management of the Group. Ms. Tu joined the Group in February 2014 as the secretary to the chairman and assumed the role of director of operations management in February 2015. She was appointed as a director of Jiangxi Sinic Properties Investment Co., Ltd. (江西新力置地投資有限公司), a subsidiary of the Group, in August 2016. Ms. Tu has over 9 years of experience in the PRC real estate industry. Prior to joining the Group, Ms. Tu worked in Hebei Zhaoxiang Property Development Co., Ltd. (河北兆翔房地產開發有限公司), a company engaged in property development, as the chairman assistant from February 2011 to January 2014. Ms. Tu graduated from Nanchang Institute of Technology (南昌工程學院) in the PRC in July 2011 with a bachelor's degree in international economics and trade.

Independent non-executive Directors

Mr. Tam Chi Choi (譚志才), aged 56, was appointed as an independent non-executive Director on 26 August 2019. Mr. Tam has over 33 years of accounting and finance experience. He began his career at KPMG Peat Marwick from August 1987 to April 1991 and his last position was audit supervisor. He worked as an accounting manager of Kosonic Industries Company Limited from May 1991 to July 1992 and as a deputy accounting manager of Applied Electronics (OEM) Limited from December 1992 to July 1994. From August 1994 to November 2015, he worked at the listing division of the Stock Exchange and his last position was vice president. From November 2015 to October 2017, he served as a director of the quality and risk control division of CCB International Capital Limited. He was the responsible officer of Proton Capital Limited from February 2018 to September 2018. He has served as a corporate finance director of Eric Chow & Co. in association with Commerce and Finance Law Offices since September 2018.

In addition, Mr. Tam has been appointed as independent non-executive director of Datang Group Holdings Limited (大唐集團控股有限公司) (Stock Code: 2117), a company mainly engaged in property development, since November 2020. Meanwhile, Mr. Tam has been appointed as independent non-executive director of Helenbergh China Holdings Limited (海倫堡中國控股有限公司), a company mainly engaged in property development, since March 2021.

Mr. Tam obtained an honors diploma in accounting from Hong Kong Baptist College in July 1987 and a master's degree in business administration from the University of Canberra in Australia in December 2002. He became a fellow of the Chartered Association of Certified Accountants and the Hong Kong Institute of Certified Public Accountants in October 1995 and October 2000, respectively. Mr. Tam was a committee member of the ACCA Hong Kong Committee from 2003 to 2008.

Mr. Au Yeung Po Fung (歐陽寶豐), aged 53, was appointed as an independent non-executive Director in June 2019. Mr. Au Yeung has extensive work experience in the real estate industry. He held various senior management positions in various real estate companies, including Beijing Huahong Group Co., Ltd. (北京華鴻集團), Sansheng Holdings (Group) Co. Ltd. (三盛控股(集團)有限公司), Fujian Sansheng Property Development Company Limited (福建三盛房地產開發有限公司), South China Assets Holdings Limited (南華資產控股有限公司), Shenzhen Tianlai Tourism Property Group (深圳天來文旅地產集團), Shanghai Fuxing High Technology (Group) Co., Ltd. (上海復星高科技(集團)有限公司) (a subsidiary of Fosun International Limited (復星國際有限公司)), Sun Hung Kai Properties Limited (新鴻基地產開發有限公司), Powerlong Real Estate Holdings Limited (寶龍地產控股有限公司). Mr. Au Yeung graduated from The Hong Kong Polytechnic College (now known as The Hong Kong Polytechnic University) in November 1990 with a bachelor's degree in business studies. He was admitted as fellow of the Association of Chartered Certified Accountants in November 2000, a fellow of the Hong Kong Institute of Certified Public Accountants in May 2003, a chartered financial analyst of the CFA Institute in September 2006, and a fellow of the Institute of Chartered Accountants in England and Wales in July 2015.

In addition, Mr. Au Yeung holds or had served as an independent non-executive director in the following companies listed on the Stock Exchange:

Period of service	Name of company	Principal business
May 2018 to present	Shanshan Brand Management Co., Ltd. (杉杉品牌運營股份有限公司) (Stock Code: 1749)	Design, marketing and sales of formal and casual business menswear
June 2018 to present	Redsun Properties Group Limited (弘陽地產集團有限公司) (Stock Code: 1996)	Property development, property leasing, commercial property investment and operation and hotel operation
June 2018 to present	eBroker Group Limited (電子交易集團有限公司) (Stock Code: 8036)	A financial technology solution provider focusing on the provision of financial software solution services
June 2019 to present	Zhongliang Holdings Group Company Limited (中梁控股集團有限公司) (Stock Code: 2772)	Property development, property leasing, commercial property investment and operation and hotel operation
July 2020 to present	Zhenro Services Group Limited 正榮服務集團有限公司 (Stock Code: 6958)	Comprehensive property management service provider
October 2020 to present	Sunkwan Properties Group Limited 上坤地產集團有限公司 (Stock Code: 6900)	Residential property development and sales services provider
July 2017 to February 2020	GR Properties Limited (國銳地產有限公司) (Stock Code: 108)	Property management, property development and investment

While Mr. Au Yeung is currently holding directorships in seven other companies listed on the Stock Exchange as disclosed above, the Directors are of the view that Mr. Au Yeung will be able to devote sufficient time to discharge his duties and responsibilities as an independent non-executive Director given that: (i) his roles in other listed companies primarily requires him to oversee their management independently, rather than to allocate substantial time on the participation of the day-to-day management and operations of their respective businesses; (ii) he has demonstrated that he is capable of devoting sufficient time to discharge his duties owed to each of these listed companies by attending board meetings and board committee meetings of these listed companies during their latest financial year, as disclosed in the annual reports of the relevant listed companies; (iii) he has acquired extensive management experience and developed substantial knowledge on corporate governance through his directorships in other listed companies, which is expected to facilitate the proper discharge of his duties and responsibilities as an independent non-executive Director; and (iv) he has confirmed that he will have sufficient time to fulfill his duties as an independent non-executive Director notwithstanding his existing independent non-executive directorships in four other listed companies.

Mr. Liu Xin (劉昕), aged 51, was appointed as an independent non-executive Director on 26 August 2019. Mr. Liu has served successively as an associate professor, professor and a doctoral supervisor of the Institute of Organisation and Human Resources at the School of Public Administration and Policy in Renmin University of China (中國人民大學公共管理學院組織與人力資源研究所) since February 2001. He is also a researcher at the National Academy of Development and Strategy in Renmin University of China (中國人民大學國家發展與戰略研究院) in the PRC. He has been teaching in Renmin University of China since 1997 and served successively as a lecturer and an associate professor of the School of Labour and Human Resources from June 1997 to February 2001. From August 1998 to July 1999, Mr. Liu served as a visiting scholar at Ghent University in Belgium. From August 2009 to July 2010, Mr. Liu served as a senior visiting scholar of the Fulbright Program at Harvard University in the United States. From September 2011 to December 2011, Mr. Liu served as a visiting professor of Gerald R. Ford School of Public Policy, University of Michigan in the United States. From May 2003 to October 2013, he served as a chief expert and senior partner of Beijing Boom HR Consulting Co., Ltd (北京博目企業管理顧問有限公司) and participated in the management and operation of the company. Mr. Liu is currently a deputy chairman and chief secretary of China's Association of Human Resource Management Teaching and Practicing (中國人力資源開發教學與實踐研究會). Mr. Liu obtained a bachelor's degree, a master's degree and a doctorate degree in Labour Economics from the Renmin University of China in the PRC in July 1991, June 1994 and June 1997, respectively.

Mr. Liu has been serving as an independent non-executive director of Beijing Capital Land Ltd. (首創置業股份有限公司), a company listed on the Stock Exchange (Stock Code: 2868), since December 2017.

COMPANY SECRETARY

Mr. Yim Lok Kwan (嚴洛鈞) was appointed as the company secretary of the Company on 14 May 2019. Mr. Yim is a manager of SWCS Corporate Services Group (Hong Kong) Limited and has over 9 years of experience in the corporate services field. He is an associate member of both the Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute. In addition, he holds a bachelor's degree in accounting and a master's degree in corporate governance.

SENIOR MANAGEMENT

Mr. Hu Yanfang (胡衍放), joined the Group in September 2012 as a project manager and was later promoted to the position of general manager of Project Management in February 2017. He is primarily responsible for supervising the daily operations of the Group in Wuhan area, Hube Province. Mr. Hu has also assumed multiple directorships in the subsidiaries of the Company, including Wuhan Furui Decheng Property Development Co., Ltd. (武漢福瑞德成房地產開發有限公司) since September 2017 and Wuhan Baohe Youcheng Real Estate Co., Ltd. (武漢保和優誠置業有限公司) since October 2017. Mr. Hu has over 20 years of experience in the PRC real estate industry. Prior to joining the Group, he served as a technical manager in Jiangxi Zhongnan Construction Engineering Group Co., Ltd. (江西中南建設集團有限公司), a company engaged in construction engineering, from February 2000 to August 2006. He then worked as a project manager in two companies engaged in property development, namely Jiangxi Jiazhuo Investment Management Development Group Ltd. (江西佳卓投資管理發展集團有限公司) from September 2006 to March 2010 and Nanchang Causeway Bay Plaza Investment Co., Ltd. (南昌銅鑼灣廣場投資有限公司) from April 2010 to August 2012. Mr. Hu graduated from Jiangxi Southeast Learning Institute (江西東南進修學院) in the PRC with a diploma in civil engineering in October 2000.

Mr. Wang Jingwei (王敬偉), joined the Group in July 2014 as a general project manager and was promoted to the position of regional general manager in October 2017. He is primarily responsible for supervising the daily operations of the Group in Ganyue area, Jiangxi Province. Mr. Wang has over 13 years of experience in the PRC real estate industry. From October 2006 to September 2008, Mr. Wang worked as an electrical and mechanical manager in Xiamen Xiashang Real Estate Co., Ltd. (廈門夏商房地產有限公司). From September 2008 to February 2011, he was the deputy general manager of engineering and development of Sino (Xiamen) Realty Development Co., Ltd. (信和(廈門)房地產發展有限公司). From February 2011 to March 2013, he worked as a project manager in China Resources Land (Xiamen) Co., Ltd. (華潤置地(廈門)有限公司). Mr. Wang obtained a bachelor's degree in engineering of water supply and drainage from Nanchang University (南昌大學) in the PRC in 1993 and a postgraduate certificate in business administration from Xiamen University (廈門大學) in the PRC in 2009. Mr. Wang holds the qualifications as a class A constructor (一級建造師執業資格) conferred by the Fujian Human Resources Bureau (福建省人事廳) in September 2007 and as a class A certified constructor (一級註冊建造師) conferred by the Ministry of Construction of the PRC (中華人民共和國建設部) in July 2010.

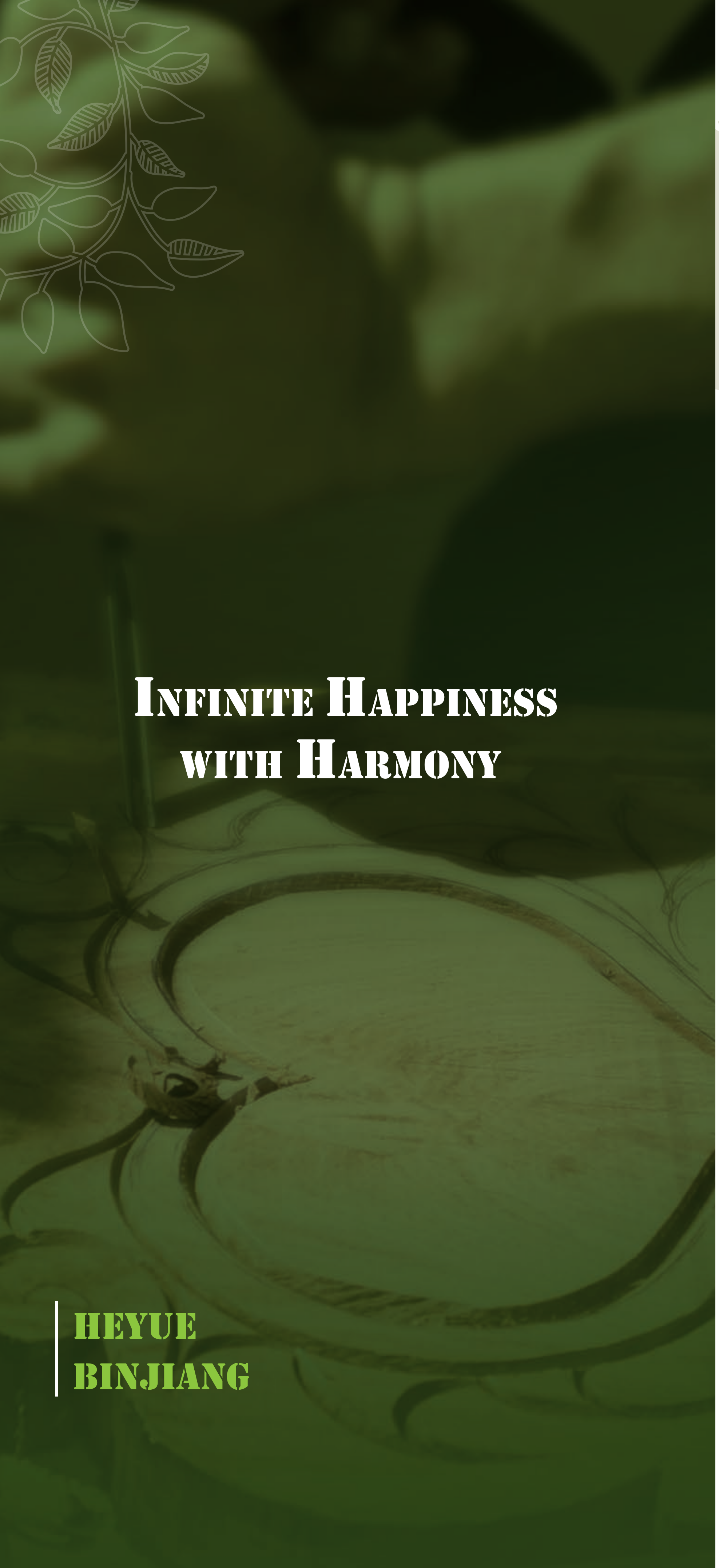
Mr. Hu Baoliang (胡寶亮), joined the Group in January 2015 as a general manager of the audit and supervision center, which is primarily responsible for overseeing the internal audit, risk management and internal control of the Group. Mr. Hu has over 18 years of experience in accounting management and corporate governance. From June 2001 to July 2005, Mr. Hu worked in the Huanggang branch of China Telecommunications Corporation Limited, a company listed on the Stock Exchange (stock code: 728), where he was responsible for accounting and finance matters. From March 2007 to March 2010, he worked in the Guangzhou Branch of Shanghai Baima Transmission Industrial Co., Ltd. (上海白馬傳動工業有限公司廣州分公司), with his last position serving at the board office. He worked as a manager in the audit department of Guangdong Eastone Century Technology Co., Ltd. (廣東宜通世紀科技股份有限公司), a company listed on the Shenzhen Stock Exchange with stock code 300310, from November 2010 to August 2011, and a supervisor in the audit department of Guangzhou R&F Properties Co., Ltd., a company listed on the Stock Exchange (stock code: 2777), from September 2011 to September 2014. Mr. Hu obtained a bachelor's degree in economics with a major in accounting from Zhongnan University of Economics and Law (中南財經政法大學) in the PRC in June 1997. Mr. Hu is an accountant, a certified internal auditor and a senior auditor.

Ms. Zheng Zhiqin (鄭智琴), joined the Group in May 2017 as a general manager of the cost control center, which is primarily responsible for the cost control management of the Group. Ms. Zheng has over 25 years of experience in cost and budget management with over 16 years of work experience in the PRC real estate industry. From July 1996 to November 2005, Ms. Zheng worked in China Electronics System Engineering Second Construction Co., Ltd. (中國電子系統工程第二建設有限公司), where she was responsible for price quotations and tendering management. From November 2005 to June 2013, she worked at Wuxi Forte Property Development Co., Ltd (無錫復地房地產開發有限公司), where she was later promoted as the director of the cost management department. From June 2013 to June 2016, she worked in Shanghai Shimao Co., Ltd. (上海世茂股份有限公司), a company established in the PRC with its shares listed on the Shanghai Stock Exchange (stock code: 600823) and a 58.92%-owned subsidiary of the Shimao Property Holdings Limited listed on the Stock Exchange (stock code: 813), where she was later promoted to the position of director of cost management. She was the deputy general manager of the cost department of Dahua (Group) Co., Ltd. (大華(集團)有限公司) from June 2016 to September 2016 and the deputy general manager of cost control center of Shanghai Powerlong Industrial Development Co., Ltd. (上海寶龍實業發展有限公司), a wholly-owned subsidiary of Powerlong Real Estate Holdings Limited listed on the Stock Exchange (stock code: 1238) from September 2016 to May 2017. Ms. Zheng obtained a bachelor's degree in industrial and civil engineering from Nanjing Construction Engineering College (南京建築工程學院) (now known as Nanjing Institute of Technology (南京工業大學)) in the PRC in July 1996. Ms. Zheng is an engineer and a certified budgeting specialist recognized by the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) in September 2010.


GRAND MANSION

Infinite Happiness with Harmony

Returning to the real life and interpreting the artistic life, reflecting the idea of urban living with contemporary minimalist aesthetics to create the beauty of exclusive living.



INFINITE HAPPINESS WITH HARMONY

HEYUE BINJIANG

BUSINESS PORTFOLIO AND MAJOR PROPERTY PROJECTS

JIANGXI PROVINCE

Nanchang — Heyue Binjiang

Nanchang — Sinic City

Nanchang — Dajing Tiancheng

GREATER BAY AREA

Huizhou — Sinic City

Huizhou — Ruiyuan

Guangzhou — Zhouyue

YANGTZE RIVER DELTA REGION

Taizhou — Puyuan

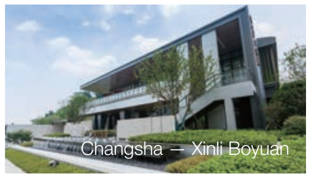
Ningbo — Jiangyue Chaoqi

Suzhou — Yunyu Boyuan

CENTRAL AND WESTERN CHINA CORE CITIES AND OTHER REGIONS WITH HIGH-GROWTH POTENTIAL

Wuhan — Sinic City

Changsha — Yuehujun



Changsha — Xinli Boyuan


Central and Western China Core Cities and Other Regions With High-growth Potential
Yangtze River Delta Region
Jiangxi Province
Greater Bay Region
Yantai
Xuzhou
Yangzhou
Taizhou
Nantong
Nanjing
Suzhou
Wuxi
Shanghai
Hefei
Hangzhou
Ningbo
Xiangyang
Wuhan
Ezhou
Chengdu
Zigong
Changsha
Yichun
Nanchang
Fuzhou
Ganzhou
Fuzhou
Quanzhou
Guangzhou
Huizhou
Shenzhen
Zhongshan
Zhuhai

Changsha Bo Yuan

Site Area	**75,900** m^2
Total Saleable Area	**262,400** m^2
Unit Type	"High-rise" A Type **159** m^2; B Type **121** m^2; A3 Type **141** m^2; B1 Type **115** m^2
	"Apartment" **45** m^2

Architectural form:
High-rise and apartment

GEOGRAPHICAL ENVIRONMENT/ ADVANTAGE

The project is located in the site which is 200m away from the intersection of Xiangjiang Middle Road and Yinjiachong Road/ in the core of the Nanhu New City segment of the central segment of the city. It is 500m's walk away from the riverside, with the Orange Island standing from afar and the Southern Suburb Park in the south. Within 500m of the project, there are 1123 Cultural and Creative Park and Locomotive Park. The Wuyi business district, 5 kilometers to its north, includes emerging high-end business areas such as Wuyi Plaza, Huangxing Plaza, IFS, Hisense Plaza. Within about 3 kilometers to its east, there are established business districts such as Yuhuating, Houjiatang and Dongtang which have experienced 10-year's development and are second only to the Wuyi business district in terms of prosperity.

PROJECT HIGHLIGHTS

Sinic • Bo Yuan is located on the bank of Orange Island by the Xiangjiang River. Its main products are three-bedroom and four-bedroom hardbound mansion of GFA ranging from about 115 to 159 m^2 and smart Chuangxiang apartments of GFA about 45 m^2;

Adjacent to the Wuyi business district, the core of the city, the project has Metro Line 9 nearby under planning. It is convenient to commute as it is located on the main road of the city. Also, it enjoys the unique landscape resources of one river and two parks, with 1123 Cultural and Creative Park on the side. It is truly prosperous for outsiders on one hand and tranquil and livable for residents on the other hand.

HONOR

1. Awarded the "16th China (Changsha) Real Estate Network Popular List — 2019 Changsha High-quality Residential Real Estate" by fang.com.

2. Awarded the "2020 Best Quality Real Estate in Changsha'' by Daxiang.com

3. Awarded the "2020 China Real Estate Brand Value List — 2020 China (Changsha) Ingenuity and Quality Model Real Estate" by China Real Estate Newspaper Think Tank Research Institute

4. Awarded the "2019–2020 Huxiang Real Estate General Evaluation List-Quality Model Real Estate" by news.163.com

5. Awarded the "2019 Changsha Real Estate Excellent Quality Real Estate'' by Hunan Province Real Estate Industry Association Leju

6. Awarded the "2020 Anjuke User Interest Real Estate"

Wuxi Feicui Wan

Site Area	**80,000** m^2
Total Saleable Area	**252,900** m^2
Unit Type	**89**, **115** m^2 Three-room
	130, **150** m^2 Four-room

Architectural form:
Medium high-rise and commercial space

GEOGRAPHICAL ENVIRONMENT/ ADVANTAGE

According to Wuxi City Overall Planning (2001–2020), Hudai, as a key area, represents the development momentum of the city and becomes the valuable City Hall of Wuxi with abundant international features as well as development potential. Therefore, based on the above planning, the location of the project is integrated with sectors of Hudai administration, education, culture, industry and living facilities. For transportation, with the planning and construction of SXC southern highway and tunnel under Taihu Lake and West Ring Road, Hudai, as "Wuxi Western Hub"of Wuxi city's "Two-Ring Twelve-Road Three-Junction Road" road network, its transportation outlook is expected to be flourishing in full scale and it will also become a new image of Wuxi in the near future.

PROJECT HIGHLIGHTS

For community landscape: the project connects 9 major functional activity areas through a ring fitness runway about 450m, and is equipped with park lawn about 1,800 m^2, which adopts green turf for golf use only and applies the domestic rare "cold and warm-season lawn planting and maintenance technology" to ensure its density at all seasons and meet the sport and sightseeing demands for landlords of all ages.

For smart service: the project is equipped with 6 major smart service systems, including multimedia information publishing system, reserved unmanned sale system, community WIFI coverage system, community intelligent audio system, one transit smart card management system, smart fitness room system, creating new life for residents.

For property management service: Sinic Services inherits legacy of British royal household service and keeps service level of international five-star hotel and possesses the unique domestic cold and warm-season lawn planting and maintenance technology, which is a property service brand built for high end community.

HONOR

1. Wuxi Property Market Headline — "2021 Popular Real Estate"
2. E-House Enterprise Group — "Wuxi Top 10 Cost Effective Real Estate of First Half in 2020"
3. House 365 — "2020 Best Choice Real Estate of Property Purchase, 2019 Real Estate with Investment Value"
4. The Best Pre-sale Property of the Year in the 15th Kinpan Award

Nanchang Heyue Binjiang

Site Area	**84,700** m^2
Total Saleable Area	**221,700** m^2
Unit Type	**102** m^2, **115** m^2, **118** m^2, **128** m^2, **142** m^2

Architectural form:
High-rise

GEOGRAPHICAL ENVIRONMENT/ ADVANTAGE

The project is located at Binjiang, Nanchang, the future core district in Nanchang, enjoying the spectacular river view of Ganjiang. The project is only about 200 meters away from the Dongxin Station of Metro Line 4 and located besides the riverside expressway connecting the whole city. It owns 5 commercial parcels near to the Xinhongda and Aegean Shopping Park, with surrounding high-quality medical resources and schools available. The ideal life is near at hand.

PROJECT HIGHLIGHTS

Spectacular river view; next to the subway; brand-new masterpiece of Sinic 4.0.

HONOR

1. Awarded the 15th Kinpan Awards in 2020
2. Annual Best Real Estate Sales Award in Central China
3. Awarded the China (Jiangxi) Benchmarking Property Award of Nanchang Real Estate Association in 2020

Ningbo Jiangyue Chaoqi

Site Area	**84,500** m²
Total Saleable Area	**147,000** m²
Unit Type	High-rise: **116** m², **126** m², **130** m²
	Bungalows: **143** m²
	Stacked villas: **184** m²

Architectural form:
High-rise, Bungalows and Stacked villas

GEOGRAPHICAL ENVIRONMENT/ ADVANTAGE

The project is located on the main city portal of Hushan Street in Cixi City, next to the main road of the city, Xincheng Avenue, occupying the core assets of the city and leading the trend of the era. It covers 1.5 kilometers and it is a collection of high-end facilities in the city. There is Wuyue Square Station of Yuci Intercity Railway under planning and abundant educational resources nearby, including well-known schools such as the Affiliated Experiment School of Zhejiang Normal University, Ciji Middle School and Primary Schools. Beside Wuyue square, there stands a prosperous commercial center of about 700,000 square meters, a veritable business district at your doorstep. It is close to the municipal park of about 18,000 square meters, realizing the dream of park life.

PROJECT HIGHLIGHTS

"Collection-level low-density river-overlooking villa district in the main urban area" faces the Yubo River in the east, with the Wushan Qianjiang River passing through, and presents extremely majestic river view where the two rivers meet. Through planning of magnificent municipal parks to achieve high per capita greening rate, the project provide a natural and poetic habitation scenery. As the real ultra low-density villa-quality residence that high-end people shall own, the North District is an absolute high-end villa district with a plot ratio of 1.4. As the six to eight -storey bungalow, the North District is rare duplex villas product in the main urban area of Cixi. The south area is close to the municipal parks with commercial complex, leading to a prosperous metropolitan life.

HONOR

1. Awarded the Quality Real Estate of 2020 China's Real Estate List by Fang.58.com and Anjuke
2. Awarded the Popular Real Estate of 2020 (Ningbo) Yanxuan Best Real Estate
3. Awarded the 2020 Popular Real Estate by Leju
4. Awarded the 2020 Highly Popular Real Estate for Property Purchasers of Cixi City by www.zxip.com
5. Awarded the 2020 High Interest Real Estate for Property Purchasers of Cixi City by house.zxip.com

Huizhou Rui Yuan

Site Area	**37,000** m^2
Total Saleable Area	**153,300** m^2
Unit Type	High-rise: **90-129** m^2

Architectural form:
High-rise

GEOGRAPHICAL ENVIRONMENT/ ADVANTAGE

Sinic Rui Yuan is about 3 kilometers from Shatian Station of Shenzhen Metro Line 14. It only takes about 10 stops to reach Futian, Shenzhen, and 45 minutes to the north of Gangxia, Shenzhen, which is more efficient than the 1 hour and 20 minutes from Longgang Central City to Futian. It is about 8 kilometers away from Huizhou South Railway Station and takes around 20 minutes to get to Shenzhen North Railway Station by high-speed rail. And it's only around one-hour's trip to Hong Kong, Dongguan, and Guangzhou. From the main road of Linhui Bay in the project, Longhai First Road, it connects to Pingshan Avenue and Baiyun Avenue, and runs through Pingshan, Daya Bay and Danshui.

PROJECT HIGHLIGHTS

Sinic Rui Yuan is located at the next station of Pingshan, Shenzhen. It is 3 kilometers away from Shatian Station of Shenzhen Metro Line 14 and only about 10 stations directly to Futian. The two cities and three centers of Shenzhen and Huizhou have diversified commercial facilities for convenient life, 360° all-age sports community, double parks inside and outside. The suitable arrangement allows households to view the scenery, with excellent lighting and ventilation, and the green area rate of the community is as high as about 35%. It adopts the unique large lawn construction model of Sinic for residents to enjoy the natural life.

HONOR

1. Awarded the "2020 Craftsmanship Quality Property" by NetEase

Wuhan Sinic City

Site Area	**153,900** m²
Total Saleable Area	**503,200** m²
Unit Type	Super-high-rise: **115-122-130** m² Three rooms

Architectural form:
Super-high-rise

GEOGRAPHICAL ENVIRONMENT/ ADVANTAGE

Sinic City is located on the central axis of Wuhan city-the main city section of the main axis of the Yangtze River and the third ring road of Baishazhou, the main urban express road. The project is located at the intersection of Wuchang core area and Baishazhou area. It will become an important residential area in the south of Wuchang District. At the same time, it is also located on the "Yangtze River Right Bank Avenue" planned and constructed on the main axis of the Yangtze River. It inherits the essence of the Yangtze River culture and has leading location advantages. In the area, there are one viaduct, two main roads, two railways, three bridges, and four auxiliary roads, which consists of the road network traffic. Among them, the Baishazhou viaduct allows rapid communication between the Third Ring Road, Optics Valley and Hanyang. Baishazhou Avenue and the main artery of Wujindi Road run in parallel to divert the peak traffic flow. Metro Line 5 (under construction) and Line 12 (under planning) run through Baishazhou to speed up travel.

PROJECT HIGHLIGHTS

Generally, it mainly features the first-line riverside, the third ring road, the large garden area and the Sinic Services. Sinic City is the third project developed by Sinic Real Estate in Wuhan after Sinic Hu Po Yuan (新力琥珀園) and Sinic Dibo Wan. It is also a masterpiece of "City"—level works in the "Yuan" Series (園系) of Sinic Group. The planning and design, construction quality, landscape, auxiliary facilities, and property services of the entire community have reached the top level in the country, aiming to create a model of improved residential projects in Wuchang New City.

HONOR

1. Awarded the Fang.58.com and Anjuke 2020 China Real Estate List Quality Real Estate of the Year

2. Awarded the 2020 TMALL Haofang Popular Real Estate

Nanchang Times Square

Site Area	**180,000** m²
Total Saleable Area	**503,500** m²
Unit Type	High-rise: **98-108-118-135** m²
	Bungalows: **143-160** m²

Architectural form:
high-rise with 13 buildings,
super-high-rise,
5+1F garden bungalow
with 6 buildings

GEOGRAPHICAL ENVIRONMENT/ ADVANTAGE

"Sinic Times Square" is located in the core area of Nanchang High-tech Zone, with rare natural landscape resources of one river, two lakes and three parks. At the same time, it owns an urban complex of approximately 800,000 square meters, being the largest volume of Nanchang's commercial complex. Metro Line 4 leads directly to the commercial complex, starting at Wangcheng and ending at Yuweizhou, running through the northeast corner to the southwest corner of the city, intersecting with Lines 1 and 2 along the way, seamlessly connecting the old and new urban areas.

PROJECT HIGHLIGHTS

1. The geographical position is superior as the subway and express roads extend in all directions. Line 4 is directly connected to commercial area, along the Yangtze River Express and Changdong Avenue, and seamlessly connects the old and new urban areas.

2. Ecological and livable: With one river, two lakes and three parks, it has national-level ecologically rare natural landscape resources.

3. City-level commercial complex: With its own commercial complex of about 800,000 square meters, it is the first living art-themed shopping center in eastern China and well equipped with a large number of commercial facilities.

HONOR

1. 2018 Real Estate List "Annually Brand Value" Project

2. "Model 2019 Craftsmanship Quality" Project

Guangzhou Zhou Yue

Site Area	**268,400** m^2
Total Saleable Area	**257,500** m^2
Unit Type	High-rise: **93-138** m^2
	Villa: **128-200** m^2

Architectural form:
high-rise with 10 buildings (7-15#), 666 sets of villas

GEOGRAPHICAL ENVIRONMENT/ ADVANTAGE

The project is located in the Zengcheng area at the intersection of the eastern core of Guangzhou and the central axis of the Greater Bay Region. It is only one road away from Huangpu No. 1 Road and about 30 minutes to Tianhe. It is surrounded by mountains on three sides and one side by water. It has 10,000 mu of Chenjialin natural scenic spot with about 36,000 m^2 of fresh oxygen forest. Efforts for ten years, it is the No. 1 work of Sinic and the second TOP-level "Yue" Series (悦系) product in the country.

PROJECT HIGHLIGHTS

1. Efforts for ten years, it is the No. 1 work of Sinic and the second TOP-level "Yue" Series (悦系) product in the country and the high-end villa area designed by master Song Zhaoqing;

2. With multi-dimensional transportation, it reaches Huang Pu just across the road, seamlessly connecting Tianhe urban area;

3. It is a natural oxygen bar surrounded by mountains and water and has 10,000 mu of Chenjialin natural scenic spot, with about 36,000 m^2 of fresh oxygen forest;

4. It is full of prosperity and suitable for living with city-level auxiliary facilities of food, clothing, housing and transportation within 6 kilometers;

5. It has international education facilities with its own kindergarten and public primary school in place to support education from primary school to high school.

HONOR

1. 2020 Aesthetics Vogue Awards the Most Valuable Collection Award for Excellence for Residential Type Real Estate

2. 2020 Aesthetics Vogue Awards the Best Landscape Design for Life Aesthetics Design Type

3. 2020 Aesthetics Vogue Awards the Best Spatial Design Excellence Award for Life Aesthetics Design Type

4. Top 10 Residential Properties with Best Aesthetic "Sense" in China in 2020

Yangzhou Pu Yuan

Site Area	**32,500** m²
Total Saleable Area	**40,200** m²
Unit Type	Bungalow: **109-120-131** m²

Architectural form:
6 to 8-floor bungalow with 10 buildings

GEOGRAPHICAL ENVIRONMENT/ ADVANTAGE

Sinic • Pu Yuan, located in the south of the high-speed railway station, has ecological and livable environment. It follows the essence of the works of the Sinic Real Estate "Yuan" Series (園系), and uses the 5S brand new healthy living system to tailor a low-density residential area for pure bungalows in Yangzhou, absorbing the aesthetics of new Asian architecture, with ingenuity both inside and outside, connecting seven landscapes with one ring and one vertical.

PROJECT HIGHLIGHTS

1. Sinic • Pu Yuan is located in the south of the high-speed railway station, enjoying the prospect of high-speed railway. At the same time, it is close to the east bus station, adjacent to the 328 National Highway and the Shanghai-Shaanxi Expressway in the south, Wenchang East Road and Guangling Bridge in the north. It is very convenient to travel in or out the city due to its comprehensive road transportation network.

2. Sinic • Pu Yuan overlooks Sanhe Liuan Wetland Park in the east, adjacent to Liaojiagou Wetland Park and Yangzhou Lining Sports Park in the west, surrounded by Daqiao Park, Hanwan River Green Park, and Seven Rivers and Eight Islands Ecological Resources.

3. Sinic • Pu Yuan is at the core of the new ecological technology city. In the area, there are Yangzhou Software Park, Harbin Institute of Technology Robotics Group, Yangtze River Delta Science and Technology Innovation Center, Aviation Research Institute and other science and technology industries. With the strong rise of TOD in Yangzhou High-speed Railway East Station, it will attract more high-tech industries and high-skilled people.

HONOR

1. The first 5 buildings of the project opened at the end of December 2020 and all were sold out that month

2. Sales of RMB20 million of a single building in one day

3. In January 2021, TOP 3 of Yangzhou real estate enterprises in sales amount, TOP 1 in sales area, TOP 1 in number of sales units (source: CREIS)

Suzhou Yunyu Bo Yuan

Site Area	**90,800** m^2
Total Saleable Area	**202,400** m^2
Unit Type	**89-123** m^2
Architectural form: Bungalow	

GEOGRAPHICAL ENVIRONMENT/ ADVANTAGE

The project is located in the Taihu Resort District, Wuzhong District, Suzhou City. It has unique natural environmental advantages. It overlooks Taihu Lake in the south, and is adjacent to Suzhou's No. 1 High Mountain Qionglong Mountain in the north. The project is about 3 kilometers away from the Metro Line 5 Distribution Center Station and close to the West line of Central Ring Road and the ring expressway.

PROJECT HIGHLIGHTS

The project has bungalow products of 89 to 123 m^2, roof complex products of 124 to 169 m^2, and garden villa products of 192 to 202 m^2, which can be described as 89 to 202 m^2 floor heating hardcover low-density residential areas. In terms of transportation, Metro line 5 is under construction. The Central West Line has an elevated highway to Mudu and New Districts, and the ring expressway provides convenient access to other provinces and cities. In terms of education, the international kindergarten of Lunhua Education Group will officially settle in after the delivery of this project. The primary school and middle school are all within 5 kilometers' reach. In terms of commerce, the community has its own 7,200 m^2 of Shiguangli commercial street to meet the commercial needs of the community. In terms of price, it is a low-priced land in the main city of Suzhou. In terms of medical care, we have close access to medical facilities in Mudu and the new district. We panned a total of 1,126 rare products with 16,000 square meters vitality parks. The community has smart security facilities to ensure safety. Sinic provides golden key services and royal courtesy for its own property. 360 Yue Service covers the whole chain of services from house purchase, house delivery and residence.

HONOR

1. 2020 Suzhou Daily Top 10 Starred Real Estate
2. 2020 District Popular Property
3. 2020 Best Design of Suzhou Real Estate

Taizhou Pu Yuan

Site Area	36,900 m^2
Total Saleable Area	49,700 m^2
Unit Type	106-143 m^2

Architectural form:
High-rise + bungalow + stacked villa

GEOGRAPHICAL ENVIRONMENT/ ADVANTAGE

The project is located in the centre of Hailing District, Taizhou, which is the core living area of Taizhou City with obvious location advantages and convenient transportation. About 600 meters north from Qingnian Road is the popular Wanda Plaza in Taizhou and the RT-Mart supermarket across the street is also a large supermarket with a good reputation for shopping experience and affordable prices in Taizhou. In addition, there are 111 Life Plazas, including Yonghui Superstores, Liqun Supermarket, Century Lianhua, Jialuan Hotel, Ji Hotel and other commercial facilities around the project. The area is surrounded by the National Taxation Bureau, the Education Bureau, the Civil Affairs Bureau and the Administrative Approval Center. It is surrounded by famous schools, with Taizhou Municipal Kindergarten to the east of the project, and it is also surrounded by high quality institutions such as Taizhou Experimental School and the Provincial Taizhong Affiliated Middle School. Adjacent to the north of the project, it is the Jiangsu Taizhou People's Hospital, a grade III level A hospital.

PROJECT HIGHLIGHTS

The entire community covers an area of about 36,900 square meters, with a total GFA of about 80,000 square meters, a plot ratio of about 1.5 and a greening rate of about 35%. It is designed as a low-density and purely improved high-end community with a layout of south low north high and east low west high and good lighting between each building. The community plans 8 buildings with 6 stacked villas, 2 buildings with 8 stacked villas, 2 buildings with 11 floors bungalow and 2 buildings with 18 floors medium high-rise, totaling 382 households (divided into three types, including 156 of stacked villa, 82 of bungalow and 144 medium high-rise). The GFA of the unit is about 106 to 143 m^2, including three bedrooms with two living rooms and two bathrooms, four bedrooms with two living rooms and two bathrooms, and stacked villas. The unit type is square and transparent from north to south, and adopts a large extension in Ease to West length and short in North to South width layout. The community of project has 8 major landscape function modules: Fun World, Elderly Paradise, Pet Paradise, Central Landscape Living Room, House Leisure, Welcome Entrance, Baicao Garden, Vitality Zone. There are gyms and other living facilities to meet daily exercise needs in the Sales Office (which will be used for community and property management room after delivery).

HONOR

1. 2020 Annual Customer Interest Real Estate
2. 2020 Hot Focus Real Estate of Net Friend from T56.net
3. 2021 Taizhou Most Awaited Real Estate
4. Taizhou Weekly Sale Champion in January 2021

LAND BANK SUMMARY

Project	City	Equity percentage	Attributable GFA (sq.m.)
Jiangxi Province			**4,672,897**
Ganzhou Dibo Wan Phase I	Ganzhou	100%	11,069
Ganzhou Dibo Wan Phase II	Ganzhou	100%	66,439
Ganzhou Yinhu Wan	Ganzhou	100%	96,829
Ji'an Dibo Wan	Ji'an	100%	44,464
Nanchang Ya Yuan Zhou Yue	Nanchang	100%	23,282
Nanchang Zun Yuan	Nanchang	100%	43,654
Nanchang Rui Yuan	Nanchang	100%	70,146
Nanchang Qingyun Fu	Nanchang	18%	24,343
Fengcheng Dibo Wan	Yichun	64%	3,583
Nanchang Hong Yuan	Nanchang	100%	84,660
Nanchang Park No. 1	Nanchang	100%	154,548
Nanchang Times Square	Nanchang	100%	315,930
Nanchang Bo Yuan	Nanchang	100%	7,884
Nanchang Jinsha Wan	Nanchang	100%	2,615
Nanchang Yinhu Wan	Nanchang	100%	17,670
Nanchang Xingtang Wan	Nanchang	51%	2,976
Nanchang Yujing Wan Duhui	Nanchang	70%	29,832
Nanchang Xianghu Wan	Nanchang	20%	45,080
Nanchang Yuelong Fu	Nanchang	25%	27
Fuzhou Yujing Wan	Fuzhou	66%	60,773
Shangrao Dibo Wan	Shangrao	33%	48,726
Nanchang Long Wan	Nanchang	100%	71,705
Nanchang Amber Yuan	Nanchang	100%	74,508
Nanchang Dong Yuan	Nanchang	100%	78,263
Nanchang Lan Wan	Nanchang	100%	50,387
Nanchang Waitan No. 9	Nanchang	50%	43,565
Nanchang Rong Yuan	Nanchang	100%	2,487
Nanchang Sinic Center	Nanchang	100%	31,388
Nanchang Qinglan Wan	Nanchang	100%	201
Nanchang Yi Yuan	Nanchang	60%	25,566
Nanchang Xi Yuan	Nanchang	100%	227,011
Nanchang Yulong Wan	Nanchang	51%	8,389
Nanchang Sinic City	Nanchang	100%	323,104
Nanchang Dibo Wan	Nanchang	100%	1,112
Nanchang Jiang Yue	Nanchang	100%	31,811
Nanchang Jiangling Sinic Zhen Yuan	Nanchang	50%	270,061
De'an Dibo Wan	Jiujiang	55%	40,572
Jingdezhen Dibo Wan	Jingdezhen	95%	88,234
Nanchang Hongyang Fu	Nanchang	51%	48,703
Nanchang Jinyao Fu	Nanchang	60%	122,184
Nanchang Gongyuan Tianxia	Nanchang	40%	88,118
Nanchang Wo Yuan	Nanchang	100%	134,379
Nanchang Tang Yue	Nanchang	50%	41,987
Nanchang He Yuan	Nanchang	19%	1,974
Nanchang Jiangyu Yuan	Nanchang	55%	103,843
Nanchang Heyue Binjiang	Nanchang	55%	121,983
Nangchang Linglong Fu	Nanchang	27%	1,217
Fuzhou Nancheng Yujing Wan	Fuzhou	100%	138,738
Ganzhou Dong Yuan	Ganzhou	100%	158,671
Ji'an Taihe County 25 mu	Ji'an	100%	37,949
Leping Chengbei New District 231 mu	Jingdezhen	45%	123,549
Yichun Zhangshu 40 mu	Yichun	50%	26,065
Nanchang Xinjian District 73 mu	Nanchang	100%	114,910
Nanchang Xinjian District 92 mu	Nanchang	100%	182,655

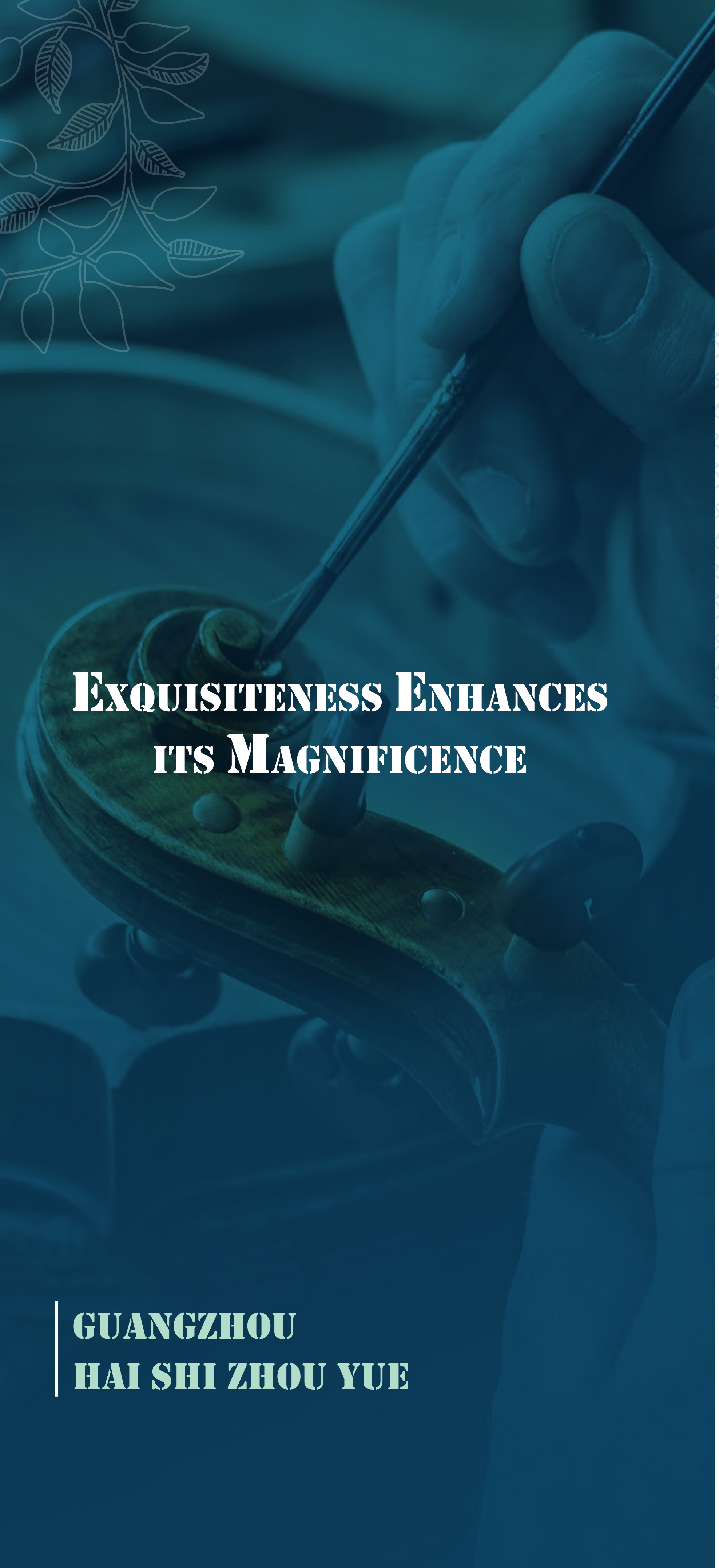
LAND BANK SUMMARY

Project	City	Equity percentage	Attributable GFA (sq.m.)
Fuzhou City Chongren County 100.84 mu	Fuzhou	43%	69,881
Nanchang City Jinxian County Qinglan New District east of Fengling Road 70 mu	Nanchang	52%	43,127
Jinxian Changhu Yingyue Phase I	Nanchang	52%	73,283
Nanchang City Nanchang County Yingbin Avenue 98.75 mu	Nanchang	50%	87,460
Fuzhou City Jinxi County Tourist Highway 115.36 mu	Fuzhou	50%	79,496
Nanchang City Xinjian District Wangcheng Town 238 mu	Nanchang	52%	192,442
Nanchang City Jiulong Lake 258 mu	Nanchang	18%	157,389
Greater Bay Region			**4,959,353**
Huizhou Dong Yuan	Huizhou	100%	1,391
Huizhou Amber Yuan	Huizhou	75%	63,332
Huizhou Upper Yuan	Huizhou	100%	1,361
Huizhou Shengyuan Xiangshanju	Huizhou	100%	1,275
Huizhou Lan Wan	Huizhou	100%	59,343
Huizhou Ya Yuan	Huizhou	100%	68,656
Huizhou Dibo Wan	Huizhou	100%	278,185
Huizhou Long Wan	Huizhou	49%	52,250
Huizhou Rui Yuan	Huizhou	100%	153,353
Huizhou Sinic City	Huizhou	100%	556,058
Qingyuan Feicui Wan	Qingyuan	100%	2,502
Qingyuan Long Wan	Qingyuan	32%	26,479
Guangzhou Amber Yuan	Guangzhou	100%	104,273
Zhongshan Dibo Wan	Zhongshan	30%	15,057
Huizhou Yulong Wan	Huizhou	100%	107,568
Zhongshan Feicui Wan	Zhongshan	100%	73,128
Huizhou Zhen Yuan	Huizhou	100%	227,784
Huizhou Xi Yuan	Huizhou	100%	44,570
Guangzhou Zhou Yue	Guangzhou	50%	128,778
Huizhou Zhenbang	Huizhou	100%	666,100
Zhuhai Dibo Wan	Zhuhai	100%	180,245
Shenzhen Hebaowei Project	Shenzhen	51%	201,829
Huizhou Nanzhan Xincheng	Huizhou	100%	737,408
HZZK High-tech Zone 127 mu	Huizhou	100%	294,525
Huizhou Zhongkai Fang Village Lin Village 242 mu	Huizhou	100%	490,100
Huizhou Xuetangpai 203 mu	Huizhou	80%	423,802
Yangtze River Delta Region			**3,060,164**
Wuxi Dibo Wan	Wuxi	100%	103,334
Chenghu Yard No. 1	Suzhou	100%	522
Central Park	Suzhou	100%	26,796
Zhuji Dibo Wan	Zhuji	100%	462,707
Wuxi Xihua Fu	Wuxi	55%	78,512
Nanjing Duhuixuefu	Nanjing	34%	49,843
Suzhou Yunyu Bo Yuan	Suzhou	70%	133,181
Cixi Dibo Wan	Ningbo	100%	39,134
Rui'an Amber Yuan	Wenzhou	100%	59,537
Suzhou Kuantai Bo Yuan	Suzhou	50%	51,728
Hefei Dong Yuan	Hefei	100%	54,818
Hefei Huyushiguang	Hefei	70%	93,261
Shanghai Jiading Anting Project	Shanghai	49%	58,946
Wuxi Feicui Wan	Wuxi	100%	247,174
Wenzhou Yueqing Downtown 24 Mu	Wenzhou	51%	20,744
Hefei Hupanyueshan	Hefei	50%	156,353
Nantong Haimen Shuian GuanlanYuan	Nantong	33%	36,527

Project	City	Equity percentage	Attributable GFA (sq.m.)
Liu'an Chunfeng	Suzhou	100%	201,359
Suzhou Taoyuanli	Suzhou	100%	477,857
Xuzhou Xincheng Xinyuan Avenue East 135 mu	Xuzhou	30%	62,086
Suzhou Jiangwan Siji	Suzhou	50%	68,709
Nantong Haimen 70 mu Project	Nantong	25%	15,643
Xuzhou Haiyangguan East Land Plot	Xuzhou	50%	40,161
Wuxi Yixing Xinzhuang South of Taihu Avenue 32 mu	Wuxi	50%	18,787
Wuxi Yixing Xinzhuang South of Taihu Avenue 37 mu	Wuxi	50%	24,642
South of Cixi land plot 183 mu	Ningbo	40%	58,802
Rui'an Tangxia Town 20 mu	Wenzhou	51%	20,093
Yangzhou Pu Yuan	Yangzhou	100%	40,256
Hangzhou Yuhang District Pingyao 40 mu	Hangzhou	100%	37,462
Hangzhou Yuhang District Pingyao 84 mu	Hangzhou	100%	76,888
Wuxi Yixing Xinzhuang South of Taihu Avenue 59 mu	Wuxi	50%	29,183
Ningbo Yuyao 50 mu	Ningbo	100%	58,737
Taizhou Hailing District 55 mu	Taizhou	100%	49,753
Nanjing Duhui Chengpin	Nanjing	33%	86,859
Lishui Songyang County Beishan Road Guanting 70.95 mu	Lishui	25%	19,771
Central and Western China Core Cities and Other Regions with High-Growth Potential			**2,520,987**
Wuhan Amber Yuan	Wuhan	70%	5,196
Wuhan Jingsha Wan	Wuhan	100%	6,321
Wuhan Sinic City	Wuhan	79%	315,626
Changsha Zi Yuan	Changsha	99%	72,612
Changsha Amber Yuan	Changsha	94%	110,823
Chengdu Feicui Wan	Chengdu	100%	116,380
Chengdu Amber Yuan	Chengdu	100%	309
Changsha Yulong Wan	Changsha	100%	56,609
Changsha Bo Yuan	Changsha	100%	262,466
Ezhou Longwan	Ezhou	49%	144,651
Weifang Dibo Wan	Weifang	60%	48,456
Anxi Dibo Wan	Quanzhou	20%	25,694
Wuhan Ya Yuan	Wuhan	51%	77,727
Fuzhou Pingtan Jinhai Wan	Fuzhou	48%	26,201
Fuzhou PingtanYuehai Wan	Fuzhou	48%	67,416
Chengdu He Yuan	Chengdu	33%	9,869
Chengdu Dong Yuan	Chengdu	100%	123,656
Weifang Dibo Wan Phase II	Weifang	60%	29,344
Yangtai Sinic Long Wan	Yantai	90%	75,042
Chengdu Li Yuan	Chengdu	100%	53,621
Wuhan Zhenghe Project	Wuhan	100%	322,499
Zigong Dibo Wan	Zigong	65%	122,714
Chengdu Xiyue	Chengdu	100%	48,496
Xiangyang Park 1873	Xiangyang	50%	113,896
Zibo Zijiangfu	Zibo	20%	27,943
Fuzhou Changle Yuerong Shoufu	Fuzhou	100%	139,735
Changsha Dawangling Project	Changsha	51%	76,015
Weifang Fangzi District Beihai Road 51.5 mu	Weifang	48%	41,669
Total			**15,213,401**

Exquisiteness Enhances its Magnificence

The flexible furniture is divided into certain small spaces, which are linked together to meet the functional needs while emphasizing the human experience in the space, and the smooth movement lines allow the eyes to wander freely in the space, thus enhancing the memory and modernity of the space.



EXQUISITENESS ENHANCES ITS MAGNIFICENCE

GUANGZHOU HAI SHI ZHOU YUE

AWARDS

1. 2020 the 7th Global Chinese Real Estate Summit Integrated Value Operator — Sinic Holdings Group Limited
2. 2020 the 7th Global Chinese Real Estate Summit Technological Innovation Enterprise — Sinic Holdings Group Limited
3. 2020 Sohu Focus Real Estate New Version Ceremony–2020 Intelligent Sharing City Contribution Real Estate Enterprise
4. The 2nd (2020) LAIAWARD Real Estate Landscape Award Landscape Ingenuity Award Wuxi Sinic & Feicui Wan (Award of Excellence)
5. 2019-2020 Aesthetics Vogue Awards Nominees
   Extreme Architectural Aesthetics (Award of Excellence)—Hefei Sinic & Rsun Lake Park
   Extreme Architectural Aesthetics (Award of Excellence)—Pingtan Sinic & Jinhai Wan
   Landscape Design Special (Award of Excellence)—Nanchang Sinic & Jiang Yue
6. 2019-2020 the 6th CREADAWARD Real Estate Design Award
   Residential Project (Award of Excellence), Interior Design (Award of Excellence)—Pingtan Sinic & Dingxin Jinhai Wan
   Landscape Design (Award of Excellence)—Pingtan Sinic & Dingxin Yuehai Wan
   Landscape Design (Award of Excellence)-Nanchang Sinic & Precious Jade
   Landscape Design (Award of Excellence)-Nanchang Sinic & Jiang Yue
7. 2020 CRIC National Cost Effective Project Top 30—Chengdu Sinic & Dong Yuan
8. Sinci Holdings won Blue Chip Enterprise in the 17th (2020) Blue Chip Real Estate
9. The Golden Brick Award for Real Estate of China-2020 Award of Listed Property Company with Excellent Investment Value
10. 2020 1st Listed Real Estate Developers Award for Financial Soundness — Tao Zhu Gong Awards
11. China Real Estate Fashion Awards — TOP 30 China's Real Estate Enterprises with Investment Value of the Year 2020
12. Leju Financial Research Institute — China Most Potential Listed Real Estate Enterprise
13. 2020 China Valuable Real Estate Awards — Valuable Listed Real Estate Companies of the Year
14. 2020 China Real Estate Best Real Estate Enterprise Awards
15. The Property Company with Best Investment Value of the Year
16. China Business Journal, China's Economic Future–2020 Craftsmanship Enterprise

17 18th China's Financial Annual Champion Awards–2020 Financial Risk Control Model for Real Estate Enterprises

18 2020 China Top 10 Real Estate Annual Marketing Cases

19 2020 China Real Estate Annual Innovative Enterprise

20 2020 China Top 10 Real Estate Annual Marketing Cases

21 2020 Reputation Featured Enterprise

22 2020 China Real Estate Annual Honor Awards-Stable Operation Enterprise

23 2020 Listed Real Estate Enterprise with Best Investment Value — Sinic Real Estate

24 2020 Most Influential Real Estate Enterprise — Sinic Real Estate

25 2020 Benchmarking Enterprise — Sinic Holdings

26 2020 Strictly Selected Popular Brand Award — Sinic Brand

27 Annual Communication Power Real Estate Brand — Sinic Holdings

28 The Asset Titanium Award — Social Responsibility-Affordable Housing

29 2020 Galaxy International Annual Report Awards: "Annual Report-Graphic/Text-Silver Award" and "Corporate Image-Silver Award"

30 Top 50 Newly Listed Companies

31 Four awards at IR Magazine Awards — Greater China
Best Investor Relations (Med-cap Enterprise)
Best Investor Relations — Finance (Including Real Estate)
Best Investor Relations — China
Best Investor Relations Officer (Mid-cap Enterprise)

32 Gelonghui Best Listed Company in Greater China-Best IR Team Award 2020

33 The 34th International ARC Annual Report Awards: "Property Development: Residential" Category Bronze Award — Chairman/Chairman's Report

34 Four awards at the HKIRA 6th Investor Relations Awards:
Best Investor Relations Company (Newly Listed Company)
Best Investor Conference
Best Investor Relations Officer
Best Investor Relations Team

35 Two Awards at the 3rd China Excellent IR Awards
Best Investor Relations Innovation Award
Best Leader Award

36 2019 Golden Hong Kong Stocks Most Popular IPO Companies by Investors

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability. The Company has adopted the code provisions stated in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the year ended 31 December 2020. The Company is committed to the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

Except for the deviation from Corporate Governance Code provision A.2.1, the Group's corporate governance practices are in compliance with the Corporate Governance Code for the year ended 31 December 2020. Corporate Governance 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 was the chairman of the Board and the CEO during the year 31 December 2020. In view of the fact that Mr. Zhang had 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 both roles for effective management and business development. Therefore, the Directors consider that the deviation from Corporate Governance Code provision A.2.1 is appropriate in such circumstance. Notwithstanding the 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.

BOARD OF DIRECTORS

Board composition

As at the date of this report, the Board consists of two executive Directors, namely Mr. Zhang (chairman of the Board and the CEO) and Ms. Tu Jing, and three independent non-executive Directors, namely Mr. Tam Chi Choi, Mr. Au Yeung Po Fung and Mr. Liu Xin. An updated list of the Directors and their roles and functions is published on the websites of the Stock Exchange and of the Company, respectively. Their names and biographical details are set out in the "Biographies of Directors and senior management" section of this report. The overall management and supervision of the Company's operation and the function of formulating overall business strategies were vested in the Board. There is no financial, business, family or other material relationships among members of the Board.

During the year ended 31 December 2020, the Board has at all times met the requirements of Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise. The three independent non-executive Directors represent more than one-third of the Board, complying with the requirement under Rule 3.10A of the Listing Rules whereby independent non-executive directors of a listed issuer must represent at least one-third of the board. The Board believes there is sufficient independence element in the Board to safeguard the interest of Shareholders.

Directors' responsibilities

The Board takes the responsibility to oversee all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitor the performance of the senior executives. The Directors have to make decisions objectively in the interests of the Company. As at the date of this report, the Board comprised five Directors, including two executive Directors and three independent non-executive Directors. Names and biographical details are set out in the "Biographies of Directors and senior management" section of this report.

Liability insurance for Directors and senior management of the Company is maintained by the Company with appropriate coverage for certain legal liabilities which may arise in the course of performing their duties.

Delegation by the Board

The management, consisting of executive Directors along with other senior executives, is delegated with responsibilities for implementing the strategy and direction as adopted by the Board from time to time, and conducting the day-to-day management and operations of the Group. Executive Directors and senior executives meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back, and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

Directors' responsibilities for financial statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Group on a going concern basis.

Independent non-executive Directors

The independent non-executive Directors play a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. The functions of independent non-executive Directors include bringing an impartial view and judgment on issues of the Company's strategies, performance and control; and scrutinizing the Company's performance and monitoring performance reporting.

All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have made positive contributions to the development of the Company through providing their professional advice to the Board.

All independent non-executive Directors are appointed for a term of three years.

Confirmation of independence

The independence of the independent non-executive Directors has been assessed in accordance with the applicable Listing Rules and each of the independent non-executive Directors has provided an annual written confirmation of independence to the Company pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules and are independent.

Board diversity policy

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

As of the date of this report, the Board comprises five members, including one female executive Director. The Directors also have a balanced mix of knowledge, skills and experience, including property development, overall business management, finance and investment. They obtained degrees in various majors including business administration, civil engineering, international finance, physics, accounting and law. The Board has three independent non-executive Directors with different industry backgrounds, representing more than one-third of the Board members. Furthermore, the Board has a wide range of age, ranging from 32 years old to 56 years old. The Company has taken and will continue to take steps to promote gender diversity at all levels of the Group, including but without limitation at the Board and senior management levels. Taking into account the business model of the Group and its specific needs as well as the presence of one female Director out of a total of five Board members, the Directors consider that the composition of the Board satisfies the board diversity policy.

With regards to gender diversity on the Board, the board diversity policy further provides that the Board shall take opportunities to increase the proportion of female members over time when selecting and making recommendations on suitable candidates for Board appointments. The Group will also ensure that there is gender diversity when recruiting staff at mid to senior level so that it will have a pipeline of female senior management and potential successors to the Board going forward. It is the objective of the Company to maintain an appropriate balance of gender diversity with reference to the stakeholders' expectation and international and local recommended best practices.

The nomination committee of the Company is responsible for ensuring the diversity of the Board members and compliance with relevant codes governing board diversity under the Listing Rules. The nomination committee of the Company will review the board diversity policy and its diversity profile from time to time to ensure its continued effectiveness.

Appointment, re-election and removal of Directors

Each of the executive Directors and independent non-executive Directors has entered into a service contract or a letter of appointment with the Company for a specific term. Such term is subject to his/her retirement by rotation and re- election at an annual general meeting of the Company in accordance with the Articles of Association. The Articles of Association provide that any Director appointed by the Board to fill a casual vacancy in the Board or as an additional member of the Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election at such meeting.

In accordance with the Articles of Association, at each annual general meeting of the Company, one-third of the Directors for the time being, shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The members of the Company may, at any general meetings convened and held in accordance with the Articles of Association, by ordinary resolution remove a Director at any time before the expiration of his/her period of office notwithstanding anything to the contrary in the Articles of Association or in any agreement between the Company and such Director (but without prejudice to any claim for damages under any such agreement).

Directors' training and professional development

Every newly appointed Director has been given a comprehensive, formal and tailored induction on appointment. Subsequently, the Directors will receive updates on the Listing Rules, legal and other regulatory requirements and the latest development of the Group's business and are encouraged to participate in continuous professional development to develop their knowledge and skills. During the year ended 31 December 2020, all of the Directors, namely, Mr. Zhang, Ms. Tu Jing, Mr. Tam Chi Choi, Mr. Au Yeung Po Fung and Mr. Liu Xin attended training relating to the Group's businesses, Listing Rules, Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO"), legal and regulatory requirements and corporate governance practices, and read relevant materials to keep themselves abreast of regulatory developments and changes.

The Company will arrange regular seminars and/or materials to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. Pursuant to the requirements of the code provisions set out in the Corporate Governance Code, all Directors have provided the Company with records of the training they received to ensure that their contributions to the Board remain informed and relevant.

Board meetings

The Board meets regularly to discuss and formulate the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through electronic means of communications. The Board holds at least four meetings a year at approximately quarterly intervals. Additional meetings would be arranged, if and when required. The date of each meeting is decided in advance to enable the Directors to attend the meeting in person.

During the year ended 31 December 2020, the Directors have made active contribution to the affairs of the Group and seven board meetings were held to consider, among other things, various transactions contemplated by the Group and to review and approve the interim results and annual results of the Group. According to article 100(1) of the Articles of Association, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his close associates is materially interested.

Attendance record of Directors

The attendance record of Directors at the meetings of the Board, the Board committees and the Shareholders held during the year ended 31 December 2020 is set out below:

	Number of meetings attended/Number of meetings held for the year ended 31 December 2020				
Directors	**Board**	**Audit committee**	**Nomination committee**	**Remuneration committee**	**General meeting**
Executive Directors					
Mr. Zhang Yuanlin	7/7	N/A	2/2	2/2	1/1
Ms. Tu Jing	7/7	N/A	N/A	N/A	1/1
Mr. She Runting *(resigned on 26 May 2020)*	3/3	N/A	N/A	N/A	N/A
Mr. Chen Kai *(resigned on 1 October 2020)*	6/6	N/A	N/A	N/A	1/1
Independent non-executive Directors					
Mr. Tam Chi Choi	7/7	2/2	2/2	2/2	1/1
Mr. Au Yeung Po Fung	7/7	2/2	2/2	2/2	1/1
Mr. Liu Xin	7/7	2/2	2/2	2/2	1/1

Nomination policy

The nomination committee of the Company utilizes various methods for identifying candidates for directorship, including recommendations from Board members, management, and professional search firms. In addition, the nomination committee of the Company will consider candidates for directorship properly submitted by the Shareholders. The evaluation of candidates for directorship by the nomination committee of the Company may include, without limitation, review of resume and job history, personal interviews, verification of professional and personal references and performance of background checks. The Board will consider the recommendations of the nomination committee of the Company and is responsible for designating the candidates for directorship to be considered by the Shareholders for their election at the general meeting of the Company, or appointing the suitable candidate to act as Director to fill the Board vacancies or as an additional to the Board members, subject to compliance of the constitutional documents of the Company. All appointments of Director should be confirmed by letter of appointment and/or service contract setting out the key terms and conditions of the appointment of Directors.

The nomination committee of the Company should consider the following qualifications as a minimum to be required for a candidate in recommending to the Board to be a potential new Director, or the continued service of existing Director:

- the highest personal and professional ethics and integrity;
- proven achievement and competence in the nominee's field and the ability to exercise sound business judgment;
- skills that are complementary to those of the existing Board;

- the ability to assist and support management and make significant contributions to the Company's success;
- an understanding of the fiduciary responsibilities that is required for a member of the Board and the commitment of time and energy necessary to diligently carry out those responsibilities;
- independence: the candidates for independent non-executive directorship should meet the "independence" criteria as required under the Listing Rules and the composition of the Board is in conformity with the provisions of the Listing Rules.

The nomination committee of the Company may also consider such other factors as it may deem are in the best interests of the Company and the Shareholders as a whole.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the guidelines for the Directors' dealings in the securities of the Company and, upon specific enquiries of all the Directors, each of them has confirmed that he/she complied with all applicable code provisions under the Model Code during the year ended 31 December 2020.

As required by the Company, relevant officers and employees of the Company are also bound by the Model Code, which prohibits them to deal in securities of the Company at any time when he/she possesses inside information in relation to those securities. No incident of non-compliance of the Model Code by the relevant officers and employees was noted by the Company for the year ended 31 December 2020.

REMUNERATION PAYABLE TO MEMBERS OF SENIOR MANAGEMENT

Pursuant to code provision B.1.5 of the Corporate Governance Code, the annual remuneration of members of the senior management (other than Directors) by band for the year ended 31 December 2020 is set out below:

	Number of members of senior management
RMB1,500,001 to RMB2,000,000	1
RMB2,000,001 to RMB2,500,000	3
	4

DIVIDEND POLICY

The Company has adopted a dividend policy, pursuant to which the Company may, at its discretion, declare and distribute dividends to the Shareholders. In deciding whether to propose a dividend and in determining the dividend amount, the Board would take into account, inter alia, the Group's earnings, cash flow, financial condition, capital requirements, statutory fund reserve requirements and any other conditions that the Board may consider relevant. Whilst the Board will review from time to time for determination on proposed dividend with the above factors taken into account, there can be no assurance that dividends will be declared or paid in any particular amount for any given period.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties including:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with Appendix 14 to the Listing Rules (Corporate Governance Code and Corporate Governance Report).

The Board had performed the above duties during the year ended 31 December 2020.

BOARD COMMITTEES

The Board has established three committees with specific written terms of reference to oversee particular aspects of the Group's affairs.

Audit Committee

The Company established the Audit Committee in compliance with Rules 3.21 to 3.23 of the Listing Rules with written terms of reference in compliance with the Corporate Governance Code on 15 October 2019. The primary duties of the Audit Committee are to review, and monitor the financial reporting process and internal control system and assist the Board to fulfill its responsibility over the audit. The Audit Committee is also responsible for performing the corporate governance duties including:

- to develop and review the Company's policies and practices on corporate governance;

- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with Appendix 14 to the Listing Rules (Corporate Governance Code and Corporate Governance Report).

The Audit Committee consists of three independent non-executive Directors, namely Mr. Tam Chi Choi (the chairman of the Audit Committee), Mr. Au Yeung Po Fung and Mr. Liu Xin. In compliance with Rule 3.21 of the Listing Rules, the chairman of the Audit Committee possesses the appropriate professional and accounting qualifications.

During the year ended 31 December 2020, the audit committee held two meetings with the senior management and independent auditor of the Company to consider the independence and audit scope of independent auditor, and to review and discuss the risk management and internal control systems and financial reporting matters, the effectiveness of the Company's internal audit and risk control function and the Company's compliance with Appendix 14 to the Listing Rules, review the Company's policies and practices on compliance with legal and regulatory requirements, review the training and continuous professional development of Directors and senior management, consolidated annual financial statements of the Group and the opinion and report of independent auditor before reporting and submitting to the Board for their approval. The attendance record of individual Directors of the audit committee meetings is set out on page 76 of this report.

Remuneration committee

The Company established the remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules on 15 October 2019. The remuneration committee of the Company reviews and recommends to the Board the remuneration and other benefits paid by the Group to its Directors and senior management. The remuneration of Directors and senior management is determined with reference to the skills and knowledge of the Directors and senior management, their job responsibilities and level of involvement in the Group's affairs, the performance and profitability as well as remuneration benchmark in the industry and the prevailing market conditions. Remuneration comprises basic salaries and allowances, bonus, equity-settled share based payments and retirement benefit contributions. The remuneration of all of the Directors and senior management is subject to regular monitoring by the remuneration committee to ensure that levels of their remuneration and compensation are appropriate.

The remuneration committee of the Company consists of four members, namely Mr. Au Yeung Po Fung (the chairman of the remuneration committee), Mr. Tam Chi Choi and Mr. Liu Xin, the independent non-executive Directors, and Mr. Zhang, the executive Director.

During the year ended 31 December 2020, the remuneration committee held two meetings to review the remuneration structure of the Directors and senior management of the Group and appraisal system of the key positions of the Group, discuss the challenges of attracting and retaining senior level staff of the Company, make recommendations on the remuneration packages of the executive Directors and senior management for 2019, review the remuneration packages of candidates to be appointed as new Directors and make recommendation to the Board for approval.

Nomination Committee

The Company established the nomination committee with written terms of reference in compliance with Appendix 14 to the Listing Rules on 15 October 2019. The primary responsibilities of the nomination committee of the Company are to consider and recommend to the Board suitable and qualified candidates of Directors and to review the structure, size and composition of the Board and the board diversity policy adopted by the Company on a regular basis.

The nomination committee of the Company consists of four members, namely Mr. Zhang (the chairman of the nomination committee), the executive Director, and Mr. Liu Xin, Mr. Tam Chi Choi and Mr. Au Yeung Po Fung, the independent non-executive Directors.

During the year ended 31 December 2020, the nomination committee held two meetings to review the composition of the Board and its committees as well as the background and experiences of the Board members, evaluate the contributions of the Board members to diversity of the Board, make recommendation to the Board on the re-appointment of Directors, appointment of new Director, assess the independence of independent non-executive Directors and to review the Board diversity policy.

FINANCIAL REPORTING SYSTEM, RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Financial reporting system

The Board, supported by the finance department, is responsible for the preparation of the financial statements of the Company and the Group. In preparation of the financial statements, International Financial Reporting Standards have been adopted and the appropriate accounting policies have been consistently used and applied. The Board aims to present a clear and balanced assessment of the Group's performance in the annual and interim reports to the Shareholders, and make appropriate disclosure and announcements in a timely manner. Pursuant to code provision C.1.1 of the Corporate Governance Code, management would provide such explanation and information to the Board as will enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

Risk management and internal control system

The Board and senior management are responsible for establishment, review and implementation of the risk management and internal control systems of the Group. The Board acknowledges its overall responsibility for maintaining an adequate and effective risk management and internal control systems of the Group on an ongoing basis and reviewing their effectiveness at least annually. The internal control system covers all major aspects of the Group's operations, including, among others, property development, property sales, investment property management, procurement, financial reporting, asset management, budgeting and accounting processes. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Group also has set up an audit and supervision center to advise the executive Directors and senior management regarding the risk control and compliance issues arising from the day-to-day business operations of the PRC subsidiaries. The audit and supervisor center consisted of members from three departments, namely internal control audit department, construction audit department and anti-corruption supervision department, and is led by the general manager of the audit and supervision center. The Board considers that the current composition of the internal control team offers the expertise to provide a risk assessment of key areas of concern, such as strategy, operations, finance and compliance, to the Board and assists the Board to effectively plan and manage the operations of the Group's overall business. The internal control team provides progress, supervision and non-compliance updates in the monthly meeting held by audit and supervision center or reports regulatory and compliance-related matters directly to the general manager of the audit and supervision center who then reports to the Board.

With respect to the Group's risk management and internal control measures, the Group has a set of comprehensive policies and guidelines which set out details regarding the internal control standards, segregation of responsibilities, approval procedures and personnel accountability in each aspect. The Group also carries out regular internal assessments and training to ensure its employees are equipped with sufficient knowledge on such policies and guidelines. The Board believes that risk management is crucial to the success of any property developer in the PRC. Key operational risks that the Group face include changes in PRC political and economic conditions, changes in the PRC regulatory environment, availability of suitable land sites for developments at reasonable prices, availability of financing to support its developments, ability to complete its development projects on time and competition from other property developers. In managing its risks, the Group has established the following measures:

- The Board and management of the Group are responsible for determining the overall business and investment plans, preparing the annual financial budgets and final reports and formulating proposals for profit distributions, and is in charge of the overall risk control of the Group;

- The Group's final site selection decisions are made by its strategic investment center, management at the Group level and chairman of the Board. The responsible persons are specifically tasked with the review and approval decisions of such business development;

- The financial management center and strategic investment center of the Group are primarily responsible for the management of the liquidity risks. The responsible persons employ, among others, the following measures to manage the relevant risks: (i) maintaining systematic records of cash inflows and outflows at the Group level; (ii) preparing reports on a weekly or a monthly basis which identifies and addresses the potential issues and potential solutions in short-term cash flow, which are reviewed by the chief officers of the financial management center who then make recommendations to treasury director of financial management center about available actions to address the issues; and (iii) reviewing financial results for compliance against certain targets to ensure maintenance of sufficient level of cash on hand for short and long-term and report to the responsible persons at the Group level if there are any significant changes in the borrowing and investment activities;

- The Group's strategic investment center continues to monitor the financial condition of the entities in which the Group invests, including performing analysis and making financial forecasts on the periodic financial statements of the entity (if any), engaging professional third parties to conduct industrial research on the entity (if relevant changes are noted from the financial information of the entity), and reviewing other relevant information to evaluate the liquidity risks with respect to the Group's long-term debt investments. In addition, the strategic investment center is required to involve and obtain inputs from the legal affairs management center with respect to any investment plan. The legal affairs management center is responsible for evaluating the investment plan from the legal perspective and updating the internal departments if there are relevant changes to the applicable laws relating to investment and financing. The strategic investment management center is then responsible for providing training to the relevant staff to ensure that they have updated knowledge and understanding of the requirements under the applicable PRC law. The Group's strategic investment center works with the audit supervision center to report to the responsible persons at the Group level on a quarterly basis. The legal affairs management center can also report directly to the management at the Group level for any legal risks it detects;

- The Group adopted a series of measures to prevent the occurrence of using potentially misleading names in marketing its property projects. Specifically, the Group put into place detailed procedures to ensure that the marketing names used for its property projects are accurate. Before the commencement of construction, the investment department personnel of the relevant city company conducts name searches of the property projects near the relevant property project, and submits the information to other departments at the city company for internal evaluation. The managers of various departments and the general manager of the relevant city company use such information and their own research and knowledge to decide on the proposed name, before submitting the same for approval by, among others, the vice president of the sales and marketing management center at the Group level. The name is only used in marketing materials after receiving the internal approvals. The sales and marketing personnel of the relevant city company also receive regular training before the commencement of pre-sales to ensure that they possess accurate and up-to-date information regarding the relevant property project;

- The senior management team at the city companies is in charge of the daily business operations and risk monitoring of local projects, and is responsible for the supervision of different aspects of local operations on a daily basis as well as the supervision and approval of any material business decisions of respective project companies. The Group has formulated clear reporting lines between the management at the city company level and the group level;

- The audit and supervision center at the Group level is responsible for the monitoring and implementing the internal control policies and to adjust and improve the internal control policies based on changes relating to, among others, the Group's operations, changes to relevant laws and regulations, industry conditions, organizational structure, issues discovered in internal review processes and internal risk assessments.

The Group has implemented procedures and internal controls for the handling and dissemination of inside information. In particular, the Group:

- has conducted its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission in June 2012;

- has established its own disclosure obligation procedures, which set out the procedures and controls for the assessment of potential inside information and the handling and dissemination of inside information. The procedures have been communicated to the senior management and staff of the Company, and their implementation is monitored by the Company; and

- has made broad, non-exclusive disclosure of information to the public through channels such as financial reports, public announcements and its website.

The risk management and internal control systems are reviewed and assessed on an on-going basis by the executive Directors, and will be further reviewed and assessed at least once each year by the Audit Committee and the Board. During the year ended 31 December 2020, these systems were reviewed, covering all material controls including financial, operational and compliance controls, and considered to be effective and adequate.

AUDITOR'S REMUNERATION

For the year ended 31 December 2020, the remunerations paid or payable to Ernst and Young in respect of its audit services were approximately RMB5.6 million, respectively.

COMPANY SECRETARY

The Company engages an external service provider to provide secretarial service and has appointed Mr. Yim Lok Kwan as its Company Secretary. Mr. Yim's primary contact at the Company is Ms. Violet Siu, the legal and compliance director of the Group. Mr. Yim has confirmed that for the year ended 31 December 2020, he has taken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules. The biography of Mr. Yim is set out in the "Biographies of Directors and senior management" section of this report.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

Pursuant to article 58 of the Articles of Association, extraordinary general meetings shall be convened on the requisition of one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company. Such requisition shall be made in writing to the Board or the secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting forward proposals at general meeting

There are no provisions under the Articles of Association regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary of the Company at the Company's principal place of business in Hong Kong at Suites 1016-1019, 10/F, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

CONSTITUTIONAL DOCUMENTS

There had been no change to the Company's constitutional documents during the year ended 31 December 2020. The memorandum of association of the Company and Articles of Association is available on the Company's website and the Stock Exchange's website.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Board maintains an on-going dialogue with its Shareholders and investors in a timely, open and transparent manner. During the year under review, the Directors and senior management of the Company participated in roadshows and investment meetings. Additionally, the Board members meet and communicate with Shareholders and investors at annual general meetings and other general meetings. Corporate communications (such as interim and annual reports, notices, circulars and announcements) are sent to Shareholders in a timely manner and are available on the websites of the Company and the Stock Exchange.

Enquiry from investors and shareholders, please contact:
Telephone: (852) 3156 9888
Email: ir@xinlizd.com

DIRECTORS' REPORT

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries are principally engaged in property development and property leasing. An analysis of the Group's revenue and operating results for the year ended 31 December 2020 by its principal activities is set out in note 1 to the consolidated financial statements on page 106 to 113 of this report.

RESULTS

The results of the Group for the year ended 31 December 2020 are set out in the section headed "Chairman's Statement" of this report and the consolidated statement of profit or loss and the consolidated statement of comprehensive income of the Group on pages 106 to 107 of this report.

BUSINESS REVIEW

A review of the business of the Group is set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" on pages 8 to 15 and pages 20 to 41, respectively, of this report.

Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2020 are set out in note 47 to the consolidated financial statements on page 220 of this report. An analysis of the Group's performance during the year using financial key performance indicators is set out in the sections headed "Financial Highlights" and "Management and Discussion and Analysis" on page 16 to 17 and pages 20 to 41 of this report. An account of the Company's key relationships with its employees, customers and suppliers, please refer to the sections headed "Management Discussion and Analysis — Employee, Remuneration Policy and Training" and "Directors' Report — Major Customers and Suppliers" of this report. These discussions form part of the Directors' Report.

Principal Risks and Uncertainties

Principal risks and uncertainties the Group faces include (i) uncertainty as to the acquiring of land reserves for development in desirable locations on favourable terms; (ii) uncertainty as to business expansion into new geographic locations; (iii) uncertainty as to obtaining sufficient funding for land acquisitions and future developments; (iv) risks related to the fluctuation of profitability of property projects; (v) risks related to obtaining administrative certificates; (vi) risks related to the performance of the PRC property markets in particular in Jiangxi Province where the Group derived a majority of its revenue from; (vii) risks related to the government policies and regulations regarding the PRC property industry; (viii) risks related to the increasing raw materials price and labor costs; (viii) risk related to managing growth in expanding into new cities or regions; and (ix) risk related to failure in implementing the Group's strategies.

Compliance with the Relevant Laws and Regulations

As far as the Board and management are aware, the Group has complied in all material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 December 2020, there was no material breach of, or non-compliance, with applicable laws and regulations by the Group.

Environmental Policies and Performance

It is the Group's corporate and social responsibility in promoting a sustainable and environmental friendly environment, and the Group strives to minimize its environmental impact and comply with the applicable environmental laws and regulations.

The measures it takes to ensure its compliance with the applicable environmental laws and regulations include: (i) strictly selecting construction contractors and supervising the process of construction; (ii) applying for review by the relevant government authorities in a timely manner after the project is completed; and (iii) actively adopting environmentally friendly equipment and designs. The Group also takes voluntary actions with respect to environmental protection and energy conservation and emission reduction as primary considerations when designing its property projects. None of the Group's properties had received any material fines or penalties associated with the breach of any environmental laws or regulations during the year ended 31 December 2020. The 2020 Environmental, Social and Governance Report of the Group shall be published separately.

Relationship with Employees

The Group believes high-quality employees who value its corporate culture are essential elements to promote its sustainable growth. The Group intends to attract and retain skilled and talented employees through various initiatives, including creative trainee programs, competitive compensation packages and effective incentive system. For details regarding employees and staff costs and the emolument policy of the Group, please refer to the section headed "Management Discussion and Analysis — Employee, Remuneration Policy and Training".

Relationship with Suppliers

The Group is dedicated to develop good relationship with suppliers as long-term business partners to ensure stability of the Group's businesses. It reinforces business partnerships with suppliers by ongoing communication in a proactive and effective manner. For further details regarding the Group's major suppliers, please refer to the section headed "Directors' Report — Major Customers and Suppliers".

Relationship with Customers

Customers satisfaction with services and products has a profound effect on the profitability. The Group's dedicated sales team is in constant communication with its customers and potential customers to uncover and create customer needs and help customers make informed decisions. Understanding customers' needs and the market trend are critical for the Group to timely adjust operating strategies to meet the market requirement. For details regarding the Group's major customers, please refer to the section headed "Directors' Report — Major Customers and Suppliers".

FINAL DIVIDEND

The Board recommends the payment of a final dividend ("2020 Proposed Final 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 Final 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 Final 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.

PROPERTY, PLANT AND EQUIPMENT

Changes to the property, plant and equipment of the Group and the Company during the year ended 31 December 2020 are set out in note 13 to the consolidated financial statements.

BORROWINGS

Details of the Group's borrowings during the year ended 31 December 2020 are set out in note 30 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended 31 December 2020 are set out in note 35 to the consolidated financial statements.

SENIOR NOTES

Details of senior notes of the Company during the year are set out in note 31 to the consolidated financial statements.

CORPORATE BONDS

Details of corporate bonds of the Company during the year are set out in note 32 to the consolidated financial statements.

RESERVES

Details of the movement in the reserves of the Group and of the Company during the year ended 31 December 2020 are set out on pages 200 and 221 to 222 of this report. In respect of Company, the amount of reserves available for distribution under the Companies Laws of the Cayman Islands as at 31 December 2020 was approximately RMB1,476.8 million.

DONATIONS

Donations made by the Group during the year ended 31 December 2020 amounted to approximately RMB3.0 million.

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2020 and the state of the Group's financial position as at that date are set out in the consolidated financial statements on pages 106 to 222 of this report.

DIRECTORS

The Directors during the year ended 31 December 2020 and up to the date of this report were:

Name of director	Position
Mr. Zhang Yuanlin	Executive Director
Ms. Tu Jing	Executive Director
Mr. She Runting (resigned on 26 May 2020)	Executive Director
Mr. Chen Kai (resigned on 1 October 2020)	Executive Director
Mr. Tam Chi Choi	Independent non-executive Director
Mr. Au Yeung Po Fung	Independent non-executive Director
Mr. Liu Xin	Independent non-executive Director

In accordance with article 84(1) of the Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Accordingly, Mr. Tam Chi Choi and Mr. Liu Xin shall retire from office by rotation at the 2021 AGM and, being eligible, offer themselves for re-election.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company and each of the independent non-executive Directors has signed an appointment letter with the Company. The appointment of all the Directors is for a period of three years and shall continue thereafter until being terminated by either party giving not less than one month's prior written notice.

None of the Directors who are proposed for re-election at the 2021 AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors, the management shareholders of the Company nor their respective associates (as defined in the Listing Rules) had any interest in a business that competed or might compete with the business of the Group.

NON-COMPETITION UNDERTAKING

In order to protect the Group's business interest, the Controlling Shareholders entered into the deed of non-competition (the "Deed of Non-Competition") on 15 October 2019 under which each of the Controlling Shareholders has undertaken to the Company that he/it will not, and will procure his/its close associates (other than members of the Group) not to directly or indirectly (whether or not through his/its own, jointly with any person, corporation, partner, joint venture or any other contractual arrangements, and whether or not in exchange for profit or other benefits) participate, acquire or hold any right or interest in or otherwise be involved in or undertake any business that directly or indirectly competes, or may compete, with the existing business activity of the Group or any business activities which the Group may undertake in the future (in all cases, whether or not as shareholder, partner, agent or any other capacity, and whether or not for profits, returns or any benefits) (the "Restricted Activity"), or hold shares or interest in any companies or business that compete directly or indirectly with the business engaged by the Group from time to time except where the Controlling Shareholders hold less than 5% of the total issued share capital of any company (whose shares are listed on the Stock Exchange or any other stock exchange) which is engaged in any business that is or may be in competition with any business engaged by any member of the Group and they do not control more than 10% of the board of directors of such company. Further, each of the Controlling Shareholders has undertaken to procure that if any new business investment or other business opportunity relating to the Restricted Activity (the "Competing Business Opportunity") is identified by or made available to him/it or any of his/its close associates, he/it shall, and shall procure that his/its close associates shall, refer such Competing Business Opportunity to the Company on a timely basis and refer the Competing Business Opportunity to the Company by giving written notice (the "Offer Notice") to the Company of such Competing Business Opportunity within 30 business days of identifying the target company (if relevant) and the nature of the Competing Business Opportunity, the investment or acquisition costs and all other details reasonably necessary for the Company to consider whether to pursue such Competing Business Opportunity.

Details of the Deed of Non-Competition have been set out in the section headed "Relationship with Controlling Shareholders" of the Prospectus. The Company has received a written confirmation from each of the Controlling Shareholders in respect of his/its compliance with the terms of the Deed of Non-Competition during the year ended 31 December 2020.

The independent non-executive Directors are delegated with the authority to review the Deed of Non-Competition. The independent non-executive Directors had reviewed the status of compliance and the confirmation provided by the Controlling Shareholders. On the basis that: (i) the Company has received the confirmations from the Controlling Shareholders regarding the Deed of Non-Competition; (ii) there was no competing business reported by the Controlling Shareholders; and (iii) there was no particular situation rendering the full compliance of the Deed of Non-Competition being questionable, the independent non-executive Directors are of the view that the Deed of Non-Competition have been complied with and been enforced by the Company in accordance with the terms.

SHARE OPTION SCHEME

The Company approved and adopted the Share Option Scheme on 15 October 2019. The Share Option Scheme is subject to the requirements under Chapter 17 of the Listing Rules.

Details of the Share Option Scheme

(1) Purpose

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognize and acknowledge the contributions that the Eligible Participants (as defined in paragraph (2) below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

(2) Participants

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "Eligible Participants") to subscribe for such number of new Shares:

- any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- any Directors (including independent non-executive Directors) or any directors of the Company's subsidiaries; and
- any advisors, consultants, suppliers, customers, distributors and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries.

(3) The maximum number of Shares available for issue

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company is 352,941,200 Shares, representing approximately 9.89% of Shares in issue as at the date of this report. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of the Company or an approved independent financial advisor shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company.

(4) The maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant.

(5) Acceptance and exercise of option and the duration of the Share Option Scheme

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favor of the Company of HK$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date. Such remittance shall in no circumstances be refundable. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption. As at the date of this report, the remaining life of the Share Option Scheme is approximately 8 years and 6 months.

(6) Subscription price of Shares

The subscription price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of:

(i) The official closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day;

(ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share.

For further details of the Share Option Scheme, please refer to the section headed "Statutory and general information — D. Share option scheme" in Appendix V to the Prospectus.

Since the adoption of the Share Option Scheme and up to the date of this report, no option was granted or agreed to be granted, exercised or cancelled by the Company pursuant to the Share Option Scheme. There was no outstanding share option under the Share Option Scheme as at the date of this report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2020, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:

Interests in Shares

Name of Director	Nature of Interest	Number of Shares or underlying Shares (Note 1)	Approximate percentage of shareholding (Note 1)
Mr. Zhang Yuanlin	Founder of trusts (Notes 2 & 3)	2,970,000,000 (L)	83.19%

Notes:

(1) As at 31 December 2020, the Company issued 3,570,187,000 Shares. The letter (L) denotes the entity's long position in the relevant Shares.

(2) The entire issued share capital of Sinic Holdings Group Company Limited is held by Sinic Group Company Limited, which in turn is wholly owned by Xin Hong Company Limited. Xin Hong Company Limited is wholly owned by Honoured Ever Oriental Holdings Limited, the holding vehicle of TMF (Cayman) Ltd. TMF (Cayman) Ltd. is the trustee of the Honoured Ever Trust, a discretionary trust established by Mr. Zhang as settlor, the beneficiaries of which are Mr. Zhang and Mr. Zhang's family members. Accordingly, each of Mr. Zhang, TMF (Cayman) Ltd., Honoured Ever Oriental Holdings Limited, Xin Hong Company Limited and Sinic Group Company Limited is deemed under the SFO to be interested in the Shares held by Sinic Holdings Group Company Limited.

(3) Xin Heng Company Limited holds 150,000,000 Shares, representing approximately 4.2% of the issued share capital of the Company. The entire issued share capital of Xin Heng Company Limited is held by Glory Victory Holdings Limited, the holding vehicle of TMF Trust (HK) Limited. TMF Trust (HK) Limited is the trustee of the Glory Employee Benefit Trust, a discretionary trust set up by Mr. Zhang as settlor for the purpose of a share incentive scheme, for the benefit of employees of the Group. Accordingly, Mr. Zhang is deemed under the SFO to be interested in the Shares held by Xin Heng Company Limited.

Save as disclosed above, as at 31 December 2020, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Company, as at 31 December 2020, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

Name of Shareholder	Nature of Interest	Number of Shares or underlying Shares(Note 1)	Approximate percentage of shareholding(Note 1)
TMF (Cayman) Ltd.	Trustee of a trust	2,820,000,000 (L)	78.99%
Honoured Ever Oriental Holdings Limited	Interest of controlled corporation(Notes 2 & 4)	2,820,000,000 (L)	78.99%
Xin Hong Company Limited	Interest of controlled corporation(Notes 2 & 4)	2,820,000,000 (L)	78.99%
Sinic Group Company Limited	Interest of controlled corporation(Notes 2 & 4)	2,820,000,000 (L)	78.99%
Sinic Holdings Group Company Limited	Beneficial owner(Notes 2 & 4)	2,820,000,000 (L)	78.99%
Ms. Wu Chengping	Interest of spouse(Note 3)	2,970,000,000 (L)	83.19%

Notes:

(1) As at 31 December 2020, the Company issued 3,570,187,000 Shares. The letter (L) denotes the entity's long position in the relevant Shares.

(2) The entire issued share capital of Sinic Holdings Group Company Limited is held by Sinic Group Company Limited, which in turn is wholly owned by Xin Hong Company Limited. Xin Hong Company Limited is wholly owned by Honoured Ever Oriental Holdings Limited, the holding vehicle of TMF (Cayman) Ltd. TMF (Cayman) Ltd. is the trustee of the Honoured Ever Trust, a discretionary trust established by Mr. Zhang as settlor, the beneficiaries of which are Mr. Zhang and Mr. Zhang's family members. Accordingly, each of TMF (Cayman) Ltd., Honoured Ever Oriental Holdings Limited, Xin Hong Company Limited and Sinic Group Company Limited is deemed under the SFO to be interested in the Shares held by Sinic Holdings Group Company Limited.

(3) Ms. Wu Chengping is the spouse of Mr. Zhang. Under the SFO, Ms. Wu Chengping is deemed to be interested in the same Shares in which Mr. Zhang is interested.

(4) Mr. Zhang is director of Xin Hong Company Limited, Sinic Group Company Limited and Sinic Holdings Group Company Limited.

Save as disclosed above, as at 31 December 2020, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Scheme, at no time during the year was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this report, no transactions, arrangements or contracts of significance in relation to which the Company, its holding company or subsidiaries was a party and in which a Director or his connected entities had a material interest, whether directly or indirectly, subsisted during or at the end of the year ended 31 December 2020.

CONTRACTS OF SIGNIFICANCE

Save as disclosed in this report, no contracts of significance (i) in relation to the Group's business between the Company (or any of its subsidiaries) and a Controlling Shareholder (or any of its subsidiaries); or (ii) for provision of services to the Company (or any of its subsidiaries) by a controlling shareholder (or any of its subsidiaries) subsisted during or at the end of the year ended 31 December 2020.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2020, there was no revenue derived from a single external customer accounting for 1% or more of the Group's revenue and the Group's five largest external customers in aggregate accounting for less than 5% of the Group's revenue for the year.

During the year ended 31 December 2020, purchases attributable to the Group's largest supplier amounted to approximately 17% of the Group's total purchases and the Group five largest suppliers in aggregate accounted for less than 35% of the Group's total purchase for the year.

None of the Directors, their close associates or any Shareholders, which to the knowledge of the Directors owned more than 5% of the Company's issued Shares, had an interest in the share capital of any of the five largest suppliers and customers.

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2020, the Company conducted the following transactions which constitute non-exempt continuing connected transactions (as defined in the Listing Rules) of the Company:

1. Property Management Related Services Framework Agreement

On 21 October 2019 (as supplemented on 12 November 2020), the Company entered into a property management related services framework agreement (the "Property Management Related Services Framework Agreement") with Sinic Services Group Co., Ltd. (新力物業集團有限公司) ("Sinic Services"), pursuant to which the Company agreed to engage Sinic Services to provide property management and related services, including but not limited to (i) pre-delivery services and property management services for unsold properties owned by the Group; (ii) house inspection and cleaning services; and (iii) display unites and on-site sales office management services for a period commencing from the Listing Date to 31 December 2021. The annual caps of transactions contemplated under the Property Management Related Services Framework Agreement would be RMB187.7 million, RMB325.0 million and RMB268.6 million for the years ended 31 December 2019 and 2020 and the year ending 31 December 2021, respectively. For the year ended 31 December 2020, the value of the services provided by Sinic Services to the Group was RMB301.1 million.

Sinic Services is wholly owned by Sinic Technology Group Co., Ltd. (新力科技集團有限公司), which is held as to 99% by Mr. Zhang, and 1% by Ms. Wu Chengping, the spouse of Mr. Zhang. As such, Sinic Services is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions under the Property Management Related Services Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

2. JC Construction Services Framework Agreement

On 15 October 2019, the Company entered into a construction services framework agreement (the "JC Construction Services Framework Agreement") with Jiangxi Fifth Construction Group Co., Ltd. (江西省第五建設集團有限公司) ("Jiangxi 5th Construction"), pursuant to which members of the Group could engage Jiangxi 5th Construction to provide construction and related services, including but not limited to engineering, construction and installation, and construction contracting services for a period commencing from the Listing Date to 31 December 2021. The annual caps of transactions contemplated under the JC Construction Services Framework Agreement would be RMB897.5 million, RMB836.0 million and RMB482.2 million for the years ended 31 December 2019 and 2020 and for the year ending 31 December 2021, respectively. For the year ended 31 December 2020, the value of the services provided by Jiangxi 5th Construction to the Group was RMB502.4 million.

Jiangxi 5th Construction is owned as to approximately 80.4% by Mr. Zhang Guoyin (張國印), the brother of Mr. Zhang. As such, Jiangxi 5th Construction is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions under the JC Construction Services Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

3. GL Construction Services Framework Agreement

On 15 October 2019, the Company entered into a construction services framework agreement (the "GL Construction Services Framework Agreement") with Guangxi Lugang Construction Group Co., Ltd. (廣西路港建設集團有限公司) ("Guangxi Lugang"), pursuant to which members of the Group could engage Guangxi Lugang to provide construction and related services, including but not limited to engineering, construction, construction contracting services, installation services for fire-fighting facilities, water and electricity supply facilities and other technical support services for a period commencing from the Listing Date to 31 December 2021. The annual caps of transactions contemplated under the GL Construction Services Framework Agreement would be RMB887.7 million, RMB1,307.1 million and RMB1,359.3 million for the years ended 31 December 2019 and 2020 and for the year ending 31 December 2021, respectively. For the year ended 31 December 2020, the value of the services provided by Guangxi Lugang to the Group was RMB638.8 million.

Guangxi Lugang is owned as to approximately 97.7% by Mr. Zhang Guojin (張國金), the brother of Mr. Zhang. As such, Guangxi Lugang is a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions under the GL Construction Services Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.55 of the Listing Rules, all independent non-executive Directors have reviewed and confirmed that the above continuing connected transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

For the purpose of Rule 14A.56 of the Listing Rules, Ernst and Young, the auditor of the Company, has provided a letter to the Board, confirming that nothing has come to their attention that causes them to believe that the continuing connected transactions mentioned above (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (iv) have exceeded the respective annual cap.

DISCLOSURE UNDER RULE 14A.72 OF THE LISTING RULES

Save as disclosed under the above paragraph headed "Continuing Connected Transactions" in this report which were continuing connected transactions under Chapter 14A of the Listing Rules, all other related party transactions entered into by the Group during the year as disclosed in note 43 to the consolidated financial statements did not constitute connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

The Company has complied with applicable disclosure requirements under Chapter 14A of the Listing Rules in respect of the aforesaid continuing connected transactions.

PRE-EMPTIVE RIGHTS AND TAX RELIEF

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated under which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

LOAN AGREEMENTS WITH COVENANTS RELATING TO SPECIFIC PERFORMANCE OF THE CONTROLLING SHAREHOLDER

On 12 February 2020, the Company as borrower entered into the facility agreement (the "Facility Agreement") with BOCI Leveraged & Structured Finance Limited as lender in respect of a US$140,000,000 term loan facility. The Facility Agreement contains, among others, specific performance obligations on Mr. Zhang, Sinic Holdings Group Company Limited, Sinic Group Company Limited and Xin Hong Company Limited, each a Controlling Shareholder. The loan under the Facility Agreement had been fully repaid in October 2020.

Pursuant to the Facility Agreement, if Mr. Zhang, Sinic Holdings Group Company Limited, Sinic Group Company Limited and Xin Hong Company Limited, each a Controlling Shareholder, collectively do not or cease to: (i) own (directly or indirectly) at least 51% of the issued share capital of the Company; (ii) have the power to appoint and remove a majority of the Board; or (iii) have the power to give directions with respect to the operating and financial policies of the Company with which the Board is obliged to comply, the lender may cancel the amount of the facility committed by the lender and declare all outstanding amounts together with interest accrued and all other amounts payable by the Company under the facility to be immediately due and payable.

PUBLIC FLOAT

The Stock Exchange has granted the Company a public float waiver under Rule 8.08(1)(a) of the Listing Rules to accept a lower public float percentage of the total issued share capital of 16.81%. Details of the waiver is set out in the section headed "Waivers from Strict Compliance the Requirements under with the Listing Rules — Waiver in relation to Public Float Requirements" of the Prospectus.

As at the date of this report, based on information that was public available to the Company and within the knowledge of the Directors, the Directors confirmed that the Company maintained the amount of public float as required under the public float waiver.

CORPORATE GOVERNANCE

The Board is of opinion that the Company had adopted, applied and complied with the code provisions as set out in the Corporate Governance Code during the year ended 31 December 2020. Principal corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" section of this report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out in the section headed "Financial Summary" of this report.

SUBSIDIARIES OF THE COMPANY

Particulars of the Company's subsidiaries as at 31 December 2020 are set out in note 1 to the consolidated financial statements.

PERMITTED INDEMNITY

The Articles of Association provide that every Director is entitled to be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which he may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

The Group has taken out and maintained directors' liability insurance for the year ended 31 December 2020, which provides appropriate cover for the Directors. The permitted indemnity provision was in force during the year ended 31 December 2020 and remained in force as at the date of this report for the benefit of the Directors.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the paragraph headed "Share Option Scheme" in this section, no equity-linked agreements were entered into during the year and subsisted at the end of the year.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of any business of the Company were entered into during the year or subsisted at the end of the year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2020, the Company issued senior notes due 2021 with a principal amount of US$280 million in March 2020 and senior notes due 2022 with a principal amount of US$210 million in June 2020. Both senior notes are listed and traded on Singapore Exchange Securities Trading Limited. The Company also issued senior notes due 2021 with a principal amount of USD$250 million in October 2020 which is listed and traded on Stock Exchange.

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

ANNUAL GENERAL MEETING 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 dispatched 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 Final 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 Shop 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 Final 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 Final 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 Shop 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.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2020 have been audited by Ernst and Young who will retire at the 2021 AGM. Ernst and Young, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of Ernst and Young as the auditor of the Company will be proposed at the 2021 AGM.

By order of the Board
Sinic Holdings (Group) Company Limited
Zhang Yuanlin
Chairman and Executive Director

Hong Kong, 30 March 2021

INDEPENDENT AUDITOR'S REPORT

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To the shareholders of Sinic Holdings (Group) Company Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Sinic Holdings (Group) Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 106 to 222 which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue from sales of properties over time	
Revenue from sales of properties was recognised over time when the Group's performance under a sales contract did not create an asset with an alternative use to the Group and the Group had an enforceable right to payment for performance completed to date; otherwise, the revenue was recognised at a point in time when the customer obtained control of the completed property. For the year ended 31 December 2020, revenue of the Group from sales of properties was RMB27,414,075,000, of which RMB1,955,720,000 was recognised over time. The Group might not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit did not have an alternative use to the Group. Significant management's judgements were involved in determining whether there was an enforceable right to payment which depended on the terms of a sales contract and the interpretation of the applicable laws that applied to the contract. The Group obtained legal counsel opinion regarding the enforceability of the right to payment for sales contracts. Management used judgements in interpreting the applicable laws, based on legal counsel opinion, to identify sales contracts with right to payment and those without the right.	In assessing the appropriateness of management's judgements relating to the accounting policies of revenue recognition: We have obtained an understanding of and evaluated management's process and procedures in identifying sales contracts with or without right to payment; We have reviewed the key terms of a sample of sales contracts to assess the presence of the right to payment based on the contract terms; We have obtained and evaluated the opinion of the Group's legal counsel, in particular, the legal counsel's interpretation of the applicable laws and their implication on the assessment of the enforceability of the right to payment; and We have assessed the competence, experience and objectivity of the legal counsel engaged by management. In respect of the completeness of the estimated total development costs and the accuracy of progress towards complete satisfaction of the performance obligation: We have compared the actual development costs of completed projects to management's prior estimations of total development costs to assess the accuracy of management's historical cost estimation and reliability and appropriateness of the cost estimation methodology on a sample basis;

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Recognition of revenue from sales of properties over time (Continued)	
In addition, for the revenue from sales of properties recognised over time, the Group recognised revenue by measuring the progress towards complete satisfaction of the performance obligation at the year end. The progress was measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the development costs incurred up to the end of the year as a percentage of total estimated development costs for each property unit in the sales contract. The Group allocated common costs based on types of properties and saleable floor areas. Significant judgements and estimations were required in determining the completeness of the estimated total development costs and the accuracy of progress towards complete satisfaction of the performance obligation at the year end. Given the involvement of significant judgements and estimations, recognition of revenue from sales of properties over time was considered a key audit matter. The Group's accounting policies and disclosures of the recognition of revenue from sales of properties over time were included in note 2.4, note 3 and note 5 to the consolidated financial statements.	We have obtained an understanding of the internal controls over the generation of cost data of the projects and property units, evaluated and tested them on a sample basis; We have assessed the reasonableness of the basis for the allocation of common costs among project units on a sample basis; We have assessed the reasonableness of the cost budgets for the project and property unit under development by comparison to the actual cost of completed projects and property units, taking into account the type of properties and saleable floor areas on a sample basis; We have compared the estimated total development costs of the projects and property units under development to the budget approved by management on a sample basis; We have tested the development costs incurred by tracing to the supporting documents and the reports from external or internal supervising engineers, where applicable on a sample basis; and We have checked the mathematical accuracy of the cost allocation and the measurement of progress of the property unit on a sample basis. We also assessed the disclosures related to the recognition of revenue from sales of properties over time in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Provision for land appreciation tax	
The Group was a property developer in Mainland China focusing on the development of residential properties and the development, operation and management of commercial and mixed-use properties. Land appreciation tax ("LAT") in Mainland China was one of the main components of the Group's taxation charge. LAT was levied on the sale of properties at progressive rates ranging from 30% to 60% based on the appreciation of land value. As at 31 December 2020, the management of the Group estimated the provision for LAT based on its understanding and interpretation of the relevant tax rules and regulations, and the estimated total sales of properties less total deductible expenditure, which includes lease charges for land use rights, property development costs, borrowing costs and development expenditure. Provision for LAT in Mainland China was significant to the consolidated financial statements and the calculation of the provision for LAT involved significant management's judgement and interpretation of the relevant tax rate. Accordingly, the calculation of the provision for LAT was identified as a key audit matter. The accounting policies and disclosures of the provision for land appreciation tax were included in note 2.4, note 3 and note 10 to the consolidated financial statements.	We have assessed and evaluated the design and operating effectiveness of the key controls of management in the calculation of the provision for land appreciation tax. We have involved internal tax specialists to assist us to perform a review on the LAT position, including the review of the estimates and assumptions used by the Group and the evaluation of tax exposure based on communications received from the relevant tax authorities and applying our local knowledge and experience. We have also recalculated the tax computation and compared our calculations with the amounts recorded by the Group. We have assessed the disclosures related to the provision for land appreciation tax in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
The Group owned investment properties in Mainland China which were measured at fair value and their aggregate carrying amount was approximately RMB2,395,300,000 as at 31 December 2020, including completed investment properties and investment properties under construction. The Group engaged an external valuer to perform the valuations of these properties as at 31 December 2020. Significant judgement was required to determine the fair values of the investment properties, which reflected market conditions as at the end of the reporting period. The fair value of completed commercial properties was determined by using the income approach, which had taken into account the rental income of the properties derived from the existing and/or achievable leases in the existing market with due allowance for the reversionary income potential of the leases, and then applied appropriate capitalisation rate. The fair value of commercial properties under construction was determined by using the cost method and residual approach. The cost method had taken into account the market value of land use right plus the construction cost incurred so far and applied appropriate gross margin. The residual method had taken into rental value, reversionary yields, budgeted construction costs to be incurred and developer's profit. Changes in these assumptions would have significant effects on the valuation of investment properties. Accordingly, the valuation of investment properties was identified as a key audit matter. The accounting policies and disclosures of the investment properties were included in note 2.4, note 3 and note 14 to the consolidated financial statements.	We have assessed and evaluated the design and operating effectiveness of the key controls of management in the valuation of investment properties. We have evaluated the competency, independence and objectivity of the external valuer. We have obtained an understanding of the valuation approach and key assumptions used by the external valuer. We have assessed the correctness of the property related data used as inputs for the valuations and involved our internal valuation experts to assist us in evaluating the valuation methodology and the underlying assumptions. We have evaluated the source data used in the valuation by benchmarking them to relevant market information on a sample basis. We have assessed the disclosures related to the valuation of investment properties in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is SIU FUNG TERENCE HO.

Ernst & Young
Certified Public Accountants
Hong Kong
30 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
REVENUE	*5*	**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	*5*	**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	*14*	**167,164**	164,786
Fair value losses 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	*6*	**(164,401)**	—
Finance costs	*7*	**(564,943)**	(456,397)
Share of profits and losses of:			
Joint ventures		**(97,731)**	62,257
Associates		**162,335**	39,493
PROFIT BEFORE TAX	*6*	**5,086,189**	6,264,024
Income tax expense	*10*	**(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	*12*	**RMB0.55 yuan**	RMB0.64 yuan

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2020

	2020 RMB'000	2019 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

31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*13*	**72,565**	91,349
Right-of-use assets	*15*	**50,229**	70,866
Investment properties	*14*	**2,395,300**	1,751,200
Intangible assets	*16*	**28,999**	25,196
Investments in joint ventures	*17*	**4,867,128**	5,992,646
Investments in associates	*18*	**9,514,957**	7,231,927
Deferred tax assets	*19*	**2,113,865**	2,162,741
Other non-current assets	*25*	**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	*20*	**640,520**	281,795
Properties under development	*21*	**43,594,738**	48,908,306
Completed properties held for sale	*22*	**4,218,401**	2,881,983
Trade receivables	*23*	**42,068**	20,872
Due from related companies	*43*	**6,010,466**	4,796,093
Prepayments, other receivables and other assets	*24*	**4,392,606**	4,055,067
Tax recoverable		**202,102**	320,818
Cash and bank balances	*26*	**17,535,147**	16,598,569
Total current assets		**76,636,048**	77,863,503
CURRENT LIABILITIES			
Trade and bills payables	*27*	**6,907,719**	5,457,196
Other payables and accruals	*28*	**3,090,290**	3,470,586
Contract liabilities	*29*	**25,586,430**	34,231,211
Due to related companies	*43*	**5,132,922**	5,957,364
Interest-bearing bank and other borrowings	*30*	**9,535,660**	10,208,923
Senior notes	*31*	**3,531,945**	812,145
Corporate bonds	*32*	**512,623**	624,072
Asset-backed securities	*33*	**514,722**	—
Lease liabilities	*15*	**21,052**	30,629
Financial liabilities at fair value through profit or loss	*34*	**458**	498
Tax payable	*10*	**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

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	*30*	**13,255,282**	14,521,275
Senior notes	*31*	**1,344,595**	—
Corporate bonds	*32*	**277,449**	406,552
Asset-backed securities	*33*	**690,000**	—
Lease liabilities	*15*	**17,136**	29,483
Deferred tax liabilities	*19*	**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	*35*	**31,958**	31,958
Reserves	*36*	**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

Mr. Zhang Yuanlin
Director

Ms. Tu Jing
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Attributable to owners of the parent									
	Share capital RMB'000 *Note 35*	Share premium RMB'000 *Note 36(a)*	Merger reserve RMB'000 *Note 36(b)*	Capital reserve RMB'000 *Note 36(c)*	Statutory surplus reserve RMB'000 *Note 36(d)*	Exchange fluctuation reserve RMB'000 *Note 36(e)*	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2019 and 1 January 2020	31,958	1,940,877*	3,750,716*	8,189*	283,236*	(95,177)*	2,247,209*	8,167,008	6,728,726	14,895,734
Profit for the year	–	–	–	–	–	–	1,960,352	1,960,352	78,137	2,038,489
Other comprehensive income for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	–	200,733	–	200,733	–	200,733
Total comprehensive income for the year	–	–	–	–	–	200,733	1,960,352	2,161,085	78,137	2,239,222
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	3,357	3,357
Capital contribution by the non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	2,389,500	2,389,500
Acquisition of additional interest in subsidiaries	–	–	–	1,528	–	–	–	1,528	(1,528)	–
Dividends and distributions	–	(464,124)	–	–	–	–	–	(464,124)	–	(464,124)
Appropriations to statutory surplus reserve	–	–	–	–	286,692	–	(286,692)	–	–	–
At 31 December 2020	31,958	1,476,753*	3,750,716*	9,717*	569,928*	105,556*	3,920,869*	9,865,497	9,198,192	19,063,689

	Attributable to owners of the parent									
	Share capital RMB'000 *Note 35*	Share premium RMB'000 *Note 36(a)*	Merger reserve RMB'000 *Note 36(b)*	Capital reserve RMB'000 *Note 36(c)*	Statutory surplus reserve RMB'000 *Note 36(d)*	Exchange fluctuation reserve RMB'000 *Note 36(e)*	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 31 December 2018 and 1 January 2019	—	—	3,716,600*	—	195,668*	(45,658)*	377,014*	4,243,624	816,644	5,060,268
Profit for the year	—	—	—	—	—	—	1,957,763	1,957,763	56,511	2,014,274
Other comprehensive income/(loss) for the year:										
Exchange differences on translation of foreign operations	—	—	—	—	—	(49,519)	—	(49,519)	—	(49,519)
Total comprehensive income/(loss) for the year	—	—	—	—	—	(49,519)	1,957,763	1,908,244	56,511	1,964,755
Issuance of new shares	31,958	1,940,877	—	—	—	—	—	1,972,835	—	1,972,835
Acquisition of non-controlling interests	—	—	—	8,189	—	—	—	8,189	(98,176)	(89,987)
Acquisition of subsidiaries by the Group from the then equity holder of the subsidiaries	—	—	34,116	—	—	—	—	34,116	—	34,116
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	409,687	409,687
Disposal of subsidiaries	—	—	—	—	—	—	—	—	(138,940)	(138,940)
Capital contribution by the non-controlling shareholders of subsidiaries	—	—	—	—	—	—	—	—	5,683,000	5,683,000
Appropriations to statutory surplus reserve	—	—	—	—	87,568	—	(87,568)	—	—	—
At 31 December 2019	31,958	1,940,877*	3,750,716*	8,189*	283,236*	(95,177)*	2,247,209*	8,167,008	6,728,726	14,895,734

* These reserve accounts comprise the consolidated reserves of RMB9,833,539,000 (2019: RMB8,135,050,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**5,086,189**	6,264,024
Adjustments for:			
Depreciation of items of property, plant and equipment	*6,13*	**23,900**	25,375
Depreciation of right-of-use assets	*6,15*	**26,933**	30,255
Amortisation of intangible assets	*6,16*	**4,088**	2,493
Net gains on disposal of items of property, plant and equipment	*5*	**(1,073)**	(78)
Gains on bargain purchase	*5*	**—**	(4,987)
Net gains on disposal of subsidiaries	*5,40*	**(9,857)**	(72,160)
Exchange gain	*5*	**(119,026)**	—
Dividend income	*5*	**(15,707)**	—
Remeasurement gain on investment in a joint venture held before business combination	*5,39*	**(3,105)**	—
Impairment losses recognised for properties under development	*6*	**(155,073)**	—
Impairment losses recognised for properties held for sale	*6*	**(9,328)**	—
Share of profits and losses of:			
Joint ventures		**97,731**	(62,257)
Associates		**(162,335)**	(39,493)
Fair value losses 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)
Fair value gains on investment properties	*14*	**(167,164)**	(164,786)
Finance costs	*7*	**564,943**	456,397
Interest income		**(125,101)**	(47,178)
Decrease in properties under development and completed properties held for sale		**6,493,552**	320,551
Increase in restricted cash		**(266,859)**	(3,126,162)
(Increase)/decrease in pledged deposits		**(303,296)**	68,377
Increase in trade receivables		**(21,196)**	(20,872)
Decrease in prepayments, other receivables and other assets		**2,162,423**	897,390
Decrease in other non-current assets		**112,538**	271,141
Increase in trade and bills payables		**1,426,805**	2,314,934
Decrease in other payables and accruals		**(1,066,406)**	(1,611,987)
Decrease in contract liabilities		**(9,178,770)**	(6,178,526)
Decrease in amounts due from related companies		**—**	27,914
Increase in amounts due to related companies		**194,871**	244,785
Cash generated from/(used in) operations		**4,622,883**	(380,155)
Interest received		**125,101**	147,072
Interest paid		**(2,493,421)**	(2,294,248)
Tax paid		**(1,306,942)**	(1,311,191)
Net cash flows generated from/(used in) operating activities		**947,621**	(3,838,522)

	Notes	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(5,735)**	(17,409)
Purchase of intangible assets		**(7,891)**	(21,829)
Additions in investment properties		**(153,379)**	(314,454)
Acquisition of subsidiaries	*39*	**5,405**	(648,210)
Acquisition of financial assets at fair value through profit or loss		**(391,971)**	(241,744)
Disposal of subsidiaries	*40*	**279,449**	(348,472)
Investments in joint ventures		**(1,055,300)**	(2,064,303)
Investments in associates		**(2,086,443)**	(6,484,362)
Repayment of long-term debt investments		**—**	879,004
Disposal of items of property, plant and equipment		**1,567**	545
Net cash flows used in investing activities		**(3,414,298)**	(9,261,234)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution from non-controlling shareholders of subsidiaries		**2,389,500**	5,683,000
Advances from related companies	*43*	**6,134,409**	47,699,691
Repayment of advances from related companies	*43*	**(7,153,721)**	(43,387,298)
Advances to related companies	*43*	**(3,773,779)**	(23,497,757)
Repayment of advances to related companies	*43*	**2,559,406**	23,790,465
Payment of lease liabilities	*15*	**(32,056)**	(31,803)
Dividends and distributions	*48*	**(464,124)**	—
Proceeds from interest-bearing bank and other borrowings		**14,979,454**	21,748,024
Repayment of interest-bearing bank and other borrowings		**(16,994,909)**	(18,528,530)
Proceeds from issue of new shares		**—**	1,972,835
Proceeds from issue of corporate bonds	*32*	**297,924**	415,674
Proceeds from issue of asset-backed securities	*33*	**1,180,000**	—
Proceeds from issue of senior notes	*31*	**5,066,393**	1,161,300
Repayment of corporate bonds	*32*	**(649,957)**	(45,427)
Repayment of senior notes	*31*	**(1,025,199)**	(355,610)
Net cash flows from financing activities		**2,513,341**	16,624,564
NET INCREASE IN CASH AND CASH EQUIVALENTS		**46,664**	3,524,808
Cash and cash equivalents at beginning of year		**10,558,738**	7,083,520
Effect of foreign exchange rate, net		**319,759**	(49,590)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**10,925,161**	10,558,738
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*26*	**17,535,147**	16,598,569
Less:			
Restricted cash	*26*	**6,016,168**	5,749,309
Pledged deposits	*26*	**593,818**	290,522
Cash and cash equivalents as stated in the statement of cash flows		**10,925,161**	10,558,738

NOTES TO FINANCIAL STATEMENTS

31 December 2020

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company incorporated in the Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the" Stock Exchange") on 15 November 2019. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. During the year, the Group was involved in property development and property leasing.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Xin Hong Company Limited, which is incorporated in the British Virgin Islands.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are set out below:

Name of companies	*Notes*	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Directly held:					
力悦有限公司 Li Yue Company Limited		British Virgin Islands	United States dollar ("US$") 0.001	100%	Investment holding
森源發展有限公司 Forest Resources Developments Limited		British Virgin Islands	US$0.001	100%	Investment holding
力誠有限公司 Li Cheng Company Limited		British Virgin Islands	US$0.001	100%	Investment holding
力合控股有限公司 Li He Holdings Limited		British Virgin Islands	US$0.001	100%	Investment holding
Indirectly held:					
力悦(香港)控股有限公司 Li Yue (HK) Holdings Limited		Hong Kong	Hong Kong dollar ("HK$") 0.1	100%	Investment holding
新星電子有限公司 Icons Electronics Limited		Hong Kong	HK$0.001	100%	Investment holding
力鋭控股有限公司 Li Rui Holdings Limited		British Virgin Islands	US$0.001	100%	Investment holding
力祖有限公司 Li Zu Company Ltd.		British Virgin Islands	HK$0.001	100%	Investment holding
江西新力商務諮詢有限公司 Jiangxi Sinic Business Consultancy Co., Ltd.		People's Republic of China ("PRC")/ Mainland China	RMB100,000	100%	Investment holding

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below: (Continued)

Name of companies	*Notes*	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)					
江西新力企業管理有限公司 Jiangxi Sinic Corporate Management Co., Ltd.		PRC/Mainland China	RMB2,000,000	100%	Investment holding
新力地產集團有限公司 Sinic Real Estate Group Co., Ltd.		PRC/Mainland China	RMB3,200,000	100%	Investment holding
江西新力置地投資有限公司 Jiangxi Sinic Properties Investment Co., Ltd.		PRC/Mainland China	RMB2,500,000	100%	Property development
豐城贛鐵置業有限公司 Fengcheng Gantie Properties Co., Ltd.	*(1)*	PRC/Mainland China	RMB6,000	64%	Property development
南昌天華置業有限公司 Nanchang Tianhua Properties Co., Ltd.		PRC/Mainland China	RMB200,000	100%	Property development
江西恒望置業有限公司 Jiangxi Hengwang Properties Co., Ltd. ("Jiangxi Hengwang Properties")	*(1)*	PRC/Mainland China	RMB102,040	51%	Property development
江西澳斯屯實業有限公司 Jiangxi Aositun Industrial Co., Ltd.		PRC/Mainland China	RMB50,000	100%	Property development
江西駿宇實業有限公司 Jiangxi JunYu Industrial Co., Ltd.		PRC/Mainland China	RMB30,000	100%	Property development
南昌寶葫蘆農莊有限公司 Nanchang Baohulu Farm Co., Ltd.		PRC/Mainland China	RMB179,620	100%	Property development
武漢保和優誠置業有限公司 Wuhan Baoheyoucheng Properties Co., Ltd.	*(1)*	PRC/Mainland China	RMB57,300	70%	Property development
贛州新力力合置業有限公司 Ganzhou Sinic Lihe Properties Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below: (Continued)

Name of companies	*Notes*	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)					
贛州新力未來置業有限公司 Ganzhou Sinic Weilai Properties Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
綠色奔跑置業(北京)有限公司 Lvse Benpao Properties (Beijing) Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
惠州新力弘發房地產開發有限公司 Huizhou Sinic Hongfa Real Estate Development Co., Ltd.		PRC/Mainland China	RMB20,000	100%	Property development
廣東強科地產有限公司 Guangdong Qiangke Real Estate Co., Ltd.		PRC/Mainland China	RMB5,100	100%	Property development
惠州新力無限房地產開發有限公司 Huizhou Sinic Wuxian Real Estate Development Co., Ltd.		PRC/Mainland China	RMB100,000	100%	Property development
南昌天巨實業有限公司 Nanchang Tianju Industrial Co., Ltd. ("Nanchang Tianju")	*(1)*	PRC/Mainland China	RMB5,000	60%	Property development
惠州新力美學房地產開發有限公司 Huizhou Sinic Meixue Real Estate Development Co., Ltd.		PRC/Mainland China	RMB100,000	100%	Property development
惠州市均林實業有限公司 Huizhou Junlin Industrial Co., Ltd	*(2)*	PRC/Mainland China	RMB5,000	100%	Property development
湖南新淼房地產開發有限公司 Hunan Xinmiao Real Estate Development Co., Ltd.	*(1)*	PRC/Mainland China	RMB50,000	99%	Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below: (Continued)

Name of companies	Notes	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)					
湖南新川房地產開發有限公司 Hunan Xinchuan Real Estate Development Co., Ltd.	*(1)*	PRC/Mainland China	RMB50,000	99%	Property development
北京裏士滿信息諮詢有限公司 Beijing Lishiman Information Consulting Co., Ltd.		PRC/Mainland China	RMB50,000	100%	Management consulting
南昌順泰置業有限公司 Nanchang Shuntai Properties Co., Ltd.	*(1)*	PRC/Mainland China	RMB100,000	70%	Property development
惠州新力泓逸房地產開發有限公司 Huizhou Sinic Hongyi Real Estate Development Co., Ltd.		PRC/Mainland China	RMB20,000	100%	Property development
昆山萊克斯投資有限公司 Kunshan Laikesi Investment Co., Ltd.		PRC/Mainland China	RMB100,000	100%	Property development
上海新悦力和房地產開發有限公司 Shanghai Xinyue Lihe Real Estate Development Co., Ltd		PRC/Mainland China	RMB100,000	100%	Property development
江西億創置業投資有限公司 Jiangxi Yichuang Properties Investment Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Investment development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below: (Continued)

Name of companies	*Notes*	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)					
贛州新悅力創房地產開發有限公司 Ganzhou Xinyuelichuang Real Estate Development Co., Ltd.		PRC/Mainland China	RMB200,000	100%	Investment development
惠州市天華宇實業有限公司 Huizhou Tianhuayu Industrial Co., Ltd		PRC/Mainland China	RMB1,000	100%	Property development
長沙新力鴻房地產開發有限公司 Changsha Sinic Hong Real Estate Development Co., Ltd.		PRC/Mainland China	RMB20,000	100%	Property development
清遠市萬力源投資置業有限公司 Qingyuan Wanliyuan Investment Properties Co., Ltd.		PRC/Mainland China	RMB25,000	100%	Property development
江西力睿置業投資有限公司 Jiangxi Lirui Property Investment Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
江西淳華房地產開發有限公司 Jiangxi Chunhua Real Estate Development Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
江西新沃房地產開發有限公司 Jiangxi Xinwo Real Estate Development Co., Ltd.		PRC/Mainland China	RMB50,000	100%	Property development
湖南新力在悅房地產開發有限公司 Hunan Sinic Zaiyue Real Estate Development Co., Ltd.		PRC/Mainland China	RMB200,000	100%	Property development
無錫富安金邸房地產有限公司 Wuxi Fuan Jindi Real Estate Co., Ltd.		PRC/Mainland China	RMB100,000	100%	Property development
惠州市湯普實業有限公司 Huizhou Tangpu Industrial Co., Ltd.		PRC/Mainland China	US$109,600	100%	Property development
江西傲宇房地產開發有限公司 Jiangxi Aoyu Real Estate Development Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below: (Continued)

Name of companies	*Notes*	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)					
香港澳銘企業管理有限公司 Hong Kong Oeming Enterprise Management Co., Ltd.		Hong Kong	HK$0.001	100%	Investment holding
武漢新力在和房地產集團有限公司 Wuhan Sinic Zaihe Real Estate Group Co., Ltd.		PRC/Mainland China	RMB50,000	100%	Property development
江西鴻禎房地產開發有限公司 Jiangxi Hongzhen Estate Development Co., Ltd.		PRC/Mainland China	RMB100,000	100%	Property development
湖南新卓房地產開發有限公司 Hunan Xinzhuo Real Estate Development Co., Ltd.		PRC/Mainland China	RMB285,710	100%	Property development
江西贛越房地產開發有限公司 Jiangxi Ganyue Real Estate Development Co., Ltd.		PRC/Mainland China	RMB100,000	100%	Property development
惠州新力未來房地產開發有限公司 Huizhou Sinic Weilai Real Estate Development Co., Ltd.		PRC/Mainland China	RMB100,000	100%	Property development
惠州力新無限房地產開發有限公司 Huizhou Lixin Wuxian Real Estate Development Co., Ltd.		PRC/Mainland China	RMB100,000	100%	Property development
江西新瀚置業有限公司 Jiangxi Xinhan Properties Co., Ltd.	*(2)*	PRC/Mainland China	RMB100,000	100%	Property development
武漢新力聖宇房地產開發有限公司 Wuhan Sinic Shengyu Real Estate Development Co., Ltd.		PRC/Mainland China	RMB50,000	100%	Property development
武漢新力中成房地產開發有限公司 Wuhan Sinic Zhongcheng Real Estate Development Co., Ltd.	*(1)*	PRC/Mainland China	RMB50,000	70%	Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below: (Continued)

Name of companies	*Notes*	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)					
成都力聯房地產開發有限公司 Chengdu Lilian Real Estate Development Co., Ltd.		PRC/Mainland China	RMB50,000	100%	Property development
江西中河置業有限公司 Jiangxi Zhonghe Properties Co., Ltd.		PRC/Mainland China	RMB200,000	100%	Property development
南昌名門世家房產開發經營有限責任公司 Nanchang Mingmen Shijia Real Estate Development Co., Ltd.		PRC/Mainland China	RMB20,000	100%	Property development
江西璽瑞實業有限公司 Jiangxi Xirui Industrial Co., Ltd. ("Jiangxi Xirui Industrial")	*(1)*	PRC/Mainland China	RMB20,400	51%	Property development
惠州市美麗置業有限公司 Huizhou Meili Properties Co., Ltd.		PRC/Mainland China	RMB40,000	100%	Property development
長沙旺國置業有限公司 Changsha Wangguo Properties Co., Ltd.	*(1)*	PRC/Mainland China	RMB100,000	94%	Property development
長沙新力湘房地產開發有限公司 Changsha Sinic Xiang Real Estate Development Co., Ltd.	*(1)*	PRC/Mainland China	RMB226,421	99%	Property development
江蘇中原置業有限公司 Jiangsu Zhongyuan Properties Co., Ltd		PRC/Mainland China	RMB77,200	100%	Property development
江西和之信投資有限公司 Jiangxi Hezhixin Investment Co., Ltd.		PRC/Mainland China	RMB150,000	100%	Property development
江西新爵置業投資有限公司 Jiangxi Xinjue Property Investment Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Investment holding

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below: (Continued)

Name of companies	*Notes*	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)					
江西金麒麟置業有限公司 Jiangxi Gold Qilin Properties Co., Ltd.		PRC/Mainland China	RMB20,000	100%	Property development
惠州市均城投資有限公司 Huizhou Juncheng Investment Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
江西運發實業有限公司 Jiangxi Yunfa Industrial Co., Ltd.	*(2)*	PRC/Mainland China	RMB61,230	100%	Property development
成都力新淼房地產開發有限公司 Chengdu Lixinmiao Real Estate Development Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
成都新力錦業房地產開發有限公司 Chengdu Sinic Jinye Real Estate Development Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
廣州新力展裕投資有限公司 Guangzhou Sinic Zhanyu Investment Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
江西匯濤實業有限公司 Jiangxi Huitao Industrial Co., Ltd.		PRC/Mainland China	RMB600,000	100%	Property development
武漢市升陽房地產發展有限公司 Wuhan Shengyang Real Estate Development Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
江西海越房地產開發有限公司 Jiangxi Haiyue Real Estate Development Co., Ltd.		PRC/Mainland China	RMB50,000	100%	Property development
江西新騰房地產開發有限公司 Jiangxi Xinteng Real Estate Development Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
江西新潯房地產開發有限公司 Jiangxi Xinxun Real Estate Development Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below: (Continued)

Name of companies	*Notes*	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)					
江西陽焱房地產開發有限公司 Jiangxi Yangyan Real Estate Development Co., Ltd.	*(2)*	PRC/Mainland China	RMB100,000	100%	Property development
惠州市勝源投資有限公司 Huizhou Shengyuan Investment Co., Ltd.		PRC/Mainland China	RMB5,000	100%	Property development
蘇州新力在悅房地產有限公司 Suzhou Sinic Zaiyue Real Estate Co., Ltd.		PRC/Mainland China	RMB100,000	100%	Property development
南昌新銘房地產開發有限公司 Nanchang Xinming Real Estate Development Co., Ltd.		PRC/Mainland China	RMB20,000	100%	Property development
南昌梓棟房地產開發有限公司 Nanchang Zidong Real Estate Development Co., Ltd.		PRC/Mainland China	RMB20,000	100%	Property development
浮梁縣靜好實業有限公司 Fuliang Jingshu Industrial Co., Ltd.	*(1)*	PRC/Mainland China	RM10,000	95%	Property development
南昌泰新房地產開發有限公司 Nanchang Taixin Real Estate Development Co., Ltd.		PRC/Mainland China	RMB50,000	100%	Property development
南昌新穎房地產開發有限公司 Nanchang Xinying Real Estate Development Co., Ltd.		PRC/Mainland China	RMB20,000	100%	Property development
廣州坤旺房地產開發有限公司 Guangzhou Kunwang Real Estate Development Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
中山新慧房地產開發有限公司 Zhongshan Xinhui Real Estate Development Co., Ltd.	*(2)*	PRC/Mainland China	RMB100,000	100%	Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below: (Continued)

Name of companies	Notes	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)					
中山新力力創房地產開發集團有限公司 Zhongshan Sinic Lichuang Real Estate Development Group Co., Ltd.		PRC/Mainland China	RMB2,000,000	100%	Property development
中山市渡頭房地產開發有限公司 Zhongshan Dutou Real Estate Development Co., Ltd.		PRC/Mainland China	RMB160,214	100%	Property development
惠州市均榮實業有限公司 Huizhou Junrong Industrial Co., Ltd.		PRC/Mainland China	RMB210,000	100%	Property development
吉安新悅力創房地產開發有限公司 Ji 'an Xinyue Lichuang Real Estate Development Co., Ltd.		PRC/Mainland China	RMB200,000	100%	Property development
惠州市萬基實業有限公司 Huizhou Wanji Industrial Co., Ltd.		PRC/Mainland China	RMB12,000	100%	Property development
諸暨力睿房地產開發有限公司 Zhuji Lirui Real Estate Development Co., Ltd.		PRC/Mainland China	RMB50,000	100%	Property development
惠州市錦綉灣實業有限公司 Huizhou Jinxiu Bay Industrial Co., Ltd.		PRC/Mainland China	RMB20,000	100%	Property development
惠州市朗鉅實業有限公司 Huizhou Langju Industrial Co., Ltd.	*(1)*	PRC/Mainland China	RMB300,000	75%	Property development
惠州大亞灣新際房地產開發有限公司 Huizhou Daya Bay Xinji Real Estate Development Co., Ltd.		PRC/Mainland China	RMB164,000	100%	Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below: (Continued)

Name of companies	*Notes*	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)					
蘇州力創香穀置業發展有限公司 Suzhou Lichuang Xianggu Properties Development Co., Ltd.	*(1,2)*	PRC/Mainland China	RMB200,000	70%	Property development
溫州力璟房地產開發有限公司 Wenzhou Lijing Real Estate Development Co., Ltd.	*(2)*	PRC/Mainland China	RMB50,000	100%	Property development
平潭立新地產有限公司 Pingtan Lixin Real Estate Co., Ltd.	*(1,4)*	PRC/Mainland China	RMB100,000	48%	Property development
平潭魯新地產有限公司 Pingtan Luxin Real Estate Co., Ltd.	*(1,4)*	PRC/Mainland China	RMB111,500	48%	Property development
江西賽越房地產開發有限公司 Jiangxi Saiyue Real Estate Development Co., Ltd.	*(2)*	PRC/ Mainland Chin	RMB142,857	100%	Property development
合肥力耀房地產開發有限公司 Hefei Liyao Real Estate Development Co., Ltd.	*(2)*	PRC/Mainland China	RMB50,000	100%	Property development
無錫新卓房地產開發有限公司 Wuxi Xinzhuo Real Estate Development Co., Ltd.	*(2)*	PRC/Mainland China	RMB71,428	100%	Property development
成都力璽房地產開發有限公司 Chengdu Lixi Real Estate Development Co., Ltd.	*(2*	PRC/Mainland China	RMB10,000	100%	Property development
安徽力弘房地產開發有限公司 Anhui Lihong Real Estate Development Co., Ltd.	*(1,2)*	PRC/Mainland China	RMB1,100,000	70%	Property development
蘇州新力創志房地產有限公司 Suzhou Sinic Chuangzhi Real Estate Co., Ltd.		PRC/Mainland China	RMB25,000	100%	Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below: (Continued)

Name of companies	*Notes*	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)					
煙台力新房地產開發有限公司 Yantai Lixin Real Estate Development Co., Ltd.	*(2)*	PRC/Mainland China	RMB10,000	100%	Property development
江西雨葉頌實業有限公司 Jiangxi Yuyesong Industrial Co., Ltd.	*(1)*	PRC/Mainland China	RMB1,400,000	51%	Property development
慈溪力創房地產開發有限公司 Cixi Lichuang Real Estate Development Co., Ltd.		PRC/Mainland China	RMB50,000	100%	Property development
蘇州新力悦創房地產有限公司 Suzhou Sinic Yuechuang Real Estate Co., Ltd.		PRC/Mainland China	RMB25,000	100%	Property development
德安眾邦置業有限公司 De 'an Zhongbang Real Estate Co., Ltd.	*(1,3)*	PRC/Mainland China	RMB20,000	55%	Property development
南昌新嵐房地產開發有限公司 Nanchang Xinlan Real Estate Development Co., Ltd.		PRC/Mainland China	RMB50,000	100%	Property development
南昌新宋房地產開發有限公司 Nanchang Xinsong Real Estate Development Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
惠州市豐匯房地產開發有限公司 Huizhou Fenghui Real Estate Development Co., Ltd.		PRC/Mainland China	RMB250,000	100%	Property development
成都力盛房地產開發有限公司 Chengdu Lisheng Real Estate Development Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
贛州市匯宇置業有限公司 Nanchang Huiyu Real Estate Co., Ltd.		PRC/Mainland China	RMB200,000	100%	Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below: (Continued)

Name of companies	*Notes*	Place of of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
Indirectly held: (Continued)					
福建長新房地產開發有限公司 Fujian Changxin Real Estate Development Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
江西南越房地產開發有限公司 Jiangxi Nanyue Real Estate Development Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
南昌新權房地產開發有限公司 Nanchang Xinquan Real Estate Development Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
南昌新歐房地產開發有限公司 Nanchang Xinou Real Estate Development Co., Ltd.		PRC/Mainland China	RMB10,000	100%	Property development
揚州新舸房地產開發有限公司 Yangzhou Xinke Real Estate Development Co., Ltd.		PRC/Mainland China	RMB20,000	100%	Property development
杭州力嘉房地產開發有限公司 Hanghzou Lijia Real Estate Development Co., Ltd.		PRC/Mainland China	RMB50,000	100%	Property development
杭州力尚房地產開發有限公司 Hanghzou Lishang Real Estate Development Co., Ltd.		PRC/Mainland China	RMB50,000	100%	Property development
余姚力業房地產開發有限公司 Yuyao Liye Real Estate Development Co., Ltd.	*(1)*	PRC/Mainland China	RMB90,000	80%	Property development

The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to translate their Chinese names as they do not have official English names.

The legal form of all disclosed principal subsidiaries disclosed above are limited liability companies.

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are set out below: (Continued)

Notes:

(1) These entities are subsidiaries of a non-wholly-owned subsidiary of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over it.

(2) The Group legally transferred partial equity interests of these subsidiaries as collateral to trust financing companies during the year. Under such trust financing arrangements, the Group was obliged to purchase at a fixed amount on a future date upon repayment of the borrowings from the trust financing companies.

In addition, the Group retains the power to control these companies in the ordinary course of business by confirmation from the legal equity holder. In this regard, considering the facts that the substance of the arrangements is to collateralise some equity interests in these companies for the borrowings for project development and the Group retains the practical ability to govern the financial and operating policies of these project companies so as to obtain benefits from the operating activities of these project companies, the directors of the Company are of the view that the financial position and operating results of these companies should be consolidated into the Group's financial statements.

(3) During the year, the Group acquired De 'an Zhongbang Real Estate Co., Ltd ("De 'an Zhongbang Real Estate") from third parties. Further details of the acquisitions are included in note 39 to the financial statements.

(4) Pingtan Lixin Real Estate Co.,Ltd and Pingtan Luxin Real Estate Co.,Ltd are accounted for as subsidiaries of the Group by holding 48.00% of equity interests in them because the non-wholly owned subsidiaries of the Company, Fujian Lichuang Shidai Real Estate Co.,Ltd holds its 60% equity interest to control and operate it.

(5) The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all standards and interpretations, International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations) approved by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

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

(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.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform — Phase 2*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 17	*Insurance Contracts*[3]
Amendments to IFRS 17	*Insurance Contracts*[3,5]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[3]
Amendments to IAS 1	*Disclosure of Accounting Policies*[3]
Amendments to IAS 8	*Definition of Accounting Estimates*[3]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to IAS 37	*Onerous Contracts — Cost of Fulfilling a Contract*[2]
Annual Improvements to IFRS Standards 2018–2020	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41[2]

1 Effective for annual periods beginning on or after 1 January 2021
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after 1 January 2023
4 No mandatory effective date yet determined but available for adoption
5 As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (Continued)

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component.

The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

The Group had certain interest-bearing bank and other borrowings denominated in RMB and foreign currencies based on the exchange rates quoted by the People's Bank of China as at 31 December 2020. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (Continued)

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Standards 2018–2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures are included in the consolidated statement of profit or loss. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal estimated useful lives and the annual depreciation rates are as follows:

	Estimated useful lives	Annual depreciation rates
Buildings	20 years	5%
Motor vehicles	3–4 years	25% to 33%
Office equipment and electronic devices	3–5 years	20% to 33%
Leasehold improvements	3 years	33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under “Property, plant and equipment and depreciation” for owned property and/or accounts for such property in accordance with the policy stated under “Right-of-use assets” for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under “Property, plant and equipment and depreciation” above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

Transfers to or from investment property

Transfers to or from investment property shall be made when and only when there is a change in use evidenced by:

(a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;

(b) commencement of development with a view to sale, for a transfer from investment property to inventories;

(c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or

(d) commencement of an operating lease to another party, for a transfer from inventories to investment property.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) *Right-of-use assets*

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land use rights	40 to 50 years
Office buildings	3 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "properties under development" or "completed properties held for sale". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

(b) *Lease liabilities*

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(b) *Lease liabilities (Continued)*

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and electronic devices that are considered to be of low value.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs) and presented as a receivable at an amount equal to the net investment in the lease. The finance income of such leases is recognised in profit or loss so as to provide a constant periodic rate of charge over the lease terms.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realisable value.

Properties under development are classified as current assets unless those will not be realised in the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statement of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Allocation of property development cost

Land costs are allocated to each unit according to their respective saleable gross floor area ("GFA") to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land costs.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful lives of 2 to 5 years.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in the statement of profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has evaluated the expected loss rate that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include interest-bearing bank and other borrowings, corporate bonds and senior notes (collectively called "loans and borrowings"), lease liabilities, trade and bills payables, other payables, and amounts due to related parties.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Sales of properties

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession, or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

Consulting services

Consulting services income derived from the provision of support services in connection with development of property projects is recognised when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Revenue from other sources

Rental income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of these payroll costs to the central pension scheme. The only obligation of the Company with respect to the central pension scheme is to make the required contributions. No forfeited contribution under the central pension scheme is available to reduce the contribution payable in future years. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong, which is a defined contribution retirement scheme. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. No forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. 2020 Proposed Final Dividend are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional currency because the Group's principal operations are carried out in the PRC. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Classification between investment properties and completed properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management on determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development included in current assets if the properties are intended for sale after completion, whereas, the properties are accounted for as investment properties under construction included in investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of the properties, the properties held for sale are transferred to completed properties held for sale and are stated at cost, while the properties held to earn rentals and/or for capital appreciation are transferred to completed investment properties. Investment properties, both under construction and completed, are subject to revaluation at the end of each reporting period.

Classification of subsidiaries, joint ventures and associates

The classification of an investment as a subsidiary, a joint venture or an associate is based on whether the Group is determined to have control, joint control or significant influence over the investee, which involves judgements through the analysis of various factors, including the Group's representation on the chief decision-making authorities of an investee, such as the board of directors' meetings and shareholders' meetings, as well as other facts and circumstances.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Classification of subsidiaries, joint ventures and associates (Continued)

Subsidiaries are consolidated, which means each of their assets, liabilities and transactions are included line-by-line in the Group's consolidated financial statements, whereas the interests in joint ventures and associates are equity accounted for as investments in the consolidated statement of financial position.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 19 to the financial statements.

Revenue recognition

Revenue from sales of properties is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at the point in time when the buyer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of the sales contract and the interpretation of the applicable laws that applies to the contract. Such determination requires significant judgements.

In assessing whether the Group has an enforceable right to payment for its sales contracts, the Group has obtained legal counsel's opinion regarding the enforceability of the right to payment, including an assessment on the contractual terms as well as any legislation that could supplement or override those contractual terms, and conducted an evaluation of any existence of circumstances that could restrict the Group to enforce its right to payment for specific performance. Management uses judgements, based on legal counsel's opinion, to classify sales contracts into those with right to payment and those without the right. Management will reassess their judgements on a regular basis to identify and evaluate the existence of any circumstances that could affect the Group's enforceable right to payment and the implication on the accounting for sales contracts.

Significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the timing value of money if the timing of payments agreed by the parties to the contract provides the Group with a significant benefit of financing.

Certain advance payments received from customers provide a significant financing benefit to the Group. Although the Group is required by the government to place all deposits and periodic payments received from the pre-completion sales in a stakeholder account, the Group is able to benefit from those advance payments as it can withdraw money from that account to pay for expended construction costs on the project. The advance payments received in effect reduce the Group's need to rely on other sources of financing.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Significant financing component (Continued)

The amount of the financing component is estimated at the inception of the contract. After contract inception, the discount rate is not updated for changes in interest rates or other circumstances, such as a change in credit risk. The period of financing is from the time that the payment is received until the transfer of goods to the customers is completed.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Revenue recognition

The Group recognises property development revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress 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 each reporting period as a percentage of total estimated costs for each property unit in the contract.

The Group calculated the cost allocation based on the type of properties, gross and saleable floor areas. Significant judgements and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. The Group has a standard monthly cost budgeting and estimate completion process in which management reviews the development progress and execution of the performance obligations. As part of this process, management reviews information including but not limited to, the cost to achieve the schedule. Changes in cost estimates in future periods can affect the Group's revenue recognised. In making the above estimations, the Group relies on past experience and work of contractors and, if appropriate, surveyors.

Provision for properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

PRC corporate income tax ("CIT")

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each year. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimate of fair value of investment properties

Investment properties carried at fair value were revalued at each reporting date based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each year.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development, property leasing, and the provision of management consulting services. Property leasing and the provision of management consulting services are not significant in revenue contribution. Thus, property development is the only reportable operating segment of the Group, and no further operating segment analysis thereof is presented.

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 revenue from 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.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

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

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

	2020 RMB'000	2019 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 RMB'000	2019 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 summarised 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 has 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 the reporting period as a percentage of total estimated costs for each contract.

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(ii) Performance obligations (Continued)

Project 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.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2020 RMB'000	2019 RMB'000
Amounts expected to be recognised as revenue:		
Within one year	**24,957,683**	27,540,609
After one year	**14,713,550**	16,269,385
	39,671,233	43,809,994

An analysis of other income and gains is as follows:

	2020 RMB'000	2019 RMB'000
Other income and gains		
Gains on bargain purchase	**—**	4,987
Net gains on disposal of subsidiaries *(note 40)*	**9,857**	72,160
Remeasurement gain on investment in a joint venture held before business combination *(note 39)*	**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
	200,069	105,627

6. PROFIT BEFORE TAX

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

	Notes	**2020** **RMB'000**	2019 RMB'000
Cost of inventories sold	*21,22*	**21,022,853**	18,943,054
Cost of services provided		**186,536**	43,352
Impairment losses recognised for properties under development	*21*	**155,073**	—
Impairment losses recognised for properties held for sale	*22*	**9,328**	—
Depreciation of items of property, plant and equipment	*13*	**23,900**	25,375
Depreciation of right-of-use assets	*15(a)*	**26,933**	31,025
Amortisation of other intangible assets	*16*	**4,088**	2,493
Rental expenses	*15(c)*	**19,515**	12,241
Auditors' remuneration		**8,600**	8,670
Impairment losses on financial assets		**433**	(611)
Employee benefit expense (including directors' and chief executive's remuneration *(note 8)*):			
Wages and salaries		**338,410**	334,526
Pension scheme contributions and social welfare		**38,906**	60,759

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 **RMB'000**	2019 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)
	564,943	456,397

8. DIRECTORS' REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2020 RMB'000	2019 RMB'000
Fees	780	99
Other emoluments:		
Salaries, allowances and benefits in kind	6,679	4,081
Pension scheme contributions and social welfare	290	331
	6,969	4,412
	7,749	4,511

(a) Independent non-executive directors

Mr. Tam Chi Choi, Mr. Au Yeung Po Fung and Mr. Liu Xin were appointed as independent non-executive directors of the Company on 26 August 2019.

The fees paid to independent non-executive directors during the year were as follows:

	2020 RMB'000	2019 RMB'000
Mr. Tam Chi Choi	260	33
Mr. Au Yeung Po Fung	260	33
Mr. Liu Xin	260	33
	780	99

There was no other emolument payable to the independent non-executive directors during the year (2019: Nil).

8. DIRECTORS' REMUNERATION (Continued)

(b) Executive directors and the chief executive

Mr. Zhang Yuanlin is the chairman and an executive director of the Company. Ms. Tu Jing was appointed as an executive director on 14 May 2019. Mr. She Runting was appointed as an executive director and a vice president on 14 May 2019 and resigned on 26 May 2020. Mr. Chen Kai was appointed as an executive director on 2 March 2020 and resigned on 1 October 2020.

	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
2020			
Executive directors:			
— Mr. Zhang Yuanlin	**1,200**	**115**	**1,315**
— Mr. She Runting	**1,180**	**57**	**1,237**
— Ms. Tu Jing	**1,086**	**109**	**1,195**
— Mr. Chen Kai	**3,213**	**9**	**3,222**
	6,679	**290**	**6,969**
2019			
Executive directors:			
— Mr. Zhang Yuanlin	1,200	114	1,314
— Mr. She Runting	2,352	114	2,466
— Ms. Tu Jing	529	103	632
	4,081	331	4,412

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2019: one director), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining four (2019: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2020 **RMB'000**	2019 RMB'000
Salaries, allowances and benefits in kind	**9,613**	7,659
Pension scheme contributions and social welfare	**561**	434
	10,174	8,093

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2020	2019
Nil to HK$1,000,000	**—**	—
HK$1,000,001 to HK$1,500,000	**—**	—
HK$1,500,001 to HK$2,000,000	**1**	4
HK$2,000,001 to HK$3,000,000	**3**	—
	4	4

No emoluments were paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX

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.

10. INCOME TAX (Continued)

Subsidiaries of the Group operating in Mainland China were subject to PRC CIT at a rate of 25% for the year.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. In addition, these subsidiaries in the 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 **RMB'000**	2019 RMB'000
Current tax:		
PRC CIT	**1,795,773**	2,649,944
PRC LAT	**1,306,968**	2,325,035
Deferred tax *(note 19)*	**(55,041)**	(725,229)
Total tax charge for the year	**3,047,700**	4,249,750

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective income tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate, are as follows:

	2020 **RMB'000**	2019 RMB'000
Profit before tax	**5,086,189**	6,264,024
At the statutory income tax rate	**1,271,547**	1,566,006
Profits and losses attributable to joint ventures and associates	**(16,151)**	(25,437)
Gain on disposal of subsidiaries	**(6,106)**	13,801
Gain on investment in a joint venture held before business combination	**(776)**	—
Expenses not deductible for tax	**4,584**	12,503
Costs not deductible for tax	**637,991**	865,753
Gain on bargain purchase	**—**	(1,247)
Tax losses and deductible temporary differences utilised from previous years	**(72,189)**	(30,785)
Tax losses not recognised	**248,574**	105,380
Provision for LAT	**1,306,968**	2,325,035
Tax effect on LAT	**(326,742)**	(581,259)
Tax charge at the Group's effective rate	**3,047,700**	4,249,750

10. INCOME TAX (Continued)

The share of tax charge attributable to joint ventures and associates amounted to RMB104,810,000 for the year (2019: RMB75,007,000). The share of tax credit attributable to joint ventures and associates amounting to RMB83,276,000 for the year (2019: RMB41,091,000) is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

Tax payable in the consolidated statement of financial position represents:

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

11. DIVIDENDS

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

12. 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. 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.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (Continued)

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 **RMB'000**	2019 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent	**1,960,352**	1,957,763

	Number 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 yuan**	RMB0.64 yuan

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Motor vehicles RMB'000	Office equipment and electronic devices RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2020					
At 1 January 2020:					
Cost	54,908	15,589	60,845	28,264	159,606
Accumulated depreciation	(4,495)	(12,675)	(37,280)	(13,807)	(68,257)
Net carrying amount	50,413	2,914	23,565	14,457	91,349
At 1 January 2020, net of accumulated depreciation	50,413	2,914	23,565	14,457	91,349
Additions	1,500	—	2,928	1,307	5,735
Disposals	(237)	(257)	—	—	(494)
Acquisition of subsidiaries *(note 39)*	—	—	28	—	28
Disposal of subsidiaries *(note 40)*	—	—	(153)	—	(153)
Depreciation provided during the year *(note 6)*	(3,224)	(1,327)	(11,084)	(8,265)	(23,900)
At 31 December 2020, net of accumulated depreciation	48,452	1,330	15,284	7,499	72,565
At 31 December 2020:					
Cost	56,408	15,589	63,801	29,571	165,369
Accumulated depreciation	(7,956)	(14,259)	(48,517)	(22,072)	(92,804)
Net carrying amount	48,452	1,330	15,284	7,499	72,565

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings RMB'000	Motor vehicles RMB'000	Office equipment and electronic devices RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2019					
At 31 December 2018 and 1 January 2019:					
Cost	70,283	15,589	50,879	19,941	156,692
Accumulated depreciation	(2,111)	(10,672)	(23,728)	(5,841)	(42,352)
Net carrying amount	68,172	4,917	27,151	14,100	114,340
At 31 December 2018, net of accumulated depreciation	68,172	4,917	27,151	14,100	114,340
Effect of adoption of IFRS 16	(14,925)	—	—	—	(14,925)
At 1 January 2019 (restated)	53,247	4,917	27,151	14,100	99,415
Additions	—	—	9,086	8,323	17,409
Disposals	—	—	(467)	—	(467)
Acquisition of subsidiaries	—	—	880	—	880
Disposal of subsidiaries	—	(7)	(506)	—	(513)
Depreciation provided during the year *(note 6)*	(2,834)	(1,996)	(12,579)	(7,966)	(25,375)
At 31 December 2019, net of accumulated depreciation	50,413	2,914	23,565	14,457	91,349
At 31 December 2019:					
Cost	54,908	15,589	60,845	28,264	159,606
Accumulated depreciation	(4,495)	(12,675)	(37,280)	(13,807)	(68,257)
Net carrying amount	50,413	2,914	23,565	14,457	91,349

14. INVESTMENT PROPERTIES

	Under construction RMB'000	Completed RMB'000	Total RMB'000
Carrying amount at 1 January 2019	687,000	466,030	1,153,030
Additions	314,454	—	314,454
Transferred from completed properties held for sale *(note 22)*	—	118,930	118,930
Transfer	(343,997)	343,997	—
Net gain from a fair value adjustment	93,343	71,443	164,786
Carrying amount at 31 December 2019 and 1 January 2020	**750,800**	**1,000,400**	**1,751,200**
Additions	**153,379**	**—**	**153,379**
Transferred from properties under development *(note 21)*	**185,395**	**—**	**185,395**
Transferred from completed properties held for sale *(note 22)*	**—**	**138,162**	**138,162**
Net gain from a fair value adjustment	**116,326**	**50,838**	**167,164**
Carrying amount at 31 December 2020	**1,205,900**	**1,189,400**	**2,395,300**

The Group's investment properties are situated in Mainland China. The Group's investment properties were revalued on 31 December 2020 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (JLL), an independent professionally qualified valuer, at RMB2,395,300,000 (2019: RMB1,751,200,000). The Group's senior finance manager and the chief financial officer decide, after approval from the board of directors of the Company, to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior finance manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

As at 31 December 2020, the Group's investment properties with an aggregate carrying amount of approximately nil (2019: RMB750,800,000) were pledged to secure bank and other borrowings granted to the Group (note 30).

14. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2020 using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Recurring fair value measurement for:				
Commercial properties				
Under construction	**—**	**—**	**1,205,900**	**1,205,900**
Completed	**—**	**—**	**1,189,400**	**1,189,400**
	—	**—**	**2,395,300**	**2,395,300**

	Fair value measurement as at 31 December 2019 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:				
Commercial properties				
Under construction	—	—	750,800	750,800
Completed	—	—	1,000,400	1,000,400
	—	—	1,751,200	1,751,200

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2019: Nil).

14. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range or weighted average 31 December 2020	2019
Completed commercial properties	Income approach	Estimated rental value (per square metre and per month)	**RMB27–156**	RMB 60–130
		Capitalisation rate	**4.0%**	4.0%
Commercial properties under construction	Cost method	Unit accommodation price (RMB per sq.m.)	**RMB2,287–2,768**	RMB1,948–2,733
		Expected gross margin	**20–25%**	20–25%
Commercial properties under construction	Residual approach	Estimated rental value (per square metre and per month)	**RMB33–114**	N/A
		Reversionary yields	**4.0%–5.0%**	N/A
		Budgeted construction costs to be incurred (RMB/sq.m.)	**RMB389–2,017**	N/A
		Developer's profit (%)	**10%–15%**	N/A

The fair value of completed commercial properties was determined using the income approach by taking into account the rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. Where appropriate, reference to the comparable sales transactions as available in the relevant market has also been considered.

A significant increase (decrease) in the estimated rental value would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the capitalisation rate would result in a significant decrease (increase) in the fair value of the investment properties.

14. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

The fair value of commercial properties under construction was determined using the cost method with reference to the market value of land use right plus the construction cost incurred so far.

The fair value of most of commercial properties under construction is determined using the residual approach, with reference to comparable sales evidence as available in the relevant market to derive the fair value of the properties assuming they were completed and, where appropriate, after deducting the following items:

- Estimated construction cost, marketing cost, management fees, finance costs and professional fees to be expensed to complete the properties that would be incurred by a market participant;

- Estimated profit margin that a market participant would require to hold and develop the properties to completion.

A higher expected profit margin would result in a lower fair value of the investment properties under construction.

The higher market value of land use right would result in the higher fair value of the investment properties under construction. The higher expected gross margin/market value of land use right would result in the higher fair value of the investment properties under construction.

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of office buildings, motor vehicles and other equipment used in its operations. Leases of office buildings generally have lease terms between 1 and 6 years, while motor vehicles generally have lease terms between six months and 3 years. Other equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

15. LEASES (Continued)

The Group as a lessee (Continued)

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Land use rights RMB'000	Office buildings RMB'000	Motor vehicles RMB'000	Other equipment RMB'000	Total RMB'000
As at 1 January 2019	14,925	41,080	—	505	56,510
Additions	—	44,262	310	809	45,381
Depreciation charge *(note 6)*	(770)	(29,413)	(103)	(739)	(31,025)
As at 31 December 2019 and 1 January 2020	**14,155**	**55,929**	**207**	**575**	**70,866**
Additions	**—**	**6,296**	**—**	**—**	**6,296**
Depreciation charge *(note 6)*	**(767)**	**(25,931)**	**(78)**	**(157)**	**(26,933)**
As at 31 December 2020	**13,388**	**36,294**	**129**	**418**	**50,229**

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2020 RMB'000	2019 RMB'000
Carrying amount at 1 January	**60,112**	41,585
New leases	**6,296**	45,381
Accretion of interest recognised during the year	**3,836**	4,949
Payments	**(32,056)**	(31,803)
Carrying amount at 31 December	**38,188**	60,112
Analysed into:		
Current portion	**21,052**	30,629
Non-current portion	**17,136**	29,483

The maturity analysis of lease liabilities is disclosed in note 46 to the financial statements.

15. LEASES (Continued)

The Group as a lessee (Continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2020 RMB'000	2019 RMB'000
Interest on lease liabilities	**3,836**	4,949
Depreciation charge of right-of-use assets	**26,933**	31,025
Expense relating to leases of low-value assets	**19,515**	12,241
Total amount recognised in profit or loss	**50,284**	48,215

(d) The total cash outflow for leases are disclosed in note 37(c) to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 14) consisting of commercial properties in mainland China under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB12,040,000 (2019: RMB9,072,000), details of which are included in note 5 to the financial statements.

At 31 December 2020, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2020 RMB'000	2019 RMB'000
Within one year	**10,524**	7,763
After one year but within two years	**10,695**	7,763
After two years but within three years	**9,364**	7,763
After three years but within four years	**9,677**	7,763
After four year but within five years	**9,868**	7,763
After five years	**108,724**	110,603
	158,852	149,418

16. INTANGIBLE ASSETS

Software

	2020 RMB'000	2019 RMB'000
At 1 January		
Cost	**29,301**	7,472
Accumulated amortisation	**(4,105)**	(1,561)
Cost at 1 January, net of accumulated amortisation	**25,196**	5,911
Additions	**7,891**	21,829
Disposal of subsidiaries	**—**	(51)
Amortisation provided during the year *(note 6)*	**(4,088)**	(2,493)
At 31 December	**28,999**	25,196
Cost	**37,192**	29,301
Accumulated amortisation	**(8,193)**	(4,105)
Net carrying amount	**28,999**	25,196

17. INVESTMENTS IN JOINT VENTURES

	2020 RMB'000	2019 RMB'000
Share of net assets	**4,867,128**	5,992,646

The Group's receivable and payable balances with joint ventures are disclosed in note 43 to the financial statements.

17. INVESTMENTS IN JOINT VENTURES (Continued)

(a) Particulars of the Group's material joint ventures are as follows:

Name of companies	Place and year of registration	Nominal value of registered share capital	Statutory percentage of ownership interest attributable to the Group	Principal activities
Jiangxi Baixing Real Estate Investment Co., Ltd. 江西百興房地產投資有限公司	Nanchang, PRC 2002	50,000	60.00%	Property development
Wuhan Furui Decheng Real Estate Development Co., Ltd. 武漢福瑞德成房地產開發有限公司	Wuhan, PRC 2016	550,000	50.70%	Property development
Ezhou Jiayu Real Estate Development Co., Ltd. 鄂州市嘉裕房地產發展有限公司	Ezhou, PRC 2013	50,000	49.00%	Property development
Jiangxi Xinyue Honglan Real Estate Development Co., Ltd. 江西新越弘嵐房地產開發有限公司	Nanchang, PRC 2019	650,000	51.00%	Property development
Jiangxi Dongyi Properties Co., Ltd. 江西東屹置業有限公司	Nanchang, PRC 2019	50,000	50.00%	Property development

Pursuant to the investment framework agreement and the articles of association of these companies, all shareholder resolutions of these companies shall be resolved by all shareholders on a unanimous basis. Therefore, these companies were accounted for as joint ventures of the Group during the year.

(b) Jiangxi Baixing Real Estate Investment Co., Ltd. ("Jiangxi Baixing")

The Group accounts for its investment in Jiangxi Baixing as a joint venture although the Group holds 60% of equity interests of this entity. According to the articles of association and the contract between the Group and the other equity interest holders of Jiangxi Baixing (the "Contract A"), the Group does not have control over Jiangxi Baixing.

17. INVESTMENTS IN JOINT VENTURES (Continued)

(b) Jiangxi Baixing Real Estate Investment Co., Ltd. ("Jiangxi Baixing") (Continued)

According to the profit-sharing arrangement stated in the Contract A, the Group has control over some specified assets of Jiangxi Baixing and is entitled to the returns from these specified assets. These specified assets are the only source of payment for the specified liabilities as stipulated in the Contract A. However, the above mentioned specified assets, liabilities and equity in the Contract A are not legally ring-fenced from the overall investee. There is a possibility that the specified assets could be used to meet liabilities of the rest of the investee. Therefore, in the opinion of the directors, such arrangement does not qualify the concept of "deemed separate entity" as stated in IFRS 10.

The following table illustrates the summarised financial information in respect of Jiangxi Baixing, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	Jiangxi Baixing 2019 RMB'000
Cash and cash equivalents	232
Other current assets	3,623,410
Current assets	3,623,642
Non-current assets	63,058
Financial liabilities, excluding trade and other payables	(40,000)
Other current liabilities	(3,305,267)
Current liabilities	(3,345,267)
Non-current liabilities	(40,000)
Reconciliation to the Group's interest in the joint venture:	
Proportion of the Group's ownership	100%
Carrying amount of the investment	301,433
Revenue	605,987
Expenses	(411,329)
Tax	(107,701)
Profit for the year	86,957
Total comprehensive income for the year	86,957

17. INVESTMENTS IN JOINT VENTURES (Continued)

(c) Wuhan Furui Decheng Real Estate Development Co., Ltd. ("Wuhan Furui Decheng")

The Group accounts for its investment in Wuhan Furui Decheng as a joint venture although the Group holds 50.70% of equity interests of this entity. According to the articles of association and the contract between the Group and the other equity interest holders of Wuhan Furui Decheng (the "Contract B"), the Group does not have control over Wuhan Furui Decheng.

According to the profit-sharing arrangement stated in the Contract B, the Group has control over some specified assets of Wuhan Furui Decheng and is entitled to the returns from these specified assets. These specified assets are the only source of payment for the specified liabilities as stipulated in the Contract B. However, the above mentioned specified assets, liabilities and equity in the Contract B are not legally ring-fenced from the overall investee. There is a possibility that the specified assets could be used to meet liabilities of the rest of the investee. Therefore, in the opinion of the directors, such arrangement does not qualify the concept of "deemed separate entity" as stated in IFRS 10.

The following table illustrates the summarised financial information of Wuhan Furui Decheng attributable to the Group according to the profit-sharing terms under the Contract B:

	2020 RMB'000	2019 RMB'000
Cash and cash equivalents	**484,314**	59,481
Other current assets	**7,674,235**	9,329,912
Current assets	**8,158,549**	9,389,393
Non-current assets	**81,938**	67,305
Other current liabilities	**(5,502,478)**	(5,023,662)
Current liabilities	**(5,502,478)**	(5,023,662)
Non-current liabilities	**(322,954)**	(401,754)
Carrying amount of the investment	**2,415,055**	4,031,282
Revenue	**—**	—
Expenses	**(21,777)**	(43,726)
Tax	**5,376**	67,058
(Loss)/profit for the year	**(16,401)**	23,332
Total comprehensive (loss)/income for the year	**(16,401)**	23,332

17. INVESTMENTS IN JOINT VENTURES (Continued)

(d) The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2020 RMB'000	2019 RMB'000
Share of the joint ventures' loss and total comprehensive income for the year	**(81,330)**	(48,032)
Adjustment for unrealised profits and losses from related party transactions	**(23,036)**	(16,285)
Aggregate carrying amount of the Group's investments in the joint ventures	**2,452,073**	1,659,931

The directors of the Company are of the opinion that no provision for impairment is necessary as at 31 December 2020 as the investments in joint ventures are considered fully recoverable (2019: Nil). The joint ventures have been accounted for using the equity method in these financial statements.

18. INVESTMENTS IN ASSOCIATES

	2020 RMB'000	2019 RMB'000
Share of net assets	**9,514,957**	7,231,927

The Group's receivable and payable balances with associates are disclosed in note 43 to the financial statements.

(a) Particulars of the Group's material associates are as follows:

Name of companies	Place and year of registration	Nominal value of registered share capital '000	Statutory percentage of ownership interest attributable to the Group	Principal activities
Qingyuan Tianhe Real Estate Co., Ltd. 清遠天河房地產有限公司	Qingyuan, PRC 2005	RMB12,032	31.50%	Property development
Nanchang Weiting Properties Co., Ltd. *(note 1)* 南昌市威汀置業有限公司	Nanchang, PRC 2013	RMB10,000	50.00%	Property development
Jiangxi Qiunianxing Industrial Co., Ltd. 江西秋念星實業有限公司	Nanchang, PRC 2019	RMB1,400,000	49.00%	Property development
Jiangxi Quanshimu Industrial Co., Ltd. 江西泉石木實業有限公司	Nanchang, PRC 2019	RMB1,400,000	49.00%	Property development
Wenzhou Jin'an Properties Co., Ltd. 溫州錦安置業有限公司	Wenzhou, PRC 2019	RMB2,000,000	49.00%	Property development
Shanghai Yuhong Corporate Management Co., Ltd. 上海弘禦企業管理有限公司	Shanghai, PRC 2019	RMB2,000,000	49.00%	Rental and business service
Shanxi Jiazhaoye Silu Investment Co., Ltd. 陝西佳兆業絲路總部投資有限公司	Xi'an, PRC 2018	RMB100,000	49.00%	Rental and business service
Shanghai Kaique Corporate Management Co., Ltd. 上海凱闕企業管理有限公司	Shanghai, PRC 2019	RMB2,000,000	49.00%	Rental and business service
Nanchang Dimei Real Estate Development Co., Ltd. 南昌市地美房地產開發有限公司	Nanchang, PRC 2019	RMB900,000	40.00%	Property development

18. INVESTMENTS IN ASSOCIATES (Continued)

(a) Particulars of the Group's material associates are as follows: (Continued)

Name of companies	Place and year of registration	Nominal value of registered share capital '000	Statutory percentage of ownership interest attributable to the Group	Principal activities
Shanghai Lianyou Properties Co., Ltd. 上海聯友置業有限公司	Shanghai, PRC 2018	RMB800,000	49.00%	Property development
Nanchang Zhengrun Properties Co., Ltd. 南昌正潤置業有限公司	Nanchang, PRC 2017	RMB40,000	27.00%	Property development
Nanchang Jianmei Real Estate Co., Ltd. *(note 2)* 南昌建美房地產有限公司	Nanchang, PRC 2017	RMB10,000	19.00%	Property development

Pursuant to the articles of association, the Group only has significant influence on these entities as the other shareholder of each of these entities has the enough voting power to control and operate these entities. Thus, these entities are accounted for as associates by the Group.

Note 1: The Group accounts for its investment in Nanchang Weiting Properties Co., Ltd. as an associate although the Group holds 50% of equity interest of this entity. According to the articles of association and the contract between the Group and the other equity interests holders of Nanchang Weiting Properties Co., Ltd., the Group only has 18.75% voting rights in the shareholders' meeting.

Note 2: Pursuant to the investment framework agreement and the articles of association of Nanchang Jianmei Real Estate Co., Ltd. ("Nanchang Jianmei"), all shareholder resolutions shall be resolved by all shareholders on a unanimous basis, the Group accounted for it as a joint venture as at 31 December 2020, pursuant to an afresh agreement and the updated articles of association of Nanchang Jianmei, it was controlled by one of other equity interest holders, the Group accounted for it as an associate.

(b) Nanchang Zhengrun Properties Co., Ltd. ("Nanchang Zhengrun") is considered a material associate of the Group for the year ended 31 December 2020, and Nanchang Weiting Properties Co., Ltd. ("Nanchang Weiting") was considered a material associate for the year ended 31 December 2019, which co-develops a property development project with other associate partners in Mainland China and is accounted for using the equity method.

18. INVESTMENTS IN ASSOCIATES (Continued)

(b) (Continued)

The following table illustrates the summarised financial information in respect of Nanchang Zhengrun and Nanchang Weiting, adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	Nanchang Zhengrun 2020 RMB'000	Nanchang Weiting 2019 RMB'000
Cash and cash equivalents	**69,290**	3,420
Other current assets	**874,053**	530,516
Current assets	**943,343**	533,936
Non-current assets	**5,158**	557,711
Other current liabilities	**(62,527)**	(232,257)
Current liabilities	**(62,527)**	(232,257)
Non-current liabilities	**(3,589)**	(353,770)
Net assets	**882,385**	505,620
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**27%**	50%
Carrying amount of the investment	**135,445**	252,810
Revenue	**1,560,256**	24,676
Expenses	**(973,517)**	(35,201)
Fair value gains on investment properties	**—**	200,279
Tax	**(118,931)**	(47,444)
Profit for the year	**467,808**	142,310
Total comprehensive income for the year	**467,808**	142,310

18. INVESTMENTS IN ASSOCIATES (Continued)

(c) The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2020 RMB'000	2019 RMB'000
Share of the associates' profit or loss and total comprehensive income or loss	**36,027**	(31,662)
Adjustment for unrealised profits and losses from related party transactions	**(3,588)**	(717)
Aggregate carrying amount of the Group's investments in the associates	**9,379,512**	6,979,117

The directors of the Company are of the opinion that no provision for impairment is necessary as at 31 December 2020 as the investments in associates are considered fully recoverable (2019: Nil). The associates have been accounted for using the equity method in these financial statements.

19. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Right-of-use assets RMB'000	Fair value adjustments arising from financial assets at FVTPL RMB'000	Losses available for offsetting against future taxable profits RMB'000	Expenses for offsetting against future taxable profits RMB'000	Impairment of assets RMB'000	Unrealised revenue in contract liabilities RMB'000	Accrued LAT RMB'000	Total RMB'000
At 1 January 2019	14,864	–	93,240	62,085	5,787	1,633,059	156,849	1,965,884
Disposal of subsidiaries	–	–	–	–	–	(89,290)	–	(89,290)
Deferred tax (charged)/ credited to profit or loss during the year *(note 10)*	(2,841)	2,817	155,707	224,537	(1,749)	(415,861)	511,618	474,228
At 1 January 2020	**12,023**	**2,817**	**248,947**	**286,622**	**4,038**	**1,127,908**	**668,467**	**2,350,822**
Disposal of subsidiaries *(note 40)*	**–**	**–**	**–**	**–**	**–**	**(9,532)**	**–**	**(9,532)**
Deferred tax (charged)/ credited to profit or loss during the year *(note 10)*	**(4,043)**	**(2,817)**	**(73,048)**	**10,672**	**(3,007)**	**(48,981)**	**208,064**	**86,840**
At 31 December 2020	**7,980**	**–**	**175,899**	**297,294**	**1,031**	**1,069,395**	**876,531**	**2,428,130**

19. DEFERRED TAX (Continued)

The movements in deferred tax assets and liabilities during the year are as follows: (Continued)

Deferred tax liabilities

	Fair value adjustments arising from financial assets at FVTPL RMB'000	Fair value adjustments arising from financial liabilities at FVTPL RMB'000	Fair value adjustments arising from investment properties RMB'000	Fair value adjustments arising from business combinations RMB'000	Recognition of revenue over time RMB'000	Lease liabilities RMB'000	Total RMB'000
At 31 December 2018 and at 1 January 2019	4,715	58	69,242	172,241	172,813	14,864	433,933
Acquisition of subsidiaries	–	–	–	124,788	–	–	124,788
Disposal of subsidiaries	–	–	–	–	(9,085)	–	(9,085)
Deferred tax credited to profit or loss during the year *(note 10)*	(3,387)	30	41,197	(169,428)	(115,890)	(3,523)	(251,001)
At 31 December 2019 and at 1 January 2020	**1,328**	**88**	**110,439**	**127,601**	**47,838**	**11,341**	**298,635**
Acquisition of subsidiaries *(note 39)*	**–**	**–**	**–**	**3,587**	**–**	**–**	**3,587**
Disposal of subsidiaries *(note 40)*	**–**	**–**	**–**	**–**	**(1,136)**	**–**	**(1,136)**
Deferred tax credited to profit or loss during the year *(note 10)*	**(1,328)**	**11**	**41,790**	**(106,713)**	**101,748**	**(3,709)**	**31,799**
At 31 December 2020	**–**	**99**	**152,229**	**24,475**	**148,450**	**7,632**	**332,885**

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position amounting to RMB314,265,000 (2019: RMB188,081,000). The following is an analysis of the deferred tax balances for financial reporting purposes:

	2020 RMB'000	2019 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**2,113,865**	2,162,741
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(18,620)**	(110,554)

19. DEFERRED TAX (Continued)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2020, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB5,899,222,000 (2019: RMB4,808,767,000).

Deferred tax assets have not been recognised in respect of the following item:

	2020 **RMB'000**	2019 RMB'000
Tax losses	**424,037**	247,652

Tax losses not recognised expire in the years as follows:

	2020 **RMB'000**	2019 RMB'000
2022	**—**	110,992
2023	**421,827**	458,096
2024	**417,781**	421,520
2025	**856,540**	—
Tax losses	**1,696,148**	990,608

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 RMB'000	2019 RMB'000
Listed equity investments, at fair value	**640,520**	281,795

The above equity investments at 31 December 2020 were classified as financial assets at fair value through profit or loss as they were held for trading.

At 31 December 2020, the Group's financial assets at fair value through profit or loss with an aggregate carrying amount of approximately nil (2019: RMB105,678,000) were pledged to secure bank and other borrowings granted to the Group (note 30).

21. PROPERTIES UNDER DEVELOPMENT

	2020 RMB'000	2019 RMB'000
Carrying amount at 1 January	**48,908,306**	43,560,301
Additions	**18,639,474**	24,506,355
Transferred to completed properties held for sale *(note 22)*	**(20,902,909)**	(17,382,283)
Acquisition of subsidiaries *(note 39)*	**474,210**	1,860,827
Disposal of subsidiaries *(note 40)*	**(1,580,023)**	(2,773,657)
Transferred to investment properties *(note 14)*	**(185,395)**	—
Impairment losses *(note 6)*	**(155,073)**	—
Transferred to cost of inventories sold *(note 6)*	**(1,603,852)**	(863,237)
Carrying amount at 31 December	**43,594,738**	48,908,306

The movements in provision for impairment of properties under development are as follows:

	2020 RMB'000	2019 RMB'000
At the beginning of the year	**—**	—
Impairment losses recognised *(note 6)*	**(155,073)**	—
At the end of the year	**(155,073)**	—

21. PROPERTIES UNDER DEVELOPMENT (Continued)

The Group's properties under development are situated on leasehold lands in Mainland China.

At 31 December 2020, the Group's properties under development with an aggregate carrying amount of approximately RMB29,505,458,000 (2019: RMB25,636,686,000) were pledged to secure bank and other borrowings granted to the Group (note 30).

The value of properties under development is assessed at the end of the reporting period. An impairment exists when the carrying value exceeds its recoverable amount, which is the higher of its fair value less costs of disposal. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

22. COMPLETED PROPERTIES HELD FOR SALE

	2020 RMB'000	2019 RMB'000
Carrying amount at 1 January	**2,881,983**	4,094,399
Disposal of subsidiaries	**—**	(395,952)
Transferred from properties under development *(note 21)*	**20,902,909**	17,382,283
Transferred to investment properties *(note 14)*	**(138,162)**	(118,930)
Impairment losses *(note 6)*	**(9,328)**	—
Transferred to cost of sales *(note 6)*	**(19,419,001)**	(18,079,817)
Carrying amount at 31 December	**4,218,401**	2,881,983

The movements in provision for impairment of completed properties held for sale are as follows:

	2020 RMB'000	2019 RMB'000
At the beginning of the year	**—**	—
Impairment losses recognised *(note 6)*	**(9,328)**	—
At the end of the year	**(9,328)**	—

As at 31 December 2020 the Group's completed properties held for sale with an aggregate carrying amount of approximately nil (2019: RMB678,006,000) were pledged to secure bank and other borrowings granted to the Group (note 30).

22. COMPLETED PROPERTIES HELD FOR SALE (Continued)

The value of completed properties held for sale is assessed at the end of each reporting period. An impairment exists when the carrying value exceeds its recoverable amount, which is the higher of its fair value less costs of disposal. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset.

23. TRADE RECEIVABLES

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

Trade receivables mainly represent consulting receivables 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 **RMB'000**	2019 RMB'000
Within 1 year	**42,068**	20,872

The movements in the loss allowance for impairment of trade receivables are as follows:

	2020 **RMB'000**	2019 RMB'000
At the beginning of the year	**21**	—
Impairment losses *(note 6)*	**21**	21
At the end of the year	**42**	21

23. TRADE RECEIVABLES (Continued)

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 the expected credit losses were RMB42,000 as at 31 December 2020 (2019:RMB 21,000).

24. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2020 **RMB'000**	2019 RMB'000
Receivables from disposal of subsidiaries	**—**	183,000
Prepayments for acquisition of land use rights	**613,393**	762,933
Prepaid taxes and other tax recoverables	**1,137,930**	1,657,492
Prepayments for construction cost	**250,264**	135,712
Deposits for land auction	**321,852**	50,602
Other deposits	**656,112**	706,001
Due from non-controlling shareholders of the subsidiaries	**567,711**	29,769
Prepayment for commission	**539,136**	252,667
Other receivables	**307,941**	278,212
	4,394,339	4,056,388
Impairment	**(1,733)**	(1,321)
	4,392,606	4,055,067

The movements in provision for impairment of receivables are as follows:

	2020 **RMB'000**	2019 RMB'000
At the beginning of the year	**1,321**	1,073
Impairment losses recognised *(note 6)*	**412**	248
At the end of the year	**1,733**	1,321

Note: Other deposits include deposits for wall materials, migrant workers' deposits and deposits made to general contractors subject to the construction agreements, etc.

24. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (Continued)

Prepayments, other receivables and other assets are unsecured, non-interest-bearing and have no fixed terms of repayment.

The internal credit rating of amounts due from non-controlling shareholders of subsidiaries, amounts due from third parties and other deposits were regarded as the grade of performing. The Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition. The expected loss rate of these 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 the expected credit losses were RMB1,733,000 as at 31 December 2020 (2019: RMB1,321,000).

25. OTHER NON-CURRENT ASSETS

	2020 RMB'000	2019 RMB'000
Prepayments for equity investments	**876,996**	849,800
Deferred commission for external agents	**71,784**	184,322
	948,780	1,034,122

26. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

	2020 RMB'000	2019 RMB'000
Cash and bank balances	**17,535,147**	16,598,569
Less: Restricted cash	**6,016,168**	5,749,309
Pledged deposits	**593,818**	290,522
Cash and cash equivalents	**10,925,161**	10,558,738

The restricted cash mainly represented guarantee deposits for construction of pre-sale properties pledged in designated bank accounts and time deposits mature in more than three months.

In accordance with relevant government requirements, certain property development companies of the Group are required to place in designated bank accounts certain amount of pre-sale proceeds as guarantee deposits for the constructions of the related properties. The deposits can only be used for payments for construction costs of the relevant properties when approval from related government authority is obtained. Unused guarantee deposits will be released after the completion of construction of the related properties.

26. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS (Continued)

As at 31 December 2020, bank deposits of RMB561,860,000 (2019: RMB261,574,000) were pledged as security for purchasers' mortgage loans, construction of projects. As at 31 December 2020, bank deposits of RMB nil were pledged as security for bank and other borrowings (2019: RMB28,948,000) (note 30).

	2020 RMB'000	2019 RMB'000
Cash and cash equivalents:		
Denominated in RMB	**10,705,243**	9,772,241
Denominated in US$	**171,835**	30,470
Denominated in HK$	**48,083**	756,027
	10,925,161	10,558,738

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

As at 31 December 2020, the internal credit rating of restricted cash, pledged deposits and cash and cash equivalents were regarded as the grade of performing. The Group has assessed that the credit risk of the restricted cash, pledged deposits and cash and cash equivalents has not increased significantly since initial recognition and measured the impairment based on 12-month expected credit losses, and has assessed that the expected credit losses to be immaterial.

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

Trade and bills payables are unsecured and are normally settled based on the progress of construction.

28. OTHER PAYABLES AND ACCRUALS

	2020 RMB'000	2019 RMB'000
Outstanding consideration for assets acquisition	**966,719**	2,198,913
Deposits related to sales of properties	**29,207**	88,565
Other tax and surcharges	**725,385**	475,733
Maintenance fund	**127,891**	120,920
Payroll and welfare payable	**61,483**	69,940
Retention deposits related to construction	**56,821**	51,825
Commission payable	**13,649**	19,934
Due to non-controlling shareholders of subsidiaries	**900,796**	204,249
Others	**208,339**	240,507
	3,090,290	3,470,586

Other payables and advances from non-controlling shareholders of subsidiaries are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables as at the end of year approximated to their corresponding carrying amounts.

29. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	2020 RMB'000	2019 RMB'000
Sales of properties	**25,586,430**	34,231,211

The Group receives payments from customers based on billing schedules as established in the property sales. Payments are usually received in advance of the performance under the contracts which are mainly from property development.

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2020			2019		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Other loans — secured	7.30–13.30	2021	2,336,698	9.00–15.50	2020	2,357,686
Other loans — unsecured	—	—	—	8.00–12.00	2020	741,242
Current portion of long term bank loans — secured	5.00–10.26	2021	4,094,243	5.46–10.26	2020	3,550,410
Current portion of long term other loans — secured	7.60–13.00	2021	3,104,719	10.00–15.46	2020	3,559,585
			9,535,660			10,208,923
Non-current						
Bank loans — secured	4.75–9.50	2022–23	9,377,323	5.23–10.26	2021–22	7,823,160
Other loans — secured	7.30–13.00	2022–23	3,705,809	5.70–15.50	2021–22	6,698,115
Other loans — unsecured	12.00	2022	172,150	—	—	—
			13,255,282			14,521,275
			22,790,942			24,730,198

	2020 RMB'000	2019 RMB'000
Analysed into:		
Bank loans repayable		
Within one year	4,094,243	3,550,410
In the second year	4,348,549	4,513,400
In the third to fifth years, inclusive	5,028,774	3,309,760
	13,471,566	11,373,570
Other borrowings repayable		
Within one year	5,441,417	6,658,513
In the second year	2,937,002	6,483,115
In the third to fifth years, inclusive	940,957	215,000
	9,319,376	13,356,628
	22,790,942	24,730,198

30. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

The Group's borrowings are denominated in RMB and USD as at 31 December 2020.

Certain of the Group's bank and other borrowings are secured by the pledges of the following assets with carrying values at the end of the reporting period as follows:

	2020 RMB'000	2019 RMB'000
Financial assets at fair value through profit or loss *(note 20)*	**–**	105,678
Investment properties *(note 14)*	**–**	750,800
Properties under development *(note 21)*	**29,505,458**	25,636,686
Completed properties held for sale *(note 22)*	**–**	678,006
Pledged deposits *(note 26)*	**–**	28,948

The management of the Company has assessed that the fair values of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the fact that such borrowings were made between the Group and independent third party financial institutions based on prevailing market interest rates.

As at 31 December 2020, 常州弘陽廣場置業有限公司 ("Changzhou Hongyang Square Property Co., Ltd.") has pledged its 50% shares in 襄陽新城悦隆房地產開發有限公司 ("Xiangyang Xincheng Yuelong Real Estate Development Co., Ltd.") for certain of the Group's bank and other borrowings up to RMB336,000,000. As at 31 December 2019, a third party 江西山葉實業有限公司 ("Jiangxi Shanye Industrial Co., Ltd.") has pledged its 100% shares in 襄陽新城悦隆房地產開發有限公司 ("Xiangyang Xincheng Yuelong Real Estate Development Co., Ltd.") for certain of the Group's bank and other borrowings up to RMB480,000,000. The above-mentioned bank and other borrowings were also secured by Xiangyang Xincheng Yuelong Real Estate Development Co., Ltd.'s properties under development.

As at 31 December 2020, a third party 南京紅太陽房地產開發有限公司 ("Nanjing Red Sun Properties Co., Ltd.") has guaranteed certain of the Group's bank loans up to RMB225,000,000 (2019: RMB225,000,000).

As at 31 December 2020, a third party 平潭鼎新房地產發展有限公司 ("Pingtan Dingxin Development Co., Ltd.") has guaranteed certain of the Group's bank loans up to RMB55,681,000 (2019: RMB28,000,000).

As at 31 December 2020, Wuhan Furui Decheng Real Estate Development Co., Ltd. has guaranteed certain of the Group's bank and other borrowings up to RMB800,000,000.

As at 31 December 2020, a third party 浙江天劍置業有限公司 ("Zhejiang Tianjian Real Estate Co., Ltd.") has guaranteed certain of the Group's bank loans up to RMB321,166,000.

As at 31 December 2020, a third party 平潭綜合實驗區土地開發集團有限公司 has guaranteed certain of the Group's bank loans up to RMB300,800,000.

31. SENIOR NOTES

Name of senior notes	1 January 2020 Opening balance RMB'000	Issued in 2020 RMB'000	Interest expense RMB'000	The effect of foreign currency exchange RMB'000	Payment RMB'000	31 December 2020 Closing balance RMB'000
2020 Notes	**812,145**	**—**	**17,217**	**11,327**	**(840,689)**	**—**
2021 Notes I *(note 1)*	**—**	**1,942,892**	**215,344**	**(160,810)**	**(112,500)**	**1,884,926**
2022 Notes *(note 2)*	**—**	**1,448,251**	**88,471**	**(120,117)**	**(72,010)**	**1,344,595**
2021 Notes II *(note 3)*	**—**	**1,675,250**	**36,105**	**(64,336)**	**—**	**1,647,019**
						4,876,540
Analysed into:						
Non-current portion						**1,344,595**
Current portion						**3,531,945**

Name of senior notes	1 January 2019 Opening balance RMB'000	Issued in 2019 RMB'000	Interest expense RMB'000	The effect of foreign currency exchange RMB'000	Payment RMB'000	31 December 2019 Closing balance RMB'000
2020 Notes	—	1,161,300	39,600	—	(388,755)	812,145
Analysed into:						
Non-current portion						—
Current portion						812,145

Note 1: On 10 March 2020, the Company issued senior notes with a principal amount of US$280,000,000 due in 2021 (the "2021 Notes I"). The senior notes bear interest at 11.75% per annum which is payable semi-annually in arrears. The repayment date of the senior notes is 10 March 2021. At any time prior to maturity, the Company may at its option redeem the senior notes, at a predetermined redemption price.

Note 2: On 18 June 2020, the Company issued senior notes with a principal amount of US$210,000,000 due in 2022 (the "2022 Notes"). The senior notes bear interest at 10.5% per annum which is payable semi-annually in arrears. The original repayment date of the senior notes is 18 June 2022. At any time prior to maturity, the Company may at its option redeem the senior notes, at a predetermined redemption price. The directors of the Company are of the opinion that they have no plan to redeem the 2022 Notes prior to 31 December 2021.

Note 3: On 19 October 2020, the Company issued senior notes with a principal amount of US$250,000,000 due in 2021 (the "2021 Notes II"). The senior notes bear interest at 9.5% per annum which is payable semi-annually in arrears. The original repayment date of the senior notes is 18 October 2021. At any time prior to maturity, the Company may at its option redeem the senior notes, at a predetermined redemption price. The directors of the Company are of the opinion that they have no plan to redeem the 2021 Notes II prior to 18 October 2021.

32. CORPORATE BONDS

Name of bonds	**1 January 2020 Opening balance RMB'000**	**Issued in 2020 RMB'000**	**Interest expense RMB'000**	**Payment RMB'000**	**31 December 2020 Closing balance RMB'000**
Sinic Bond I	**317,366**	**—**	**36,224**	**(299,667)**	**53,923**
Sinic Bond II	**275,431**	**—**	**21,431**	**(296,862)**	**—**
Sinic Bond III	**437,827**	**—**	**53,301**	**(53,428)**	**437,700**
20 Sinic 01 *(note 1)*	**—**	**297,924**	**525**	**—**	**298,449**
	1,030,624	**297,924**	**111,481**	**(649,957)**	**790,072**

Name of bonds	1 January 2019 Opening balance RMB'000	Issued in 2019 RMB'000	Interest expense RMB'000	Payment RMB'000	31 December 2019 Closing balance RMB'000
Sinic Bond I	317,075	—	25,018	(24,727)	317,366
Sinic Bond II	274,995	—	21,136	(20,700)	275,431
Sinic Bond III	—	415,674	22,153	—	437,827
	592,070	415,674	68,307	(45,427)	1,030,624

As at the end of each of the years, the Group's corporate bonds were repayable as follows:

	2020 RMB'000	2019 RMB'000
Repayable within one year	**512,623**	624,072
Repayable within two to five years	**277,449**	406,552
	790,072	1,030,624

Note 1: On 22 December 2020, Sinic Real Estate Group Co., Ltd, a subsidiary of the Group, completed to issue five-year corporate bonds with a principal amount of RMB300,000,000 ("20 Sinic 01"), which were publicly listed on the Shanghai Stock Exchange on 20 December 2020. 20 Sinic 01 is denominated in RMB and bears interest at a rate of 7.00% per annum, and is payable annually in arrears on 22 December or on the business day nearest hereto each year, beginning on 22 December 2020. Sinic Real Estate Group Co., Ltd is entitled to adjust upward the interest rate on the date which is 20 days of trading prior to the third interest repayment date for 20 Sinic 01. Upon the adjustment, bondholders may at their options ("Put Options") sell back 20 Sinic 01 to Sinic Real Estate Group Co., Ltd. on the third interest repayment date.

33. ASSET-BACKED SECURITIES ("ABS")

Name of ABSs	Principal RMB'000	Contractual interest rate per annum (%)	Maturity	31 December 2020 Closing balance RMB'000
Sinic 2020–1	490,000	6.0–7.0	2021	**503,778**
Sinic 2020–2	690,000	7.0–7.5	2022	**700,944**
				1,204,722
Less: Current portion				**514,722**
Non-current portion				**690,000**

The balance represented proceeds received from special purpose entities ("SPE") set up by financial institutions in the PRC for issuance of asset-backed securities, to which the Group has collateralised certain future trade receivables for the remaining receipts from the provision of property management services, the sale of properties and property lease income. Under an assignment arrangement between the Group and the SPE, as and when the Group receives the sales proceeds from customers, the Group would remit any cash flows it collects on behalf of the SPE.

34. FINANCIAL LIABILITIES AT FVTPL

	2020 RMB'000	2019 RMB'000
Contingent consideration	**458**	498

On 22 March 2016, the Group acquires 100% interests of Jiangxi JunYu Industrial Co., Ltd. from the original shareholders. According to the contractual terms, the Group agreed with the original shareholders that if the profit margin of the project is higher than 10%, the Group should distribute 30% of the excess part, a contingent consideration for the business combination, to the original shareholders. The contingent consideration to be transferred to the original shareholders is recognised at fair value at the acquisition date and measured at fair value with changes in fair value recognised in profit or loss.

35. SHARE CAPITAL

Shares

	2020 HK$	2019 HK$
Issued and fully paid:		
3,570,187,000 (2019: 3,570,187,000) ordinary shares of HK$0.01 each (2019: HK$0.01 each)	**35,701,870**	35,701,870

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 31 December 2018 and 1 January 2019	100	—
Issue of ordinary shares	529,412,900	4,740
Issue of ordinary shares on capitalisation	2,999,999,000	26,851
Issue of ordinary shares on an over-allotment option	40,775,000	367
At 31 December 2019, 1 January 2020 and 31 December 2020	3,570,187,000	31,958

The Company was incorporated in the Cayman Islands on 18 September 2018 with authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 at par value each.

On 18 September 2018, 95 and 5 ordinary shares of HK$0.01 per share were allotted by the Company for cash to Xin Hong Company Limited and Xin Heng Company Limited, respectively.

On 13 May 2019, Xin Hong Company Limited has transferred its 95 ordinary shares to Sinic Holdings Group Company Limited.

On 17 May 2019, the Company further allotted and issued 845 and 45 shares of HK$0.01 per share to Sinic Holdings Group Company and Xin Heng Company Limited, respectively. On the same day, Forever Elite Ventures Limited transferred all the shares of Forest Resources Developments Limited to the Company in exchange for the allotment and issue by the Company of 10 shares to Forever Elite Ventures Limited.

On 15 October 2019, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares of a par value of HK$0.01 each to HK$200,000,000 divided into 20,000,000,000 shares of a par value of HK$0.01 each.

35. SHARE CAPITAL (Continued)

Shares (Continued)

On 15 November 2019, upon its listing on the Hong Kong Stock Exchange, the Company issued 529,412,000 new ordinary shares with par value HK$0.01 each at HK$3.98 per share for a total cash consideration of HK$2,107,060,000 (equivalent to approximately RMB1,893,299,000). The respective share capital amount was approximately RMB4,740,000 and share premium arising from the issuance was approximately RMB1,823,312,000, net of the share issuance costs. The share issuance costs paid and payable mainly include share underwriting commissions, lawyers' fees, reporting accountants' fee and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These costs amounting to RMB65,247,000 were treated as a deduction against the share premium arising from the issuance.

On 15 November 2019, 2,999,999,000 shares were issued by way of capitalisation with par value of HK$0.01 each, the respective share capital amount was approximately RMB26,851,000.

On 11 December 2019, upon its listing on the Hong Kong Stock Exchange, the over-allotment option has been partially exercised and the Company allotted and issued 40,775,000 additional shares at HK$3.98 per share for a total cash consideration of HK$162,285,000 (equivalent to approximately RMB145,735,000). The respective share capital amount was approximately RMB367,000 and share premium arising from the issuance was approximately RMB144,632,000, net of the share issuance costs. The share issuance costs paid and payable mainly include share underwriting commissions and other related costs, which are incremental costs directly attributable to the issuance of the new shares. These costs amounting to RMB736,000 were treated as a deduction against the share premium arising from the issuance.

36. RESERVES

The amounts of the Group's reserves and the movements therein for the year ended 31 December 2020 are presented in the consolidated statement of changes in equity.

(a) Share premium

The share premium represents the difference between the par value of the shares issued and the consideration received.

(b) Merger reserve

The merger reserve of the Group represents the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries now comprising the Group before the completion of the reorganisation.

(c) Capital reserve

The capital reserve represents any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid for acquisition of non-controlling interests in subsidiaries. Details of the movements in the capital reserve are set out in the consolidated statement of changes in equity.

(d) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under PRC GAAP, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(e) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of group entities. The reserve is dealt with in accordance with the accounting policy set out in note 2.4.

37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB6,296,000 and RMB6,296,000, respectively, for the year ended 31 December 2020, in respect of lease arrangements for office buildings, motor vehicles and other equipment.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings RMB'000	Senior notes corporate bonds and ABS RMB'000	Due to related parties RMB'000	Lease liabilities RMB'000	Total liabilities from financing activities RMB'000
At 31 December 2018	21,510,704	592,070	1,400,187	—	23,502,961
Effect of adoption of IFRS 16	—	—	—	41,585	41,585
At 1 January 2019 (restated)	21,510,704	592,070	1,400,187	41,585	23,544,546
Changes from financing cash flows	3,219,494	1,182,392	4,557,177	(31,803)	8,927,260
New leases	—	—	—	45,381	45,381
Interest expense	—	68,307	—	4,949	73,256
At 31 December 2019 and 1 January 2020	24,730,198	1,842,769	5,957,364	60,112	32,590,443
Changes from financing cash flows	(2,015,455)	4,869,161	(824,442)	(32,056)	1,997,208
New leases	—	—	—	6,296	6,296
Interest expense	76,199	159,404	—	3,836	239,439
At 31 December 2020	22,790,942	6,871,334	5,132,922	38,188	34,833,386

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2020 RMB'000	2019 RMB'000
Within operating activities	**19,515**	12,241
Within financing activities	**32,056**	31,803
	51,571	44,044

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests were set out below:

	Percentage of equity interest held by non-controlling interests %	Profit for the year allocated to non-controlling interests RMB'000	Accumulated balances of non-controlling interests RMB'000
31 December 2020			
Jiangxi Xirui Industrial	**49.02**	**49,956**	**88,126**
31 December 2019			
Nanchang Tianju*	40.00	63,523	96,844

* The Group has further acquired an additional 15% equity interest in Nanchang Tianju and had a 60% equity interest in Nanchang Tianju upon completion of the acquisition since April 2019.

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Jiangxi Xirui Industrial 2020 RMB'000	Nanchang Tianju 2019 RMB'000
Revenue	**537,876**	546,273
Total expenses	**(385,693)**	(375,609)
Income tax expense	**(50,233)**	(47,028)
Profit and total comprehensive income for the year	**101,950**	123,636
Attributable to:		
Owners of the parent	**101,950**	116,421
Non-controlling interests	**—**	7,215
	101,950	123,636
Current assets	**393,815**	701,536
Non-current assets	**3,417**	590
Current liabilities	**(217,384)**	(460,016)
	179,848	242,110
Attributable to:		
Owners of the parent	**179,848**	242,110
Non-controlling interests	**—**	—
Net cash flows used in operating activities	**(93)**	(107,200)
Net cash flows used in investing activities	**(9)**	—
Net cash flows generated from financing activities	**—**	101,588
Net decrease in cash and cash equivalents	**(102)**	(5,612)

39. BUSINESS COMBINATIONS

On 30 September 2020, one subsidiary of the Group, Jiangxi Sinic Properties Investment Co., Ltd., further acquired a 5% equity interest in De'an Zhongbang from 江西眾邦房地產開發有限公司 and had a 55% equity interest in De'an Zhongbang upon completion of the acquisition. The acquisition was part of the Group's strategy to expand its market share of property development and operation. Prior to the share transfer, De'an Zhongbang is a joint venture of the Group. De'an Zhongbang is mainly engaged in real estate development and operation. The purchase consideration for the acquisition was RMB1,000,000 in the form of cash.

Since the acquisition, De'an Zhongbang has contributed an amount of RMB388,214,000 to the Group's revenue and a profit of RMB34,358,000 to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020. Had the combination taken place at 1 January 2020, the revenue and net profit of the Group would have been RMB28,067,007,000 and RMB2,035,690,000, respectively.

The fair values of the identifiable assets and liabilities of De'an Zhongbang as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Property, plant and equipment *(note 13)*	28
Properties under development *(note 20)*	474,210
Prepayments and other receivables	53,545
Tax recoverable	8,736
Cash and cash equivalents	6,405
Pledged deposits	41,766
Trade and bills payables	(23,718)
Other payables and accruals	(135,955)
Contract liabilities	(413,968)
Deferred tax liabilities *(note 19)*	(3,587)
Total identifiable net assets at fair value	7,462
Non-controlling interests	3,357
Net assets acquired	4,105
Satisfied by	
Cash	1,000
Fair value of investments in the joint venture held before business combinations	3,105
	4,105

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

	RMB'000
Cash considerations	(1,000)
Cash and cash equivalents acquired	6,405
Net inflow of cash and cash equivalents included in cash flows from investing activities	5,405

40. DISPOSAL OF SUBSIDIARIES

(a) 安徽新創房地產開發有限公司 (“Anhui Xinchuang”)

Pursuant to the share transfer agreement dated 11 September 2019, the Group completed to dispose of its 50% equity interest in 安徽新創房地產開發有限公司 (“Anhui Xinchuang”), together with its subsidiary 合肥新城悦弘房地產開發有限公司 to 安徽弘瀚房地產開發有限公司 (“Anhui Honghan”) for a consideration of RMB65,000,000 on 9 April 2020. Upon the completion of the share transfer, the Group lost control over Anhui Xinchuang and Anhui Xinchuang became a joint venture of the Group thereafter. The consideration was determined by reference to the fair value of the equity interest disposed of as at 31 March 2020.

The carrying values of the assets and liabilities of Anhui Xinchuang on the date of disposal were as follows:

	RMB'000
Net assets disposed of:	
Property, plant and equipment	117
Properties under development	1,259,499
Prepayments, other receivables and other assets	2,514
Deferred tax assets	4,964
Cash and cash equivalents	35,467
Other payables and accruals	(23,851)
Contract liabilities	(119,310)
Interest-bearing bank and other borrowings	(1,039,990)
Deferred tax liabilities	(1,136)
	118,274
Gain on disposal of Anhui Xinchuang	11,726
	130,000
50% of equity interest in Anhui Xinchuang	65,000
Satisfied by cash	65,000

An analysis of the cash flows of cash and cash equivalents in respect of the disposal of Anhui Xinchuang is as follows:

Cash consideration	65,000
Cash and cash equivalents of Anhui Xinchuang disposed of	(35,467)
Net inflow of cash and cash equivalents in respect of the disposal of Anhui Xinchuang	29,533

40. DISPOSAL OF SUBSIDIARIES (Continued)

(b) 湖南新林房地產開發有限公司 ("Hunan Xinlin")

Pursuant to the share transfer agreement dated 31 May 2020, the Group disposed of its 100% equity interest in 湖南新林房地產開發有限公司 ("Hunan Xinlin"), together with its subsidiary 湖南悦禧置業有限公司 to 長沙聚昂房地產開發有限公司 for a consideration of RMB250,000,000. The consideration was determined by reference to the fair value of the equity interest disposed of as at 31 May 2020.

The carrying values of the assets and liabilities of Hunan Xinlin on the date of disposal were as follows:

	RMB'000
Net assets disposed of:	
Property, plant and equipment	36
Properties under development	320,524
Prepayments, other receivables and other assets	8,009
Deferred tax assets	4,568
Cash and cash equivalents	84
Other payables and accruals	(81,352)
	251,869
Loss on disposal of Hunan Xinlin	(1,869)
Satisfied by cash consideration	250,000

An analysis of the cash flows of cash and cash equivalents in respect of the disposal of Hunan Xinlin is as follows:

	RMB'000
Cash consideration	250,000
Cash and cash equivalents of Hunan Xinlin disposed of	(84)
Net inflow of cash and cash equivalents in respect of the disposal of Hunan Xinlin	249,916

41. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

		2020 RMB'000	2019 RMB'000
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	*(1)*	**38,450,018**	27,964,704
Guarantees given to banks and other institutions in connection with facilities granted to related companies	*(2)*	**7,088,218**	8,633,382

(1) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in the case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The Group did not incur any material losses during the year in respect of the guarantees provided for the mortgage facilities granted to the purchasers of the Group's completed properties held for sale. The directors of the Company considered that in the case of default on payments, the net realisable 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.

(2) The Group provided guarantees to banks and other institutions in connection with financial facilities granted to the related companies. The directors of the Company consider that no provision is needed in respect of the guarantees since the fair value is not significant. Further details are included in note 43.

Except as disclosed above, during the year and up to the end of the year, neither the Group nor the Company were involved in any litigation, arbitration or administrative proceedings, claims or disputes which had a material adverse effect on the Group's financial condition or results of operation.

42. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2020 RMB'000	2019 RMB'000
Contracted, but no provided for:		
— Properties under development	**15,410,706**	16,202,939
— Acquisition of equity interests	**2,042,272**	2,069,468
— Acquisition of land use right	**232,199**	—
— Capital contributions payable to joint ventures and associates	**3,341,593**	713,300
	21,026,770	18,985,707

43. RELATED PARTY TRANSACTIONS

	2020 RMB'000	2019 RMB'000
(a) Significant related party transactions		
Advances from related companies:		
Joint ventures	**2,691,844**	5,298,948
Associates	**999,551**	2,389,631
Companies controlled by the Controlling Shareholder	**2,443,014**	39,259,462
Companies owned by a family member of the Controlling Shareholder	**—**	409,764
Companies over which the Controlling Shareholder has significant influence	**—**	341,886
Repayment of advances from related companies:		
Joint ventures	**3,567,095**	1,871,266
Associates	**1,003,617**	1,462,724
Companies controlled by the Controlling Shareholder	**2,558,440**	39,101,683
Companies owned by a family member of the Controlling Shareholder	**—**	634,308
Companies over which the Controlling Shareholder has significant influence	**24,569**	317,317
Advances to related companies:		
Joint ventures	**2,968,145**	9,432,671
Associates	**805,634**	1,282,577
Companies controlled by the Controlling Shareholder	**—**	12,393,134
Companies owned by a family member of the Controlling Shareholder	**—**	373,429
Companies over which the Controlling Shareholder has significant influence	**—**	15,946

43. RELATED PARTY TRANSACTIONS (Continued)

	2020 RMB'000	2019 RMB'000
(a) Significant related party transactions (Continued)		
Repayment of advances to related companies:		
Joint ventures	**2,281,553**	6,678,087
Associates	**277,853**	659,477
Companies controlled by the Controlling Shareholder	**—**	15,962,066
Companies owned by a family member of the Controlling Shareholder	**—**	373,429
Companies over which the Controlling Shareholder has significant influence	**—**	117,406
Construction services provided by companies controlled by a family member of the Controlling Shareholder	**1,250,549**	1,141,210
Miscellaneous purchases from a company controlled by the Controlling Shareholder	**8,433**	8,135
Property management services provided by companies controlled by the Controlling Shareholder	**301,071**	181,751
Management consulting services provided by companies controlled by the Controlling Shareholder	**—**	53,123
Consulting services provided to joint ventures and associates	**91,407**	20,909
Sales to a family member of the Controlling Shareholder	**—**	33,432

Note: These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

	2020 RMB'000	2019 RMB'000
(b) Disposal of subsidiaries		
Consideration for disposal of subsidiaries	**—**	4,330
(c) Other transactions with related parties		
Guarantees provided to related parties:		
Joint ventures	**6,567,047**	3,662,942
Associates	**521,171**	741,740
Guarantees provided by related parties:		
Joint ventures	**1,136,000**	—

43. RELATED PARTY TRANSACTIONS (Continued)

	2020 RMB'000	2019 RMB'000
(d) Outstanding balances with related parties		
Due from related companies:		
Non trade-related:		
Joint ventures	**4,415,333**	3,728,740
Associates	**1,595,133**	1,067,353
Due to related companies:		
Trade-related:		
Companies controlled by the Controlling Shareholder	**167,404**	—
Companies owned by a family member of the Controlling Shareholder	**304,905**	277,438

	2020 RMB'000	2019 RMB'000
Due to related companies:		
Non trade-related:		
Joint ventures	**3,333,313**	4,208,565
Associates	**1,284,947**	1,289,013
Companies controlled by the Controlling Shareholder	**42,353**	157,779
Companies over which the Controlling Shareholder has significant influence	**—**	24,569

Balances with the above related parties were unsecured, non-interest bearing and repayable on demand.

	2020 RMB'000	2019 RMB'000
(e) Compensation of key management personnel of the Group		
Short term employee benefits	**17,072**	11,172
Pension scheme contributions and social welfare	**851**	764
Total compensation paid to key management personnel	**17,923**	11,936

Further details of directors' emoluments are included in note 8 to the financial statements.

44. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

31 December 2020

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at FVTPL RMB'000	Total RMB'000
Trade receivables *(note 23)*	42,068	—	42,068
Financial assets included in prepayments, other receivables and other assets *(note 24)*	1,223,823	—	1,223,823
Financial assets at FVTPL *(note 20)*	—	640,520	640,520
Due from related companies *(note 43)*	6,010,466	—	6,010,466
Cash and cash equivalents *(note 26)*	17,535,147	—	17,535,147
	24,811,504	640,520	25,452,024

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Financial liabilities at FVTPL RMB'000	Total RMB'000
Trade and bills payables *(note 27)*	6,907,719	—	6,907,719
Due to related companies *(note 43)*	5,132,922	—	5,132,922
Financial liabilities included in other payables and accruals *(note 28)*	2,843,469	—	2,843,469
Financial liabilities at FVTPL *(note 34)*	—	458	458
Lease liabilities *(note 15)*	38,188	—	38,188
Interest-bearing bank and other borrowings *(note 30)*	22,790,942	—	22,790,942
Senior notes *(note 31)*	4,876,540	—	4,876,540
Corporate bonds *(note 32)*	790,072	—	790,072
Asset-backed securities *(note 33)*	1,204,722	—	1,204,722
	44,584,574	458	44,585,032

44. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

31 December 2019

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at FVTPL RMB'000	Total RMB'000
Trade receivables *(note 23)*	20,872	—	20,872
Financial assets included in prepayments other receivables and other assets *(note 24)*	918,770	—	918,770
Financial assets at FVTPL *(note 20)*	—	281,795	281,795
Due from related companies *(note 43)*	4,796,093	—	4,796,093
Cash and cash equivalents *(note 26)*	16,598,569	—	16,598,569
	22,334,304	281,795	22,616,099

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Financial liabilities at FVTPL RMB'000	Total RMB'000
Trade and bills payables *(note 27)*	5,457,196	—	5,457,196
Due to related companies *(note 43)*	5,957,364	—	5,957,364
Financial liabilities included in other payables and accruals *(note 28)*	2,836,348	—	2,836,348
Financial liabilities at FVTPL *(note 34)*	—	498	498
Lease liabilities *(note 15)*	60,112	—	60,112
Interest-bearing bank and other borrowings *(note 30)*	24,730,198	—	24,730,198
Senior notes *(note 31)*	812,145	—	812,145
Corporate bonds *(note 32)*	1,030,624	—	1,030,624
	40,883,987	498	40,884,485

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2020 RMB'000	2019 RMB'000	**2020 RMB'000**	2019 RMB'000
Financial assets				
Financial assets at fair value through profit or loss	**640,520**	281,795	**640,520**	281,795
Financial liabilities				
Financial liabilities at FVTPL	**458**	498	**458**	498
Interest-bearing bank and other borrowings	**22,790,942**	24,730,198	**22,822,824**	24,748,986
Corporate bonds	**790,072**	1,030,624	**748,512**	1,013,231
Senior notes	**4,876,540**	812,145	**4,870,664**	876,738
Asset-backed securities	**1,204,722**	—	**1,204,722**	—
	29,662,734	26,573,465	**29,647,180**	26,639,453

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, and amounts due from/to related companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of interest-bearing bank and other borrowings and senior notes have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings and senior notes as at 31 December 2020 was assessed to be insignificant.

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The fair values of corporate bonds are based on quoted market prices.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2020:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Financial liabilities at FVTPL	Scenario based method	Discount rate	15%	5% increase/decrease in discount rate would result in a decrease/increase in fair value by RMB7,000

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
As at 31 December 2020				
Financial assets at fair value through profit or loss	**640,520**	**—**	**—**	**640,520**
As at 31 December 2019				
Financial assets at fair value through profit or loss	281,795	—	—	281,795

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
As at 31 December 2020				
Financial liabilities at fair value through profit or loss	**—**	**—**	**458**	**458**
As at 31 December 2019				
Financial liabilities at fair value through profit or loss	—	—	498	498

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2019: Nil).

Liabilities for which fair values are disclosed:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
As at 31 December 2020				
Interest-bearing bank and other borrowings	**—**	**22,822,824**	**—**	**22,822,824**
Corporate bonds	**748,512**	**—**	**—**	**748,512**
Senior notes	**4,870,664**	**—**	**—**	**4,870,664**
Asset-backed securities	**—**	**1,204,722**	**—**	**1,204,722**
	5,619,176	**24,027,546**	**—**	**29,646,722**
As at 31 December 2019				
Interest-bearing bank and other borrowings	—	24,748,986	—	24,748,986
Corporate bonds	1,013,231	—	—	1,013,231
Senior notes	—	876,738	—	876,738
	1,013,231	25,625,724	—	26,638,955

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and bank balances, restricted cash, trade receivables, and trade and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as interest-bearing bank and other borrowings, senior notes, corporate notes, financial instruments at fair value through profit or loss, amounts with related companies and other receivables. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's bank and other borrowings set out in note 31. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using variable rate bank borrowings.

As at 31 December 2020, if the interest rate of bank borrowings had increased/decreased by 1% and all other variables held constant, profit before tax for the year of the Group would have decreased/increased by approximately RMB32,688,000 (2019: RMB42,216,000).

(b) Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from transactions by operating units in currencies other than the units' functional currencies. In addition, the Group has currency exposures from its financial assets and senior notes.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Foreign currency risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US$, HK$ and RMB exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of forward currency contracts).

	Increase/ (decrease) in US$ or HK$/ RMB rate %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
31 December 2020			
If the RMB weakens against US$	**–5%**	**(235,235)**	**(235,235)**
If the RMB strengthens against US$	**+5%**	**235,235**	**235,235**
If the RMB weakens against HK$	**–5%**	**2,997**	**2,997**
If the RMB strengthens against HK$	**+5%**	**(2,997)**	**(2,997)**
31 December 2019			
If the RMB weakens against US$	–5%	(39,982)	(39,982)
If the RMB strengthens against US$	+5%	39,982	39,982
If the RMB weakens against HK$	–5%	(111,117)	(111,117)
If the RMB strengthens against HK$	+5%	111,117	111,117

(c) Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk (Continued)

Maximum exposure and year-end staging (Continued)

As at 31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	42,068	—	—	—	42,068
Financial assets included in prepayments, other receivables and other assets					
— Normal**	1,136,057	—	—	—	1,136,057
Cash and cash equivalents	17,535,147	—	—	—	17,535,147
	18,713,272	—	—	—	18,713,272

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Trade receivables*	20,872	—	—	—	20,872
Financial assets included in Prepayments, other receivables and other assets					
— Normal**	918,770	—	—	—	918,770
Cash and cash equivalents	16,598,569	—	—	—	16,598,569
	17,538,211	—	—	—	17,538,211

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the expected credit losses is disclosed in note 24 to the financial statements. There is no significant concentration of credit risk.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) 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, corporate bonds, senior notes and asset-backed securities . Cash flows are being closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	Over 1 year RMB'000	Total RMB'000
31 December 2020:					
Interest-bearing bank and other borrowings	–	3,265,223	7,355,947	14,331,229	24,952,399
Corporate bonds	–	–	559,277	405,000	964,277
Senior notes	–	1,934,307	1,930,065	1,442,166	5,306,538
Asset-backed securities	–	27,813	545,452	741,849	1,315,114
Lease liabilities	–	6,987	18,356	21,155	46,498
Financial liabilities at FVTPL	458	–	–	–	458
Trade and bills payables	6,907,719	–	–	–	6,907,719
Other payables	3,090,290	–	–	–	3,090,290
Due to related companies	5,132,922	–	–	–	5,132,922
	15,131,389	5,234,330	10,409,097	16,941,399	47,716,215
31 December 2019:					
Interest-bearing bank and other borrowings	–	1,957,871	10,320,124	17,161,674	29,439,669
Corporate bonds	–	–	665,702	448,275	1,113,977
Senior notes	–	–	848,823	–	848,823
Lease liabilities	–	8,443	22,906	37,896	69,245
Financial liabilities at FVTPL	–	–	–	498	498
Trade and bills payables	5,457,196	–	–	–	5,457,196
Other payables	3,470,586	–	–	–	3,470,586
Due to related companies	5,957,364	–	–	–	5,957,364
	14,885,146	1,966,314	11,857,555	17,648,343	46,357,358

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a net gearing ratio, which is based on total indebtedness less cash and bank balances divided by total equity at the end of the year and multiplied by 100%. Total indebtedness represents total interest-bearing bank and other borrowings, corporate bonds, senior notes and asset-backed securities. The net gearing ratios as at the end of the reporting periods were as follows:

	2020 RMB'000	2019 RMB'000
Interest-bearing bank and other borrowings	22,790,942	24,730,198
Corporate bonds	790,072	1,030,624
Senior notes	4,876,540	812,145
Asset-backed securities	1,204,722	—
Less: Cash and cash equivalents	(17,535,147)	(16,598,569)
Net debt	12,127,130	9,974,398
Total equity	19,063,689	14,895,734
Net gearing ratio	64%	67%

47. 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 a controlling shareholder of the Company.

On 27 January 2021, the Company repurchased and cancelled a total of US$119,355,000 in principal amount of the 2021 Notes I.

On 26 January 2021, Sinic Holdings (Group) Company Limited completed to issue 8.50% senior notes due in 2022 with a principal amount of US$250,000,000 (the "2022 Notes II"), which were publicly listed on the Hong Kong Stock Exchange.

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	2,799	4,832
Investments in subsidiaries	34,116	34,116
Right-of-use assets	6,315	11,348
Total non-current assets	43,230	50,296
CURRENT ASSETS		
Cash and cash equivalents	73,409	161,955
Prepayments, other receivables and other assets	27,049	7,198
Due from subsidiaries	6,991,843	2,570,402
Total current assets	7,092,301	2,739,555
CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	665,125	16,962
Other payables and accruals	1,175	—
Due to subsidiaries	703,824	103
Senior notes	3,531,945	812,145
Lease liabilities within one year	5,325	5,347
Total current liabilities	4,907,394	834,557
NET CURRENT ASSETS	2,184,907	1,904,998
TOTAL ASSETS LESS CURRENT LIABILITIES	2,228,137	1,955,294
NON-CURRENT LIABILITIES		
Lease liabilities	944	6,673
Senior notes	1,344,595	—
Total non-current liabilities	1,345,539	6,673
Net assets	882,598	1,948,621
EQUITY		
Share capital	31,958	31,958
Reserves	850,640	1,916,663
Total equity	882,598	1,948,621

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's equity is as follows:

	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 31 December 2019 and 1 January 2020	31,958	1,940,877	34,116	(58,330)	1,948,621
Total comprehensive loss for the year	—	—	—	(601,899)	(601,899)
Dividends and distributions	—	(464,124)	—	—	(464,124)
Balance at 31 December 2020	31,958	1,476,753	34,116	(660,229)	882,598

49. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 30 March 2021.

DEFINITIONS AND GLOSSARY

"2020 Proposed Final Dividend"	a final dividend for 2020 of RMB14 cents per Share recommended by the Board
"2021 AGM"	the annual general meeting of the Company to be held on Friday, 4 June 2021
"Articles of Association"	articles of association of the Company, as amended from time to time
"ASP"	average selling price
"Audit Committee"	audit committee of the Company
"Board"	The board of Directors
"Cash and bank balances"	comprises restricted cash, pledged deposits and cash and cash equivalents
"Central and Western China Core Cities and Other Regions with High-Growth Potential"	Changsha, Wuhan, Chengdu, and cities in the central and western parts of China and other regions that are considered by the Group to be core and with high-growth potential, respectively, based on internal assessments of a wide variety of macro-economic and market factors, including but not limited to: (1) local resident population and population migration trends, (2) GDP and per capita income, (3) urbanization rate, (4) proportion of local businesses in agricultural, industrial and commercial and cultural industries, (5) investment in fixed assets, (6) disposable income of residents, (7) land price, (8) supply and demand for residential and commercial properties, (9) prices of residential properties and growth trends, (10) price-to-income ratio, (11) housing inventory and sales rate/trends, and (12) competition landscape, such as the market entries of Top 50 property developers into the local market
"CEO"	the chief executive officer of the Company
"China" or "PRC"	the People's Republic of China
"Controlling Shareholder(s)"	having the meaning ascribed thereto under the Listing Rules, and in the context of this report means Mr. Zhang, Sinic Holdings Group Company Limited, Sinic Group Company Limited, Xin Heng Company Limited and Xin Hong Company Limited
"Core profit attributable to the owners of the parent"	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)
"Corporate Governance Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"CREIS"	China Real Estate Index System
"Current ratio"	total current assets divided by total current liabilities

"Directors"	director(s) of the Company
"Eligible Participant(s)"	any eligible participants of the Share Option Scheme as specified therein
"GAAP"	generally-accepted accounting principles
"GDP"	gross domestic product
"GFA"	gross floor area
"Greater Bay Region"	the integrated economic and business hub covering areas of Hong Kong and Macau and cities in the PRC such as Guangzhou, Huizhou, Shenzhen, Zhuhai, Foshan, Zhongshan, Dongguan, Jiangmen and Zhaoqing
"gross profit margin"	gross profit for the year divided by revenue for the year and multiplied by 100%
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong Dollars
"Listing"	the listing of the Company on the Main Board of the Stock Exchange on the Listing Date
"Listing Date"	15 November 2019, on which dealings in the Shares on the Main Board first commenced
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Hong Kong Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Mr. Zhang"	Mr. Zhang Yuanlin (張園林), chairman, executive Director and one of the Controlling Shareholders
"net gearing ratio"	total indebtedness less cash and bank balances divided by total equity at the end of the year multiplied by 100%
"Prospectus"	the prospectus of the Company dated 30 October 2019 being issued in connection with the Listing
"RMB"	Renminbi
"Register of Members"	the register of members of the Company

"Return on average equity ratio"	profit attributable to the owners of the parent for the year divided by the average balance of equity attributable to owners of the parent as of the end of the year multiplied by 100%
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share Option Scheme"	the share option scheme adopted by the Company on 15 October 2019
"Share(s)"	ordinary share(s) in the capital of the Company with the nominal value of HK$0.01 each
"Shareholder(s)"	holder(s) of the Shares
"Sinic Holdings" or "Company"	Sinic Holdings (Group) Company Limited, an exempted company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2103)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"total indebtedness"	total interest-bearing bank and other borrowings, corporate bonds and senior notes
"weighted average cost of indebtedness"	the weighted average of interest costs of all indebtedness outstanding as at the end of the year
"Yangtze River Delta Region"	the region covering Shanghai, Jiangsu Province and Zhejiang Province of the PRC, for the purpose of this report
"Year"	the financial year ended 31 December 2020
"US$"	United States dollars

FINANCIAL SUMMARY

CONSOLIDATED INCOME STATEMENTS

	Year ended 31 December				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**28,069,007**	26,984,943	8,415,653	5,241,086	2,223,000
Cost of sales	**(21,209,389)**	(18,986,406)	(5,272,657)	(3,473,875)	(1,673,246)
Gross Profit	**6,859,618**	7,998,537	3,142,996	1,767,211	549,754
Finance income	**125,101**	47,178	105,680	27,417	2,518
Other income and gains	**200,069**	105,627	5,945	7,014	374
Selling and distribution expenses	**(955,509)**	(1,076,736)	(657,597)	(458,382)	(214,628)
Administrative expenses	**(579,800)**	(568,787)	(430,192)	(225,341)	(83,044)
Other expenses	**(32,508)**	(27,239)	(46,219)	(47,447)	(7,210)
Fair value gains on investment properties	**167,164**	164,786	110,159	86,038	77,980
Fair value (losses)/gains on financial assets at fair value through profit or loss	**(33,246)**	(24,816)	18,861	—	—
Fair value gains/(losses) on financial liabilities at fair value through profit or loss	**40**	121	242	74	(82)
Impairment losses recognised for properties	**(164,401)**	—	—	—	—
Finance costs	**(564,943)**	(456,397)	(425,774)	(317,165)	(99,179)
Share of profits and losses of:					
Joint ventures	**(97,731)**	62,257	(9,466)	(18,255)	(3,083)
Associates	**162,335**	39,493	48,854	21,239	(6,587)
Profit before income tax	**5,086,189**	6,264,024	1,863,489	842,403	216,813
Income tax expense	**(3,047,700)**	(4,249,750)	(1,308,536)	(564,198)	(85,936)
Profit for the year	**2,038,489**	2,014,274	554,953	278,205	130,877
Attributable to:					
Owners of the parent	**1,960,352**	1,957,763	413,538	95,021	62,437
Non-controlling interests	**78,137**	56,511	141,415	183,184	68,440
	2,038,489	2,014,274	554,953	278,205	130,877

CONSOLIDATED ASSETS, LIABILITIES AND EQUITY

	As at 31 December				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets	**19,991,823**	18,360,047	9,720,307	8,480,131	2,910,587
Current assets	**76,636,048**	77,863,503	67,887,401	40,320,463	17,109,712
Total assets	**96,627,871**	96,223,550	77,607,708	48,800,594	20,020,299
EQUITY AND LIABILITIES					
Total equity	**19,063,689**	14,895,734	5,060,268	4,594,825	2,800,718
Non-current liabilities	**15,603,082**	15,067,864	12,998,117	7,578,036	3,461,439
Current liabilities	**61,961,100**	66,259,952	59,549,323	36,627,733	13,758,142
Total liabilities	**77,564,182**	81,327,816	72,547,440	44,205,769	17,219,581
Total equity and liabilities	**96,627,871**	96,223,550	77,607,708	48,800,594	20,020,299