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**Sunkwan Properties Group Limited**

**上坤地產集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 6900)**

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

**ANNUAL RESULTS HIGHLIGHTS**

- Revenue was approximately RMB8,190.6 million, representing an increase of approximately 8.7% as compared with the corresponding period in 2019. Gross profit for the year was approximately RMB1,794.4 million with a gross profit margin of approximately 21.9%.
- Profit for the year was approximately RMB885.2 million, representing an increase of approximately 30.8% as compared with the corresponding period in 2019. Profit attributable to owners of the parent was approximately RMB356.1 million, representing an increase of approximately 62.2% as compared with the corresponding period in 2019.
- Total assets as at December 31, 2020 were approximately RMB30,521.6 million, representing a year-on-year increase of approximately 22.7%.
- Cash and bank balances as at December 31, 2020 were approximately RMB5,333.5 million, representing a year-on-year increase of approximately 53.1%.
- Net gearing ratio decreased to approximately 54.3% as at December 31, 2020.
- The unrestricted cash to current borrowings ratio increased to approximately 1.5 times as at December 31, 2020.
- Assets to liabilities ratio after excluding receipts in advance decreased approximately to 72.1% as at December 31, 2020.
- The Board recommended the payment of a final dividend of RMB2 cents per share, subject to approval by the Shareholders at the 2021 AGM.
- On November 17, 2020, the shares of the Company were listed on the Main Board of the Stock Exchange, raising gross proceeds of approximately HK\$1.3 billion (including the partial exercise of the over-allotment option).

## ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Sunkwan Properties Group Limited (“**Sunkwan Properties**” or the “**Company**”) is pleased to announce that the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended December 31, 2020 (the “**Year**”), together with comparative figures for the preceding financial year are as follows:

### CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended December 31, 2020*

	<i>Notes</i>	<b>2020</b> <b>RMB’000</b>	<b>2019</b> <b>RMB’000</b>
<b>REVENUE</b>	<i>3</i>	<b>8,190,576</b>	7,535,159
Cost of sales		<u>(6,396,196)</u>	<u>(4,464,234)</u>
<b>GROSS PROFIT</b>		<b>1,794,380</b>	3,070,925
Finance income	<i>3</i>	<b>17,313</b>	15,804
Other income and gains		<b>8,320</b>	11,242
Selling and distribution expenses		<b>(240,058)</b>	(213,653)
Administrative expenses		<b>(277,508)</b>	(250,741)
Impairment losses on financial assets		<b>950</b>	(390)
Other expenses		<b>(7,181)</b>	(3,159)
Fair value gains on investment properties		<b>102,537</b>	175,812
Fair value gains on financial assets at fair value through profit or loss		<b>368</b>	1,883
Finance costs	<i>4</i>	<b>(301,971)</b>	(261,734)
Share of profits and losses of:			
Joint ventures		<b>160,965</b>	15,753
Associates		<b>73,933</b>	(8,237)
<b>PROFIT BEFORE TAX</b>	<i>5</i>	<b>1,332,048</b>	2,553,505
Income tax expense	<i>6</i>	<u><b>(446,886)</b></u>	<u>(1,876,616)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>885,162</b></u>	<u>676,889</u>
Profit attributable to:			
Owners of the parent		<b>356,064</b>	219,532
Non-controlling interests		<u><b>529,098</b></u>	<u>457,357</u>
		<u><b>885,162</b></u>	<u>676,889</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted earnings per share	<i>8</i>	<u><b>RMB0.23 yuan</b></u>	<u>RMB0.11 yuan</u>

# **CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

*As at December 31, 2020*

		2020	2019
	Notes	RMB'000	RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		143,721	150,155
Right-of-use assets		1,777	4,472
Investment properties		3,245,600	2,918,400
Intangible assets		2,166	1,966
Investments in joint ventures		357,174	94,333
Investments in associates		1,584,016	142,283
Deferred tax assets		521,353	792,648
Total non-current assets		5,855,807	4,104,257
<b>CURRENT ASSETS</b>			
Properties under development	9	12,495,168	10,859,280
Completed properties held for sale		1,562,937	1,051,766
Trade receivables	10	25,913	46,661
Due from related companies		1,341,958	1,997,139
Contract cost assets		51,497	52,438
Prepayments, other receivables and other assets		3,474,502	3,056,757
Tax recoverable		267,134	172,866
Financial assets at fair value through profit or loss		113,209	55,528
Restricted cash		1,768,413	2,360,661
Pledged deposits		199,881	50,145
Cash and cash equivalents		3,365,194	1,073,499
Total current assets		24,665,806	20,776,740
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	11	1,714,898	1,652,322
Other payables and accruals		2,571,598	1,109,077
Contract liabilities		8,001,562	8,329,464
Due to related companies		539,125	631,642
Interest-bearing bank and other borrowings		2,329,620	4,243,248
Tax payables		2,417,983	3,349,387
Lease liabilities		32,277	34,307
Total current liabilities		17,607,063	19,349,447
<b>NET CURRENT ASSETS</b>		<b>7,058,743</b>	<b>1,427,293</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>12,914,550</b>	<b>5,531,550</b>

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)***As at December 31, 2020*

	<b>2020</b> <b><i>RMB'000</i></b>	<b>2019</b> <b><i>RMB'000</i></b>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank and other borrowings	<b>6,415,748</b>	2,523,009
Deferred tax liabilities	<b>161,715</b>	163,512
Lease liabilities	<b>54,518</b>	82,357
	<hr/>	<hr/>
Total non-current liabilities	<b>6,631,981</b>	2,768,878
	<hr/>	<hr/>
<b>NET ASSETS</b>	<b>6,282,569</b>	2,762,672
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<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	<b>14</b>	11
Reserves	<b>2,279,483</b>	860,019
	<hr/>	<hr/>
	<b>2,279,497</b>	860,030
	<hr/>	<hr/>
Non-controlling interests	<b>4,003,072</b>	1,902,642
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<b>6,282,569</b>	2,762,672
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# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2020

## 1. CORPORATE INFORMATION

The Company is an exempted company incorporated in the Cayman Islands on August 21, 2018. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on November 17, 2020. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. During the year, the subsidiaries now comprising the Group were involved in property development, property leasing and providing project management services in the People's Republic of China (the "**PRC**").

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

## 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.

### 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 December 31, 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 early adopted the amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform, amendments to IFRS 3 Definition of a Business and amendments to IAS 1 and IAS 8 Definition of Material for the comparative year's financial statements.

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

Amendment to IFRS 16

*Covid-19-Related Rent Concessions* (early adopted)

The nature and the impact of the Conceptual Framework for Financial Reporting 2018 and the revised IFRS 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 and 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) 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 covid-19 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 June 30, 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 June 1, 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended December 31, 2020, certain monthly lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors 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 January 1, 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the covid-19 pandemic during the year ended December 31, 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 period ended December 31, 2020 was insignificant.

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

- 1 Effective for annual periods beginning on or after January 1, 2021
- 2 Effective for annual periods beginning on or after January 1, 2022
- 3 Effective for annual periods beginning on or after January 1, 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 January 1, 2023

### 3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue from contracts with customers	8,143,888	7,471,306
Revenue from other sources		
Gross rental income from investment property operating leases	46,688	63,853
	<u>8,190,576</u>	<u>7,535,159</u>

#### Revenue from contracts with customers

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Types of goods or services:</b>		
Sale of properties	8,038,124	7,449,198
Project management services	105,764	22,108
	<u>8,143,888</u>	<u>7,471,306</u>
<b>Timing of revenue recognition:</b>		
Properties transferred at a point in time	8,038,124	7,449,198
Services transferred over time	105,764	22,108
	<u>8,143,888</u>	<u>7,471,306</u>

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue recognised that was included in the contract liabilities balance at the beginning of the year		
Sale of properties	<u>5,758,920</u>	<u>4,342,400</u>



**(ii) Performance obligations**

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

*Sales of properties*

The performance obligation is satisfied when the purchaser obtains the physical possession or the legal title of the completed property and the Group has right to payment and collection of the consideration if probable.

*Project management services*

The performance obligation is satisfied over time as services are rendered and payment is generally due within 90 days from the date of billing.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) related to the sales of properties as at the end of the year are as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	7,059,528	6,482,591
After one year	1,260,309	2,564,356
	<u>8,319,837</u>	<u>9,046,947</u>

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to the sale of properties, of which the performance obligations are to be satisfied within three years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gains is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Other income and gains</b>		
Remeasurement gain on an investment in a joint venture held before business combination	–	4,891
Forfeiture of deposits	3,303	1,853
Government grants	4,238	3,866
Gain on disposal of items of property, plant and equipment	–	64
Others	779	568
	<u>8,320</u>	<u>11,242</u>

#### 4. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest on interest-bearing bank and other borrowings	772,356	763,884
Interest on lease liabilities	3,537	4,704
Interest expense arising from revenue contracts	314,072	238,794
Total interest expense on financial liabilities not at fair value through profit or loss	1,089,965	1,007,382
Less: Interest capitalised	(787,994)	(745,648)
	<b>301,971</b>	<b>261,734</b>

#### 5. PROFIT BEFORE TAX

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Cost of properties sold	6,259,087	4,409,138
Impairment losses recognised for properties under development ( <i>note 9</i> )	80,289	37,912
Impairment losses (reversed)/recognised for financial assets	(950)	390
Depreciation of property, plant and equipment	7,450	8,575
Depreciation of right-of-use assets	4,429	4,674
Lease payments not included in the measurement of lease liabilities	1,787	5,528
Auditor's remuneration	2,800	1,062
Amortisation of intangible assets	1,004	904
Loss on disposal of items of property, plant and equipment, net	–	1,624
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	173,481	173,074
Pension scheme contributions and social welfare	23,248	35,284

## 6. 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, the Company and the Group's subsidiaries incorporated in the Cayman Islands are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong is not liable for income tax as it did not have any assessable profits arising in Hong Kong for the year ended December 31, 2020.

Subsidiaries of the Group operating in Mainland China were subject to the PRC corporate income tax with a tax rate of 25% for the Reporting period.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. 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.

	<b>2020</b> <b>RMB'000</b>	2019 RMB'000
Current tax:		
Corporate income tax	<b>200,542</b>	866,068
LAT	<b>(28,955)</b>	1,275,595
Deferred tax	<b>275,299</b>	(265,047)
	<hr/>	<hr/>
Total tax charge for the year	<b>446,886</b>	1,876,616
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## 7. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend for the year of 2020 of RMB2 cents per share (to be distributed out of the Company's Share premium account), amounting to a total of approximately RMB35,606,000 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 year and therefore has not been recognised as liability at the end of the year.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,565,859,781 (2019: 2,045,157,534) 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 December 31, 2020 and 2019 was based on 2,171,250,000 shares of the Company as at August 21, 2018, 78,750,000 shares of the Company issued as at June 28, 2019, and 750,000,000 shares of the Company surrendered as at October 18, 2019. On November 17, 2020, the Company issued 500,000,000 new ordinary shares. On December 10, 2020, the over-allotment option has been partially exercised and the Company allotted and issued 72,940,000 additional shares.

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

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

	<b>2020</b> <b>RMB'000</b>	<b>2019</b> <b>RMB'000</b>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent	<b>356,064</b>	219,532
	<b>Number of shares</b>	
	<b>2020</b>	<b>2019</b>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year	<b>1,565,859,781</b>	2,045,157,534
<b>Earnings per share</b>		
Basic and diluted	<b>RMB0.23 yuan</b>	RMB0.11 yuan

## 9. PROPERTIES UNDER DEVELOPMENT

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
At the beginning of the year	10,859,280	9,317,739
Additions	7,976,048	5,290,257
Acquisition of subsidiaries	565,495	703,215
Transferred to completed properties held for sale	(6,806,647)	(4,515,947)
Transferred to investment properties	(47,202)	–
Impairment losses recognised ( <i>note 5</i> )	(80,289)	(37,912)
Impairment losses transferred to completed properties held for sale	28,483	101,928
	<u>12,495,168</u>	<u>10,859,280</u>
At the end of the year	<u>12,495,168</u>	<u>10,859,280</u>

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

Certain of the Group's properties under development with an aggregate carrying amounts of approximately RMB7,401 million (2019: RMB8,316 million) as at December 31, 2020 have been pledged to secure bank and other borrowings granted to the Group.

## 10. TRADE RECEIVABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade receivables	26,488	47,462
Less: Impairment	(575)	(801)
	<u>25,913</u>	<u>46,661</u>

Trade receivables mainly represent 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. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the year, based on the invoice date, is as follows:

	<b>2020</b> <b><i>RMB'000</i></b>	2019 <i>RMB'000</i>
Less than 1 year	<b>26,402</b>	45,183
Over 1 year	<b>86</b>	2,279
	<hr/> <b>26,488</b> <hr/>	<hr/> 47,462 <hr/>

## 11. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the year, based on the invoice date, is as follows:

	<b>2020</b> <b><i>RMB'000</i></b>	2019 <i>RMB'000</i>
Less than 1 year	<b>1,691,174</b>	1,628,177
Over 1 year	<b>23,724</b>	24,145
	<hr/> <b>1,714,898</b> <hr/>	<hr/> 1,652,322 <hr/>

Trade payables are unsecured and interest-free and are normally settled based on the progress of construction.

The fair values of trade and bills payables as at the end of the year approximated to their corresponding carrying amounts due to their relatively short maturity terms.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Market Overview

In 2020, the concentrated outbreak of the novel coronavirus pandemic (“**COVID-19 pandemic**”) has brought significant uncertainties to the global economic development and severely impacted the Americas, Europe and other major economies in the world. In the face of the downward pressure on the domestic economy, China has taken a series of effective measures, being the world’s only major economy to achieve growth. As one of the key drivers of positive economic growth during the Year, the real estate sector has rebounded rapidly, representing a downward-positive-stable development trend. According to the National Bureau of Statistics, the annual sales of commodity houses amounted to RMB17,361.3 billion, representing a year-on-year increase of 8.7%; the sales area of commodity houses was 1,760.86 million square meters (“**sq.m.**”), representing a year-on-year increase of 2.6%.

Under the impact of the COVID-19 pandemic, the central government has adhered to the general principle for the control over the real estate sector, strengthened financial supervision and made clear the principle of housing without speculation while ensuring the steady and healthy development of the real estate market by stabilizing the land price, housing price and expectation. Meanwhile, local governments have successively introduced control policies according to different city conditions and supported the recovery of the property market, resulting gradual rationality of the development in the real estate sector.

The year 2021 is at a juncture where the timeframes of China’s two centenary goals converge, and it marks the first year for the commencement of the 14th Five-Year Plan to implement strategic transformations. As the pandemic is under control, the internal and external environment for the development of the real estate sector will be improved compared with 2020. However, the control policies for real estate will not experience too many changes, and “housing without speculation” will remain as the main principle. Against such a backdrop, Sunkwan Properties has proactively followed the development trend, accelerated its transformation to “a premium urban life service provider”, continuously improved its product power and service capabilities, and implemented the philosophy of long-term and high-quality development, so as to enhance the steady and healthy development of the property market.

### Performance Indicators

#### *Key operating indicators:*

	Year ended December 31,	
	2020	2019
Contracted sales <sup>(1)</sup> attributable to the Group (in RMB million)	12,660	11,604
Contracted gross floor area (“ <b>GFA</b> ”) sold attributable to the Group (sq.m.)	778,311	700,309
Contracted average selling price (“ <b>ASP</b> ”) attributable to the Group (RMB/sq.m.)	16,265	16,570

**Key financial indicators:**

	Year ended December 31,			
	2020		2019	
	<i>in RMB million</i>	<i>Proportion of income %</i>	<i>in RMB million</i>	<i>Proportion of income %</i>
Revenue	<b>8,191</b>	<b>100.0</b>	7,535	100.0
Gross profit	<b>1,794</b>	<b>21.9</b>	3,071	40.8
Profit for the year				
– Including non-controlling interests	<b>885</b>	<b>10.8</b>	677	9.0
– Attributable to owner of the parent	<b>356</b>	<b>4.3</b>	220	2.9
Core net profit <sup>(2)</sup>				
– Including non-controlling interests	<b>808</b>	<b>9.9</b>	543	7.2
– Attributable to owner of the parent	<b>311</b>	<b>3.8</b>	103	1.4

**Key ratio indicators:**

	<b>2020</b>	<b>2019</b>
Gross profit margin (%) <sup>(3)</sup>	<b>21.9</b>	40.8
Net profit margin (%)	<b>10.8</b>	9.0
Return on equity (%) <sup>(4)</sup>	<b>19.6</b>	29.6
Current ratio (times) <sup>(5)</sup>	<b>1.4</b>	1.1
Weighted average effective interest rate (%) <sup>(6)</sup>	<b>9.9</b>	9.4
Net gearing ratio (%) <sup>(7)</sup>	<b>54.3</b>	118.8
The unrestricted cash to current borrowings ratio (times) <sup>(8)</sup>	<b>1.5</b>	0.3
Assets to liabilities ratio after excluding receipts in advance (%) <sup>(9)</sup>	<b>72.1</b>	83.3

**Notes:**

- (1) Contracted sales data is unaudited and is prepared based on internal information of the Group. In view of various uncertainties during the collection of such sales information, such contracted sales data is provided for investors' reference only.
- (2) Equal to the profit for the year less fair value gains on investment properties and fair value gains on financial assets at fair value through profit or loss.
- (3) Equal to gross profit for the year divided by revenue and multiplied by 100.
- (4) Equal to profit of the year divided by the average of total equity at the beginning and the end of the year and multiplied by 100.
- (5) Equal to total current assets divided by total current liabilities as of the respective dates.
- (6) Equal to the weighted average of interest costs of all outstanding indebtedness.
- (7) Equal to interest-bearing bank and other borrowings less cash and bank balances divided by total equity at the end of the year and multiplied by 100.
- (8) Equal to unrestricted cash (cash and cash balances less restricted cash) divided by current portion of interest-bearing bank loans and other borrowings.
- (9) Equal to total liabilities less contract liabilities divided by total assets less contract liabilities and multiplied by 100.



## **BUSINESS REVIEW**

For the year ended December 31, 2020, the principal business activity of the Group is property development.

### **Contracted Sales**

The property development business of the Group originated from Shanghai and is deeply rooted in the Yangtze River Delta Economic Region, and gradually expanded to other first-, second- and strong third-tier cities in the Pearl River Delta Economic Zone and the Mid-China Core Economic Region.

For the year ended December 31, 2020, the contracted sales attributable to the Group were approximately RMB12,660 million, representing an increase of approximately 9.1% as compared with the corresponding period in 2019. Such increase was mainly due to the fact that the Group, together with its joint ventures and associates, has been intensively penetrating into regional development, resulting in an increase of its accumulated saleable GFA.

For the year ended December 31, 2020, the contracted GFA sold attributable to the Group of approximately 778,311 sq.m., representing an increase of approximately 11.1% as compared with the corresponding period in 2019 and the contracted ASP attributable to the Group of approximately RMB16,255 per sq.m..

The following table sets forth the summary of the contracted sales attributable to the Group by cities for the year ended December 31, 2020:

City	Contracted sales attributable to the Group <i>in RMB million</i>	Percentage of contracted sales attributable to the Group <i>%</i>	Contracted GFA sold attributable to the Group <i>sq.m.</i>	Contracted ASP attributable to the Group <i>RMB/sq.m.</i>
Shanghai	1,250	9.9	23,142	54,014
Suzhou	2,172	17.2	87,089	24,940
Changzhou	1,830	14.5	103,964	17,602
Nantong	274	2.2	37,362	7,334
Hangzhou	758	6.0	29,351	25,825
Ningbo	1,785	14.1	131,952	13,528
Jinhua	748	5.9	60,234	12,418
Wenzhou	820	6.5	33,303	24,622
Fuyang	130	1.0	22,056	5,894
Foshan	882	7.0	62,855	14,032
Wuhan	447	3.5	12,582	35,527
Tianmen	284	2.2	33,588	8,455
Shangrao	632	5.0	68,055	9,287
Shangqiu	526	4.1	67,377	7,807
Others	122	1.0	5,401	22,515
<b>Total</b>	<b>12,660</b>	<b>100.0</b>	<b>778,311</b>	<b>16,265</b>

Note: Contracted sales data is unaudited and is prepared based on internal information of the Group. In view of various uncertainties during the collection of such sales information, such contracted sales data is provided for investors' reference only.

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

The Group's properties under development increased by approximately 15.1% from approximately RMB10,859.3 million as at December 31, 2019 to approximately RMB12,495.2 million as at December 31, 2020. The increase was mainly due to the increased number of properties under development projects held as at December 31, 2020.

## **Completed Properties Held for Sale**

Completed properties held for sale are stated in the statements of financial position at the lower of cost and net realizable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realizable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or estimates based on prevailing marketing conditions.

The Group's completed properties held for sale increased by approximately 48.6% from approximately RMB1,051.8 million as at December 31, 2019 to approximately RMB1,562.9 million as at December 31, 2020. The increase was mainly due to property projects completed at the end of 2020 and yet to be delivered to the customers. Those property projects are expected to be delivered and recognised as revenue in coming years.

## **Investment Properties**

While the Group focused on residential property development as the Group's core business, the Group's business gradually expanded to the development of all types of commercial and mixed-use properties. Currently, the Group holds certain commercial spaces (primarily include retail spaces adjacent to the Group's residential properties, commercial district shopping plazas and office buildings) as investment properties, for example, Shanghai • Sunkwan Center, a joint venture project of the Group, is a large multi-purpose commercial complex with office buildings, shopping plazas and hotel facility. As at December 31, 2020, the Group had investment interests in a commercial property portfolio of seven projects under various stages of development, including six projects developed by the Group's subsidiaries and one project developed by its joint venture, and all of which were located in Shanghai. These projects included three completed office buildings, two completed commercial district shopping plazas and two mixed-use commercial property projects under development or held for future development with a total GFA attributable to the Group of 267,634 sq.m.. The Group intends to leverage its existing human and capital resources to increase its commercial property holdings and gradually expand its commercial property investments in the future.

## **Land Bank**

During the Year, the Group further defined the "3+X" regional layout system based on the guidance of the regional deep cultivation strategy of urban agglomeration in combination with the Company's development demands and industry trends. Relying on Shanghai, the Group continued to deepen its penetration into the Yangtze River Delta Economic Region, the Pearl River Delta Economic Zone and the Mid-China Core Economic Region, continuously improved the Group's market position and brand awareness in cities that the Group had entered into in selected areas and gradually expanded the new first-, second- and strong third-tier cities with high growth potential that the Group had not entered into so as to reasonably protect the sustainable development of the Group's land bank.

As at December 31, 2020, the planned gross floor area of land bank of the Group, together with its joint ventures and associates, was approximately 5,203,902 sq.m., and the equity area was approximately 4,502,987 sq.m..

During the Year, the Group, together with its joint ventures and associates, had added 24 new projects, with a planned gross floor area of approximately 3,060,035 sq.m., and an average acquisition cost (calculated according to the estimated total GFA) of RMB3,274 per sq.m., of which 13 projects were acquired through public tender, auction or listing-for-sale held by the government, and 11 projects were cooperated with third-party business partners through joint ventures and associates, or acquiring equity interests in companies that possess land use rights.

From January 1, 2021 to March 30, 2021, the Group, together with its joint ventures and associates, had added 14 new projects, with a planned gross floor area of approximately 1,962,633 sq.m., and an average acquisition cost (calculated according to the estimated total GFA) of RMB3,249 per sq.m..

The following table sets forth the breakdown of land bank of the Group together with its joint ventures and associates as of December 31, 2020 (distributed by city):

		Completed			Future Development	Total	
		GFA		Under Development	Estimated GFA for Future Development	Land Bank Attributable to the Group <sup>(2) (3)</sup>	% of Total Land Bank Attributable to the Group
	Number of Projects Number	Available for Sale <sup>(1)</sup> (in sq.m.)	Leasable GFA (in sq.m.)	GFA Under Development (in sq.m.)	(in sq.m.)	(in sq.m.)	%
<b>Property Projects Developed by the Group's Subsidiaries</b>							
<i><b>Yangtze River Delta Economic Region</b></i>							
Shanghai	15	40,945	68,900	168,868	–	278,713	6.2
Hangzhou	2	–	–	342,751	–	342,751	7.6
Ningbo	5	54,115	–	158,579	–	212,694	4.7
Jinhua	3	1,701	–	238,991	–	240,693	5.3
Suzhou	4	–	–	125,510	170,752	296,262	6.6
Changzhou	1	–	–	198,486	–	198,486	4.4
Fuyang	2	–	–	–	257,881	257,881	5.7
Hefei	2	22,617	–	–	109,886	132,503	2.9
Jiaxing	1	4,969	–	–	–	4,969	0.1
Nanjing	1	–	–	–	52,197	52,197	1.2
Shaoxing	1	–	–	–	83,297	83,297	1.8
Wuhu	1	–	–	182,656	–	182,656	4.1
Suzhou	1	–	–	–	131,211	131,211	2.9
Nantong	1	–	–	79,883	–	79,883	1.8
<b>Sub-total</b>	<b>40</b>	<b>124,347</b>	<b>68,900</b>	<b>1,495,724</b>	<b>805,224</b>	<b>2,494,196</b>	<b>55.3</b>
<i><b>Mid-China Core Economic Region</b></i>							
Shangrao	2	–	–	271,084	153,968	425,052	9.4
Wuhan	1	–	–	–	558,674	558,674	12.4
Tianmen	1	34,552	–	–	–	34,552	0.8
<b>Sub-total</b>	<b>4</b>	<b>34,552</b>	<b>–</b>	<b>271,084</b>	<b>712,642</b>	<b>1,018,278</b>	<b>22.6</b>
<i><b>Pearl River Delta Economic Zone</b></i>							
Dongguan	1	14,558	–	–	–	14,558	0.3
Foshan	3	–	–	103,243	132,286	235,529	5.2
<b>Sub-total</b>	<b>4</b>	<b>14,558</b>	<b>–</b>	<b>103,243</b>	<b>132,286</b>	<b>250,087</b>	<b>5.5</b>
<b>Total</b>	<b>48</b>	<b>173,457</b>	<b>68,900</b>	<b>1,870,051</b>	<b>1,650,152</b>	<b>3,762,561</b>	<b>83.4</b>

		Completed			Future Development	Total	
				Under Development	Estimated	Land Bank	% of Total
	Number of Projects	GFA Available for Sale <sup>(1)</sup>	Leasable GFA	GFA Under Development	GFA for Future Development	Attributable to the Group <sup>(2) (3)</sup>	Land Bank Attributable to the Group
	Number	(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	%
<b>Property Projects Developed by the Group's Joint Ventures and Associates</b>							
<i><b>Yangtze River Delta Economic Region</b></i>							
Shanghai	2	–	–	74,338	–	74,338	1.7
Ningbo	2	5,657	–	–	–	5,657	0.1
Wenzhou	2	–	–	93,475	–	93,475	2.1
Suzhou	4	1,343	–	115,191	–	116,534	2.6
Jiaxing	2	–	–	4,068	40,600	44,668	1.0
Shaoxing	1	–	–	–	68,087	68,087	1.5
<b>Sub-total</b>	<b>13</b>	<b>7,000</b>	<b>–</b>	<b>287,072</b>	<b>108,687</b>	<b>402,759</b>	<b>9.0</b>
<i><b>Mid-China Core Economic Region</b></i>							
Wuhan	1	–	–	24,912	–	24,912	0.6
Shangqiu	3	–	–	273,390	–	273,390	6.1
<b>Sub-total</b>	<b>4</b>	<b>–</b>	<b>–</b>	<b>298,302</b>	<b>–</b>	<b>298,302</b>	<b>6.7</b>
<i><b>Pearl River Delta Economic Zone</b></i>							
Foshan	1	–	–	39,365	–	39,365	0.9
<b>Sub-total</b>	<b>1</b>	<b>–</b>	<b>–</b>	<b>39,365</b>	<b>–</b>	<b>39,365</b>	<b>0.9</b>
<b>Total</b>	<b>18</b>	<b>7,000</b>	<b>–</b>	<b>624,739</b>	<b>108,687</b>	<b>740,426</b>	<b>16.6</b>
<b>Land bank attributable to the Group</b>	<b>66</b>	<b>180,457</b>	<b>68,900</b>	<b>2,494,790</b>	<b>1,758,839</b>	<b>4,502,987</b>	<b>100.0</b>
<b>Total land bank</b>	<b>66</b>	<b>211,847</b>	<b>68,900</b>	<b>3,123,717</b>	<b>1,799,438</b>	<b>5,203,902</b>	

*Notes:*

- (1) Includes (i) completed GFA pre-sold but yet delivered, and (ii) completed GFA unsold and available for sale.
- (2) Total land bank attributable to the Group equals to the sum of (i) total GFA available for sale and total leasable GFA for completed properties, (ii) total GFA for properties under development, and (iii) total GFA for properties held for future development.
- (3) For projects held by joint ventures or associates, total GFA attributable to the Group will be adjusted by the Group equity interest in the respective project.

The following table sets forth the details of additional property projects of the Group together with its joint ventures and associates for the year ended December 31, 2020:

City	Project/Land Parcel	Project Type	Interest Attributable to the Group %	Land Parcels Area in sq.m.	Estimated GFA in sq.m.	Average Acquisition Cost (Based on Estimated GFA) RMB/sq.m.
<b><i>Yangtze River Delta Economic Region</i></b>						
Hangzhou	Hangzhou • Mindcloud Garden (杭州 • 雲棲宸園)	Residential	52.0	53,358	117,388	11,670
Ningbo	Ningbo • Cixi Crystal Seasons (寧波 • 慈溪晶萃四季)	Residential	65.0	40,658	97,075	2,559
Shaoxing	Shaoxing • Majestic Mansion (紹興 • 山語雲邸)	Residential	51.0	33,204	78,125	3,089
Shaoxing	Shaoxing • Mindcloud Mansion (紹興 • 雲錦東方)	Residential/ Commercial	100.0	26,782	62,151	7,138
Jiaxing	Jiaxing • Mindcloud Garden (嘉興 • 雲尚璟苑)	Residential/ Commercial	50.0	17,754	81,200	4,728
Jiaxing	Jiaxing • Meili New Garden (嘉興 • 梅里新嘉苑)	Residential/ Commercial	51.0	34,546	79,985	858
Jiaxing	Jiaxing • Red Star Fashion Plaza (嘉興 • 紅星時尚廣場)	Residential/ Commercial	3.5	36,299	116,222	1,031
Jinhua	Jinhua • Dongyang Mindcloud Mansion (金華 • 東陽雲棲風華)	Residential/ Commercial	51.0	27,668	99,830	4,862
Nanjing	Nanjing • Mindcloud Garden (南京 • 雲棲風華璟園)	Residential	100.0	21,897	52,196	10,897
Suzhou	Suzhou • Lakeview Seasons (蘇州 • 望湖四季)	Residential	35.0	51,042	125,527	3,483
Suzhou	Suzhou • Kunshan Metropolis Seasons (蘇州 • 昆山都薈四季)	Residential	100.0	54,543	170,752	4,042
Nantong	Nantong • Hai'an Changhong Waterfront City (南通 • 海安長宏水岸名城)	Residential/ Commercial	49.8	35,486	79,883	1,077
Hefei	Hefei • Mindcloud Mountainview (合肥 • 雲棲麓)	Residential	100.0	45,115	110,035	4,963

City	Project/Land Parcel	Project Type	Interest Attributable to the Group %	Land Parcels Area in sq.m.	Estimated GFA in sq.m.	Average Acquisition Cost (Based on Estimated GFA) RMB/sq.m.
Fuyang	Fuyang • Baolong Stone Art Town (阜陽 • 抱龍石藝小鎮)	Residential/ Commercial	50.0	56,280	80,457	1,681
Fuyang	Fuyang • Majestic Mansion (阜陽 • 政務壹號)	Residential/ Commercial	51.0	105,917	210,995	1,073
Wuhu	Wuhu • Joy Seasons (蕪湖 • 銘悅四季)	Residential/ Commercial	49.0	80,973	185,414	3,608
Suzhou	Suzhou • Mindcloud Garden (宿州 • 雲棲宸園)	Residential/ Commercial	100.0	50,990	131,211	2,210
<b><i>Pearl River Delta Economic Zone</i></b>						
Foshan	Foshan • Mountainview NO.1 No. 1 (佛山 • 錦屏山壹號)	Residential	49.0	22,109	79,907	4,153
Foshan	Foshan • Sunkwan Mindcloud Mansion (佛山 • 上坤雲棲公館)	Residential/ Commercial	100.0	10,617	34,477	4,064
Foshan	Foshan • Sunkwan Mindcloud Peakview (佛山 • 上坤雲峯壹號)	Residential/ Commercial	100.0	48,994	132,285	4,937
<b><i>Mid-China Core Economic Region</i></b>						
Wuhan	Yangluo No.156 Land Parcel	Residential/ Commercial	100.0	179,425	561,285	2,102
Shangrao	Shangrao • Metropolis Seasons (上饒 • 都會四季)	Residential	100.0	47,675	114,200	2,782
Shangqiu	Shangqiu • Shining Seasons (商丘 • 光和四季)	Residential/ Commercial	63.0	42,964	146,467	1,308
Shangqiu	Shangqiu • Bluesky Seasons (商丘 • 蔚來四季)	Residential	54.0	31,470	112,968	1,719
<b>Total</b>				<b>1,155,766</b>	<b>3,060,035</b>	<b>3,274</b>



The following table sets forth the details of additional property projects of the Group together with its joint ventures and associates from January 1, 2021 to March 30, 2021:

City	Project/Land Parcel	Project Type	Effective interest Attributable to the Group %	Land Parcels Area in sq.m.	Estimated GFA in sq.m.	Average Acquisition Cost (Based on Estimated GFA) RMB/sq.m.
<b><i>Yangtze River Delta Economic Region</i></b>						
Jiaxing	Wuzhen No.B3 Land Parcel	Commercial	6.9	36,630	21,978	4,018
Jiaxing	Wuzhen No.B4 Land Parcel	Residential/ Commercial	30.0	32,652	98,755	3,488
Jiaxing	Wuzhen No.B5 Land Parcel	Residential/ Commercial	30.0	36,455	107,552	3,185
Nantong	Rugao No.128 Land Parcel	Residential/ Commercial	15.6	31,017	91,713	5,506
Lishui	Jinyunhu Town No.2020-5 Shilong Road Land Parcel	Residential/ Commercial	50.0	54,837	126,102	2,716
Wuxi	Huishan District No. XDG-2020-77 Land Parcel	Residential/ Commercial	100.0	53,937	156,330	6,580
Bengbu	Longzi Lake District (2021) No.1 Land Parcel	Residential/ Commercial	100.0	35,708	79,444	3,487
Hangzhou	Xiaoshan District XSLP0602-30, 31 Land Parcel in Hangzhou	Residential/ Commercial	24.9	25,998	87,376	2,864
<b><i>Pearl River Delta Economic Zone</i></b>						
Shantou	Longhu District WG2021-2 Land Parcel	Residential/ Commercial	80.0	62,413	339,712	3,036
<b><i>Mid-China Core Economic Region</i></b>						
Wuhan	Hanyang District Sixin P (2020) No.188 Land Parcel	Residential/ Commercial	100.0	13,155	58,459	4,297
Wuhan	Yangluo P (2020) No.186 Land Parcel	Residential/ Commercial	51.0	104,832	304,137	2,089
Xinyang	Xinyang • Tianyue (信陽 • 天悅)	Residential/ Commercial	35.0	84,176	250,408	2,444
Xinyang	Xinyang • Tianjing (信陽 • 天境)	Residential/ Commercial	35.0	40,839	96,275	2,793
Xinyang	Xinyang • Tianxi (信陽 • 天璽)	Residential/ Commercial	35.0	60,433	144,392	2,759
<b>Total</b>				<b>673,082</b>	<b>1,962,633</b>	<b>3,249</b>

## FINANCIAL REVIEW

### Revenue

The revenue of the Group consists of revenue derived from: (i) sales of properties; (ii) property lease income; and (iii) project management services. For the year ended December 31, 2020, approximately 98.1% (2019: 98.9%) of the Group's revenue was derived from sales of properties and approximately 1.9% (2019: 1.1%) was derived from property lease income and project management services.

The Group's revenue increased by approximately 8.7% from approximately RMB7,535.2 million for the year ended December 31, 2019 to approximately RMB8,190.6 million for the year ended December 31, 2020. The increase was mainly due to the increase in the revenue recognised from sales of properties.

The table below sets forth a summary of the recognized revenue by business for the years indicated:

	Year ended December 31,			
	2020	Percentage of total revenue	2019	Percentage of total revenue
	Revenue in RMB million	%	Revenue in RMB million	%
Sale of properties	8,038	98.1	7,449	98.9
Property lease income	47	0.6	64	0.8
Project management services	106	1.3	22	0.3
<b>Total</b>	<b>8,191</b>	<b>100.0</b>	<b>7,535</b>	<b>100.0</b>

#### *Revenue from sales of properties*

Revenue from sales of properties has constituted, and is expected to continue to constitute, a substantial portion of the Group's total revenue and approximately 98.1% of the total revenue during the Year.

The Group's operating results for any given period depend on the GFA and selling price of the properties delivered by the Group in the relevant period and the market demand for such properties. According to industry practice, the Group typically enters into purchase contracts with customers when the properties are still under development but have already satisfied the conditions for pre-sale in accordance with the PRC laws and regulations. In general, it takes it at least one year from commencement of the pre-sale of the properties under development to the construction completion of such properties. The Group does not recognize revenue from any pre-sold properties until the construction completion of such properties and the ownership of the properties having been transferred to the customers.

Revenue from sales of properties increased by approximately 7.9% from approximately RMB7,449.2 million for the year ended December 31, 2019 to approximately RMB8,038.1 million for the year ended December 31, 2020, mainly due to an increase in the numbers of the completed and delivered properties during the year, which resulted in an increase in the GFA delivered compared with the corresponding period in 2019.

#### *Revenue from property lease*

Rental income from the investment properties decreased by approximately 26.9% from RMB63.9 million for the year ended December 31, 2019 to RMB46.7 million for the year ended December 31, 2020, mainly due to rental reduction or waiver measures in respect of investment properties during the COVID-19 pandemic.

#### *Revenue from project management services*

Revenue from the provision of project management services increased by approximately 378.7% from RMB22.1 million for the year ended December 31, 2019 to RMB105.8 million for the year ended December 31, 2020, mainly due to (i) started to generate revenue from project management services compared with the corresponding period in 2019; and (ii) to more projects developed by joint ventures and associates.

### **Cost of Sales**

The Group's cost of sales primarily represents the costs the Group incurs directly for the property development activities as well as property lease and project management services. The principal components of cost of sales for the Group's property development include cost of properties sold, which represents land use right costs, direct construction costs and capitalized interest costs on related borrowings for the purpose of property development during the period of construction.

The Group's cost of sales increased by approximately 43.3% from RMB4,464.2 million for the year ended December 31, 2019 to RMB6,396.2 million for the year ended December 31, 2020, mainly due to an increase in the GFA of the delivered property projects.

### **Gross Profit and Gross Profit Margin**

The gross profit of the Group decreased by approximately 41.6% from RMB3,070.9 million for the year ended December 31, 2019 to RMB1,794.4 million for the year ended December 31, 2020.

The gross profit margin decreased from approximately 40.8% for the year ended December 31, 2019 to approximately 21.9% for the year ended December 31, 2020, primarily due to the geographical difference and higher gross profit margin of the delivered properties in the previous year.

## **Finance Income**

Finance income mainly refers to the interest income of bank deposits. The finance income of the Group increased by approximately 9.5% from RMB15.8 million for the year ended December 31, 2019 to RMB17.3 million for the year ended December 31, 2020, mainly due to an increase in the total bank deposits.

## **Other Income and Gains**

Other income and gains of the Group decreased from RMB11.2 million for the year ended December 31, 2019 to RMB8.3 million for the year ended December 31, 2020.

## **Selling and Distribution Expenses**

The selling and distribution expenses primarily consist of (i) sales commissions; (ii) advertising and marketing expenses, (iii) staff costs; (iv) property management fees; and (v) office expenses. The Group's selling and distribution expenses increased by approximately 12.4% from RMB213.7 million for the year ended December 31, 2019 to RMB240.1 million for the year ended December 31, 2020, mainly due to an increase in the sales commissions.

## **Administrative Expenses**

Administrative expenses primarily consist of staff costs, traveling and office expenses, professional fees, entertainment expenses, depreciation and amortization, tax charges and listing expenses. The administrative expenses of the Group increased by approximately 10.7% from RMB250.7 million for the year ended December 31, 2019 to RMB277.5 million for the year ended December 31, 2020, mainly due to an increase in listing expenses and an increase in office expenses as the Group further scaled up and accelerated its expansion.

## **Impairment Losses on Financial Assets**

Impairment losses on financial assets presents that the Group made prudent general provisions for losses arising from potential bad debts in respect of the financial assets. The Group reversed impairment losses of RMB1.0 million for the year ended December 31, 2020, and recognised impairment losses of RMB0.4 million for the year ended December 31, 2019.

## **Other Expenses**

Other expenses of the Group increased by approximately 125.0% from RMB3.2 million for the year ended December 31, 2019 to RMB7.2 million for the year ended December 31, 2020.

### **Fair Value Gains on Investment Properties**

Fair value gains on investment properties represent the changes in the fair value of investment properties of certain commercial areas developed and held by the Group for the purpose of earning rental income or capital appreciation. Fair value gains on investment properties of the Group decreased by approximately 41.7% from RMB175.8 million for the year ended December 31, 2019 to RMB102.5 million for the year ended December 31, 2020, mainly due to the relatively moderate growth in the market rents as impacted by the COVID-19 pandemic.

### **Fair Value Gains on Financial Assets at Fair Value through Profit or Loss**

Financial assets at fair value through profit or loss of the Group decreased by 78.9 % from RMB1.9 million for the year ended December 31, 2019 to RMB0.4 million for the year ended December 31, 2020.

### **Finance Costs**

Finance costs primarily consist of (i) interest expenses for bank and other borrowings net of capitalized interest relating to properties under development; and (ii) interest expenses arising from contract liabilities, which is related to the pre-sale proceeds of the Group's properties received from customers. Finance costs of the Group increased by approximately 15.4% from RMB261.7 million for the year ended December 31, 2019 to RMB302.0 million for the year ended December 31, 2020, mainly due to an increase in the scale of interest-bearing debt.

### **Share of Profits and Losses of Joint Ventures and Associates**

Share of profits and losses of joint ventures and associates of the Group increased from RMB7.5 million for the year ended December 31, 2019 to RMB234.9 million for the year ended December 31, 2020, mainly due to the increase in profits of the property projects delivered by the Group's joint ventures and associates during the Year.

## **Income Tax Expense**

The income tax expense of the Group mainly includes provisions for PRC corporate income tax and land appreciation tax (“LAT”), net of deferred tax. The income tax expense of the Group decreased by approximately 76.2% from RMB1,876.6 million for the year ended December 31, 2019 to RMB446.9 million for the year ended December 31, 2020, mainly due to a decrease of the current PRC LAT for the year ended December 31, 2020. The decrease of LAT was due to the lower gross profit of the delivered property projects during the Year.

## **Profit for the Year**

Profit for the year of the Group increased by approximately 30.8% from RMB676.9 million for the year ended December 31, 2019 to RMB885.2 million for the year ended December 31, 2020. The profit attributable to the owners of the parent was RMB356.1 million, with a year-on-year increase of approximately 62.2% from RMB219.5 million in 2019.

## **LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES**

The Group operates in a capital-intensive industry and has financed its working capital, capital expenditure and other capital requirements primarily through (i) internally generated cash flows including proceeds from the pre-sales and sales of its properties and (ii) external financings, such as borrowings from commercial banks, asset management, trust financing, and other financing arrangements. The Group may also look for additional financing opportunities, such as the issuance of corporate bonds, asset-backed securities programs and other debt offerings when needed, to fund the Group property development operations.

### **Cash Position**

As at December 31, 2020, the Group’s cash and bank balances (including restricted cash and pledged deposits) were approximately RMB5,333.5 million (December 31, 2019: approximately RMB3,484.3 million). Cash and cash equivalents of the Group are denominated in RMB and others are denominated in the U.S. dollar and Hong Kong dollar.

## Indebtedness

As at December 31, 2020, the Group's total outstanding borrowings amounted to approximately RMB8,745.4 million (December 31, 2019: approximately RMB6,766.3 million). The Group's total secured borrowings are secured by the pledges of one or more of the following categories: properties under development, completed properties held for sale, investment properties, property, plant and equipment, interests in subsidiaries of the Group, pledged deposits and/or guarantees provided by subsidiaries of the Group as collateral or security.

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

	<b>As of December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
<b>Current</b>		
Other loans – secured	<b>1,568,525</b>	799,499
Other loans – unsecured	<b>43,400</b>	–
Current portion of long-term bank loans – secured	<b>202,000</b>	1,871,671
Current portion of long-term other loans – secured	<b>515,695</b>	1,572,078
<b>Total current</b>	<b>2,329,620</b>	4,243,248
<b>Non-current</b>		
Bank loans – secured	<b>2,386,000</b>	374,000
Other loans – secured	<b>4,029,748</b>	2,149,009
<b>Total non-current</b>	<b>6,415,748</b>	2,523,009
<b>Total</b>	<b>8,745,368</b>	6,766,257

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

	<b>As of December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b>RMB '000</b>	<b>RMB '000</b>
<b><i>Bank loans repayable:</i></b>		
Within one year	<b>202,000</b>	1,871,671
In the second year	<b>295,000</b>	260,000
In the third to the fifth year, inclusive	<b>1,420,000</b>	49,000
Beyond five years	<b>671,000</b>	65,000
	<b>2,588,000</b>	2,245,671
<b><i>Other loans repayable:</i></b>		
Within one year	<b>2,127,620</b>	2,371,577
In the second year	<b>2,313,511</b>	1,298,179
In the third to the fifth year, inclusive	<b>1,716,237</b>	850,830
	<b>6,157,368</b>	4,520,586
<b>Total</b>	<b>8,745,368</b>	6,766,257

### **Pledge of Assets**

As at December 31, 2020, the Group's borrowings were secured by the Group's assets of RMB9,508.0 million (2019: RMB12,269.2 million), including (i) property, plant and equipment; (ii) investment properties; (iii) properties under development; (iv) completed properties held for sale; and (v) pledged deposits.

### **Net Gearing Ratio**

The net gearing ratio of the Group decreased from 118.8% as at December 31, 2019 to 54.3% as at December 31, 2020, primarily due to (i) the Group's ongoing efforts to manage its financial leverage to achieve sustainable growth; and (ii) the net proceeds from the global offering of the Company in 2020 (the "**Global Offering**"). Net gearing ratio is calculated by dividing total borrowings less cash and cash equivalents, restricted cash and pledged deposits by total equity.

### **Financial Risk**

The Group's businesses exposed it to various financial risks, including interest rate risk, foreign exchange risk, credit risk and liquidity risk. In order to minimize such risk exposures of the Group, which do not use any derivatives and other instruments for hedging. The Group does not hold or issue financial derivatives for trading purpose.



### *Interest rate risk*

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

### *Foreign currency risk*

The Group operates its business primarily in China and the majority of its revenues and expenses are denominated in RMB, while the net proceeds from the listing are paid in Hong Kong dollar. As at December 31, 2020, RMB61.4 million of the Group's cash and bank balances were denominated in Hong Kong dollar and were subject to exchange rate fluctuation. The Group has no foreign currency hedging policy. However, the Group will closely monitor its exchange rate risk in an effort to maintain the Group's cash value.

### *Credit risk*

The Group classifies financial instruments based on common credit risk characteristics (such as instrument type and credit risk level) to identify significant increase in credit risk and to measure 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 will perform ongoing credit evaluations of counterparties. The credit terms granted to customers is generally three to 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 aims to maintain sufficient cash through internally generated sales proceeds and an adequate amount of committed credit facilities to meet the Group's operation needs and commitments in respect of property projects. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of lease liabilities and interest-bearing bank and other borrowings.

## **CONTINGENT LIABILITIES**

The Group provides mortgage guarantees to banks in respect of the mortgage loans they provide to its customers for their purchases of properties in order to secure the repayment obligations of such customers. The mortgage guarantees to banks in respect of mortgage loans to the Group's customers are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant property 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 Group also provides guarantees to banks and other institutions in connection with financial facilities granted to the related companies. The Directors consider that no provision is needed in respect of the guarantees, since the fair value is not significant.

The following table sets forth the Group's total guarantees as of the dates indicated:

	<b>As of December 31,</b>	
	<b>2020</b>	<b>2019</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
Guarantees given to banks in connection with facilities granted to the Group's customers	<b>6,325,012</b>	7,570,272
Guarantees given to banks and other institutions in connection with facilities granted to the Group's related companies	<b>3,698,325</b>	1,805,439
	<b><u>10,023,337</u></b>	<b><u>9,375,711</u></b>

The Group did not incur any material losses for 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 the case of default on payments, the net realizable value of the related properties would be sufficient for repaying the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

## **LEGAL CONTINGENTS**

The Group is involved in lawsuits and other proceedings in the ordinary course of business. The Group has assessed the claims and believe that no liabilities resulting from these proceedings will have a material adverse effect on its business, financial condition or operating results.

## **COMMITMENTS**

As of December 31, 2020, the Group's capital commitments for property development activities, acquisition of land use rights, and capital contribution for investments in joint ventures and associates amounted to RMB2,795.1 million (December 31, 2019: RMB1,608.3 million).

## **OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS**

Except for the contingent liabilities disclosed above, as of December 31, 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.

## SIGNIFICANT INVESTMENTS HELD, MAJOR ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

During the year ended December 31, 2020, the Group had undergone acquisitions and disposals of subsidiaries for the purpose of the reorganisation in preparation for the Global Offering. Please refer to the prospectus of the Company dated October 31, 2020 (the “**Prospectus**”) for further details.

Save as disclosed in the Prospectus, the Company has no other significant investments or significant acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended December 31, 2020.

## FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group will continue to focus on the current business of property development, and purchase quality land parcels in China. Save as disclosed in this announcement, the Group did not have any other immediate plans for material investments and capital assets as at December 31, 2020.

## USE OF PROCEEDS FROM THE GLOBAL OFFERING

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on November 17, 2020 (the “**Listing Date**”). The net proceeds obtained from the Global Offering and the partial exercise of the over-allotment option in connection with the Global Offering, after the deduction of underwriting commission and related expenditures, are approximately HK\$1,254 million. As at December 31, 2020, all those net proceeds have been used according to the Future Plans and Use of Proceeds stated in the Prospectus. The Company has applied the difference of approximately HK\$2.77 million to each business strategy in the same proportion as the original capital that were set out in the Prospectus.

Use	Percentage of Total %	Net Proceeds HK\$ million	As of December 31, 2020		Expected timeline
			Amount Used HK\$ million	Amount Unused HK\$ million	
Projects expenditure	60	753	171	582	fully utilized within 2021
Loan repayment	30	376	376	–	NA
General working capital	10	125	125	–	NA
<b>Total</b>	<b>100</b>	<b>1,254</b>	<b>672</b>	<b>582</b>	

## **EMPLOYMENT AND REMUNERATION POLICY**

As at December 31, 2020, the Group has a total of 974 employees (2019: 671). For the year ended December 31, 2020, the Group confirmed staff cost of approximately RMB241 million (2019: approximately RMB233 million). The remuneration package of employees of the Group includes salary and bonuses. In general, we determine employee salaries based on each employee's qualifications, experience, position and seniority. The Group has designed an annual review system to assess the performance of its employees, which forms the basis of its determinations on salary raises, bonuses and promotion. The Group also reviews and adjusts its remuneration package by referring to the relevant salary survey in real estate industry published by renowned consulting firms. The Group believes the salaries and benefits that its employees receive are competitive with market standards in each geographic location where the Group conducts business. The Group also pays medical insurance, endowment insurance, maternity insurance, unemployment insurance, work-related injury insurance and housing provident funds as well as related premiums for employees of the Group. In terms of employee training, the Group provides continuous and systematic training to employees according to their positions and expertise, so as to enhance their professional knowledge about the real estate industry and related fields.

To motivate and retain skilled and experienced personnel to strive for the future development and expansion of the Group, the Group also adopted restricted share unit (RSU) scheme. The main provisions of the scheme were approved by the Board on October 27, 2020, and on January 27, 2021, the Board approved the resolution on "Granting Restricted Share Units to Part of Specific Objects". Further details will be disclosed in the Company's annual report for the year ended December 31, 2020.

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

### **Issuance of US\$185 Million 12.75% Senior Notes due 2022**

On January 22, 2021, the Company issued the senior notes listed on the Stock Exchange with an aggregate principal amount of US\$185 million due 2022, which bear interest at a rate of 12.75% per annum, payable in arrears on July 22, 2021 and January 21, 2022. For more details, please refer to the announcements of the Company dated January 14, 2021, January 15, 2021, January 22, 2021 and January 25, 2021.

Save as disclosed above, the Group has no other significant events after December 31, 2020.

## **FUTURE OUTLOOK**

### **To Focus on Business and Improve Quality and Efficiency**

In the future, "housing without speculation" and "steady development of the real estate market" will remain as the general principle of government policies. Meanwhile, the long-term development of the real estate industry will be promoted by the implementation of policies according to different city conditions as emphasized by the state. Enterprises will focus on internal capacities such as management ability, profitability and product strength instead of prioritizing their scale, so as to form a more benign competition. We believe that the real estate industry has just entered a competition stage of integrated competence. The Group will always keep keen on both the external market and internal actions. At the time of continuous integration and differentiation of the industry, we will consider the situation, target investment opportunities and carry out lean management to enhance product strength and achieve high-quality growth.

In 2021, the Group will continue to work under the guidance of the Group's Third Five-Year Strategy, adhering to the development vision of maintaining high-quality growth. Driving by the Group's product strength, the organizational empowerment and efficient operation, the Group will establish sustainable competitiveness throughout the cycle and form a development path in line with characteristics of the times as a growing real estate enterprise. In this regard, the Group will continue to maintain a moderate lead in products and pay more attention to the demand side upgrading of products; the Group will establish a "platform + self-driven learning organization" and build a "mutual achievement" mode of organizational development and individual growth; guided by the Group's strategic objectives, the Group will optimize its operation management, with a focus on operation efficiency and strict cost control, to build a collaborative and efficient functional system.

In 2021, the Group will continue to make precise investment, pay close attention to market changes, adhere to the strategy of regional in-depth exploration, and fully tap investment opportunities through multiple ways. High quality and sufficient marketable resources will support the realization of sound quality and sustainable growth. Although China's economy was impacted by the COVID-19 pandemic in 2020, which has also affected the sales and project progress of the real estate industry, the Group is still full of confidence in the future, and it believes that the rigid demand for house-purchasing affected by the pandemic will be released compensatorily in the future.

In terms of financial management, the Group will continue to promote a stable and safe financial supervision system. It will control the overall debt scale and optimize the financial financing structure to continuously improve the financing ability, reduce financing costs and achieve high-quality development.

## **FINAL DIVIDEND**

The Board recommended the payment of a final dividend for the year ended December 31, 2020 (the "**2020 Proposed Final Dividend**") in RMB2 cents per share, subject to the approval of the shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting of the Company (the "**2021 AGM**"), which will be convened and held on May 28, 2021. The 2020 Proposed Final Dividend will be paid in Hong Kong Dollars on or around June 18, 2021 to the Shareholders whose names appear on the register of members of the Company at the close of business on June 7, 2021. The actual amount of Hong Kong dollars will be calculated based on the average benchmark exchange rate between RMB and HKD as issued by the People's Bank of China within five business days prior to the date of the 2021 AGM.

## **CORPORATE GOVERNANCE**

Since Listing Date and up to December 31, 2020, the Company had adopted, applied and complied with the provisions of the Corporate Governance Code (the “**Corporate Governance Code**”) set out in Appendix 14 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) of the Stock Exchange. The Company’s corporate governance practices comply with the Corporate Governance Code, except for deviation from Code Provision A.2.1 of the Corporate Governance Code states that the roles of chairwoman of the Board and chief executive should be separate and should not be performed by the same individual. Ms. Zhu Jing (“**Ms. Zhu**”) is the chairwoman of the Board and chief executive officer of the Company. As Ms. Zhu has been responsible for the day-to-day operations and management of the Group since its establishment, the Board considers that it is in the best interests of the Group to have Ms. Zhu taking up both roles of chairwoman of the Board and chief executive officer for effective management and business development. The Board therefore considers it is appropriate to deviate from Code Provision A.2.1 of the Corporate Governance Code in such circumstances. Notwithstanding the foregoing, the Board considers that the management structure is effective for the operation of the Group and those adequate checks and balances have been put in place.

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

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix 10 to the Listing Rules as a guideline on securities transactions of the Company for the Directors since the Listing Date. In response to the specific enquiry of the Company, all Directors have confirmed that they have complied with the provisions set out in the Model Code since Listing Date and up to December 31, 2020.

Employees of the Company who may have inside information about the Company have also complied with the Model Code. The Company was not aware of any incidents of non-compliance by employees with the Model Code since the Listing Date up to December 31, 2020.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

Save for the Global Offering as described in the Prospectus and the additional 72,940,000 Shares allotted and issued on December 10, 2020 as a result of the partial exercise of the over-allotment option in connection with the Global Offering, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities since the Listing Date up to December 31, 2020.



## **ANNUAL GENERAL MEETING**

The 2021 AGM will be convened and held on May 28, 2021. A notice of the 2021 AGM will be published and despatched in the manner as required by the Listing Rules in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

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 of the Company will be closed as appropriate as set out below:

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

For the purpose of determining the Shareholders' eligibility to attend, speak and vote at the 2021 AGM, the register of members of the Company will be closed from May 25, 2021 to May 28, 2021 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending and voting at the 2021 AGM, all transfer of share documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on May 24, 2021.

### **For determining the entitlement to the 2020 Proposed Final Dividend**

For the purpose of determining the entitlement of the 2020 Proposed Final Dividend, the register of members of the Company will be closed from June 3, 2021 to June 7, 2021 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for entitling the 2020 Proposed Final Dividend, all transfer of share documents accompanied by the relevant share certificates must be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on June 2, 2021.

## **AUDIT COMMITTEE**

The Board has established an audit committee (the "**Audit Committee**"), with written scope of responsibilities in compliance with the Corporate Governance Code. The scope of responsibilities of the Audit Committee has been uploaded to the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.sunkwan.com.cn](http://www.sunkwan.com.cn)).

The primary duties of the Audit Committee are to review, supervise and approve the financial reporting process and internal control system of the Company and to provide advice and comments to the Board. The Audit Committee consists of three members, namely Mr. Au Yeung Po Fung (Chairman), Mr. Guo Shaomu and Mr. Zhou Zheren, who are all independent non-executive Directors.

The Audit Committee has considered and reviewed the Group's annual results for the year ended December 31, 2020 and the accounting principles and practices adopted by the Company and the Group, and discussed internal controls and financial reports with management. The Audit Committee considers that the annual results for the year ended December 31, 2020 are in accordance with relevant accounting standards, rules and regulations and have been duly disclosed.

The Audit Committee has reviewed the consolidated financial statements, including the Group's accounting policies for the year ended December 31, 2020.

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

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

This announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.sunkwan.com.cn](http://www.sunkwan.com.cn)). The Company's annual report for the year ended December 31, 2020 will be despatched to the Shareholders and published on the above-mentioned websites in due course.

By Order of the Board  
**Sunkwan Properties Group Limited**  
Chairwoman  
**Zhu Jing**

Hong Kong, March 30, 2021

*As at the date of this announcement, the Board comprises three executive Directors, namely, Ms. Zhu Jing, Ms. Sheng Jianjing and Mr. Yang Zhandong, two non-executive Directors, namely, Mr. Lin Jinfeng and Ms. Lin Zhaohong and three independent non-executive Directors, namely, Mr. Guo Shaomu, Mr. Au Yeung Po Fung and Mr. Zhou Zheren.*