

2020

ANNUAL REPORT

SUSTAINABLE GROWTH THROUGH
COMMITMENT TO EXCELLENCE



R O N S H I N E G R O U P

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ou Zonghong
(Chairman and Chief Executive Officer)
Ms. Yu Lijuan
Ms. Zeng Feiyan
Mr. Ruan Youzhi
Mr. Zhang Lixin *(Chief Financial Officer)*

Non-Executive Director

Ms. Chen Shucui

Independent Non-Executive Directors

Mr. Ren Yunan
Mr. Qu Wenzhou
Mr. Ruan Weifeng

AUDIT COMMITTEE

Mr. Qu Wenzhou *(Chairman)*
Mr. Ren Yunan
Mr. Ruan Weifeng

REMUNERATION COMMITTEE

Mr. Ren Yunan *(Chairman)*
Mr. Ou Zonghong
Mr. Qu Wenzhou

NOMINATION COMMITTEE

Mr. Ou Zonghong *(Chairman)*
Mr. Qu Wenzhou
Mr. Ruan Weifeng

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and Registered PIE Auditor
22/F, Prince's Building
Central
Hong Kong

LEGAL ADVISERS

As to Hong Kong law:
Sidley Austin

As to Cayman Islands law:
Conyers Dill & Pearman

As to PRC law:
Dentons Law Offices, LLP

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

REGISTERED OFFICE

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

Corporate Information

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

Building L1B, Hongqiao World Center,
Lane 1588, Zhuguang Road
Qingpu District
Shanghai
The People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 1210, 12th Floor, ICBC Tower
3 Garden Road
Central
Hong Kong

JOINT COMPANY SECRETARIES

Mr. Yu Zuoyi
Ms. Ng Wing Shan (*FCS, FCG*)

AUTHORISED REPRESENTATIVES

Mr. Ou Zonghong
Ms. Ng Wing Shan

PRINCIPAL BANKERS

Bank of China Limited

Agricultural Bank of China Limited

Industrial and Commercial Bank of China Limited

WEBSITE

www.rongxinggroup.com

STOCK CODE**STOCK**

HKEx: 3301

BOND

US\$323,729,000 8.25% Senior Notes due 2021

Common Code: 174766592

ISIN: XS1747665922

US\$560,000,000 11.25% Senior Notes due 2021

Common Code: 195081972

ISIN: XS1950819729

US\$150,000,000 5.25% Senior Notes due 2021

Common Code: 226832645

ISIN: XS2268326456

US\$488,000,000 10.5% Senior Notes due 2022

Common Code: 195748144

ISIN: XS1957481440

US\$690,000,000 8.75% Senior Notes due 2022

Common Code: 197676078

ISIN: XS1976760782

US\$200,000,000 5.50% Senior Notes due 2022

Common Code: 229447254

ISIN: XS2294472548

US\$415,000,000 8.95% Senior Notes due 2023

Common Code: 203146973

ISIN: XS2031469732

US\$316,000,000 8.10% Senior Notes due 2023

Common Code: 209094916

ISIN: XS2090949160

US\$410,000,000 7.35% Senior Notes due 2023

Common Code: 218930387

ISIN: XS2189303873

US\$166,000,000 6.75% Senior Notes due 2024

Common Code: 221151488

ISIN: XS2211514885

US\$250,500,000 7.1% Senior Notes due 2025

Common Code: 229030884

ISIN: XS2290308845

MAJOR HONOURS AND AWARDS



Corporate Brand

“Ranking 21th on the list of the “2020 China Top 500 Real Estate Developers”

(March 2020, issued by the China Real Estate Association, Shanghai E-house Real Estate Research Institute and China Real Estate Appraisal Center)

“Top 5 Kingpan Awards of 2020 China Real Estate Developers Product Capability”

(31 December 2020, issued by Kinpan.com)

“2020 China’s Real Estate Leading Enterprise of the Year”

(December 2020, issued by China Real Estate Business)

“Property Enterprise with Outstanding Influence of the Year 2020”

(8 August 2020, issued by the 21st Century Business Herald)

“2020 Best Brand Value Award of the Year”

(November 2020, issued by Gelonghui)

“PRC CSR Real Estate Enterprise of the Year 2020”

(12 August 2020, issued by Guandian Property)

Major Honours and Awards



Star Projects

Ronshine • Hangzhou NEO
(融信遠洋 • 杭州厘望NEO):

**The Outstanding Property Award London 2019,
Interior Design-Commercial, Winner**
issued by Farmani Group, 1 April 2020

Fuzhou Ronshine • China Legend
(福州融信 • 海月江潮)

**World Architecture Festival • China-Annual Excellent
Works Award**
issued by EMAP Group, UK, 1 December 2020

Ronshine Taiyuan City of Time
(融信太原時光之城)

Melbourne Design Awards – GOLD
issued by DRIVENxDESIGN, 28 June 2020

Ronshine • Hangzhou Sky Mansion
(融信保利 • 杭州創世紀)

2020 Pro+Award, SILVER
issued by Real Estate Architect Branch of The
Architecture Society of Shanghai China, 20 December
2020

**Wenzhou • Ronshine • Hai Yue
Qing Feng Project**
(溫州 • 融信中能 • 海月清風項目)

**Aesthetics Vogue Award 2020-2021 – Extreme
Architectural Aesthetics Award of Excellence**
issued by Real Estate Line Omni-Media Platform, 23
December 2020

Capital Market

“Best ESG” Award on 6 January 2021
The “Fifth Golden HK Stocks Award” ceremony, issued by
Zhitong Caijing

**Best Investor Relations Award of the “Finance and
Capital Awards” on 26 January 2021**
List of the third Golden Building Award

**Included in the Hang Seng Large-Mid Cap Value
Tilt Index on 18 May 2020**
**Included in the Hang Seng Large-Mid Cap (Investable)
Index on 19 October 2020**
Hang Seng Indexes

CHAIRMAN'S STATEMENT



Zhanwang (Hangzhou)

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Ronshine China Holdings Limited (the “**Company**” or “**Ronshine**” and its subsidiaries, the “**Group**”), I am pleased to present the annual results of the Group for the year ended 31 December 2020 (the “**Year**”).

Market Review

In 2020, the global economy has slowed down amid the severe and complex domestic and foreign environments, especially against the backdrop of the novel coronavirus disease (“**COVID-19**”) pandemic (“**pandemic**”). Only China’s economy rebounded after the COVID-19 pandemic was under control. The gross domestic product (“**GDP**”) in 2020 exceeded RMB100 trillion, representing an increase of 2.3% as compared with 2019. The rapid economic recovery is significantly higher than the overall world level, and continued to drive the world economic growth.

During the Year, given that the pandemic is gradually under control in China, with the resumption of work and production as well as the recovery of business and market going ahead, the recovery of real estate market was better than market expectations. In August, the introduction of the “three red lines” new policy ushered an era of “management dividends” for real estate industry. Ronshine, which has always focused on optimizing capital structure and improving operating capabilities, maintained steady development. The central government continued to adhere to the positioning of “housing is for living, not for speculation”, and kept the main tone of “Stabilizing land prices, housing prices and related expectations” for property market regulation. Local governments continued to implement the “city-specific policies” control mechanism to flexibly control and prevent sharp fluctuations in housing prices. According to the data of National Bureau of Statistics, the sales of the real estate market continued to grow positively in 2020. The sales of commodity housing amounted to RMB17,361.3 billion for the Year,

Chairman's Statement



Haiyueqingfeng (Wenzhou)

representing an increase of 8.7% as compared with last year, while sales area amounted to 1,760.86 million sq.m. for the Year, representing an increase of 2.6% as compared with 2019.

Business Review

Facing the challenges arising from the pandemic and the overall economy slowdown during the Year, the Group unwaveringly upheld the vision of “become a property developer leader with quality and a service provider for an ideal life”. The Group implemented the strategic policy of “focus, balance and alliance with giants”, and persisted in product quality while seeking progress and stability. Focusing on the key regions such as the Yangtze River Delta and the west coast of the Straits, the Group acquired high-quality land parcels at a low premium by accurately following the market cycle, and accelerated projects development during the pandemic. By exploring diversified domestic and overseas financing channels and actively engaging in debt management, the Group

remained low in net gearing ratio and further declined in financing costs, and significantly optimized its capital structure.

The Group has also continued to deepen the “1+N” layout by adhering to the positioning of seeking quality with insight. The Group deeply cultivated nine core urban agglomerations (the Yangtze River Delta, the west coast of the Straits, middle reaches of the Yangtze River, Zhongyuan (Central Plain), Chengdu and Chongqing Region, the Greater Bay Area, the Beijing-Tianjin-Hebei Region, Shandong Peninsula and Northwest China). Land acquisition slanted towards advantageous regions such as the Yangtze River Delta and the west coast of the Straits. The Group has accumulated outstanding brand competitiveness in advantageous regions, which is conducive to enhancing the Group’s bargaining power and profitability. As the pandemic gradually subsided, housing sales in the Yangtze River Delta and the west coast of the Straits recovered noticeably. The Group’s

Chairman's Statement

regional advantages and product competitiveness became more apparent since home buyers paid more attention to the quality of houses. In addition, the Group strengthened the delicacy management of projects, improved operational efficiency, and placed greater demand on development efficiency while maintaining high quality, which further accelerated the progress of project development. Among them, the Hangzhou Zhanwang project, Nanjing Qinglan project and Lianyungang Mansion recorded strong sales with their timeline from land acquisition to launch of sales shortened to 5 to 7 months. During the Year, the Group recorded contracted sales of RMB155.2 billion, an increase of 9.81% as compared with last year, successfully achieving the annual target of RMB150 billion set at the beginning of the year despite adverse market conditions. Also, the Group recorded a contracted gross floor area of approximately 7.25 million sq.m. and an average selling price of RMB21,401 per sq.m.. The Yangtze River Delta region accounted for 75% in the contracted sales of 2020.

In respect of land reserves, the Group followed the principle of prudent land acquisition, predicted land cost with a restricted price, and assessed project profitability in a prudent way. The Group successfully seized market opportunities and acquired a number of high-quality land parcels at a low premium by accurately following the market cycle with its keen market sense. In addition, the Group successively replenished its land reserves at low cost by acquiring urban redevelopment projects. During the Year, the Group obtained 50 new land projects, adding land reserves of approximately 8.72 million sq.m. at a consideration of approximately RMB28.44 billion. As at 31 December 2020, the Group has a total of 247 projects with total land reserves of approximately 28.71 million sq.m.. Among which, the Yangtze River Delta region accounted for 50% in the newly added land reserves.

During the Year, the state introduced the "three red lines" policy, reflecting the state's strengthening of control over debt financing of domestic real estate companies. Committed to maintaining a balance between

development and leverage, the Group proactively grasped the capital market window to manage its debt, and explored diversified domestic and overseas financing channels. During the Year, the Group issued corporate bonds, senior notes, asset-backed securities ("**ABS**") which are backed by the account receivables for the balance payment of properties sold and other credit bonds, all of which were enthusiastically subscribed by investors. The Group's debt structure continued to optimize and financing costs further decreased, demonstrating the capital market's confidence in the Group's future development. As of 31 December 2020, the Group maintained a healthy debt level with the interest-bearing borrowings balance of RMB71.86 billion and the gearing ratio of 0.83x.

Benefiting from the Group's regional advantages and product positioning, the Group's sales continued to grow. Both of the Group's financial position and operational efficiency improved, and the Group has gained more recognition by the capital market. During the Year, the Group was included in the Hang Seng Large and Medium-sized Stocks Investable Index and Value Biased Index (恒生大中型股可投資指數及價值偏向指數). More than a dozen well-known sell-side institutions including Citibank, Jefferies, Haitong International and Guotai Junan covered the Group. The Group also continued to maintain the ratings raised by the three major international credit rating agencies in 2019. Among them, S&P recommended a "B+" on the Group's long-term issuer's credit rating; Moody's recommended a "B1" on the Group's main rating; and Fitch Ratings recommended a "BB-" on the Group's credit rating.

The Group won various awards during the Year, including the "Top 21 of China Real Estate Developers (中國房地產開發企業21強)", the "Top 5 Kingpan Awards of 2020 China Real Estate Developers Product Capability (2020年金盤房企產品力第五名)", the "China's Real Estate Leading Enterprise of the Year (中國房地產年度領軍企業)", the "Best Brand Value Award of the Year (年度最具品牌價值獎)", the "Property Enterprise with Outstanding Influence of the Year (年度卓越影響力地產企業)" and the "PRC CSR Real Estate Enterprise of the Year (中國年度社

Chairman's Statement

會責任房地產企業”，which demonstrate the recognition from the whole industry on the Group's comprehensive strength.

Adhering to customer-centricity and valuing employees as the cornerstones, the Group performs its social responsibility, aiming to create long-term value for society and the environment, shareholders, customers, employees and partners. During the Year, the Group's residential project “Rongxin Xuhui Century One Mile Project in Qibao Town, Minhang District (閔行區七寶鎮融信旭輝世紀古美項目)” successfully passed the review of the ultra-low energy consumption plan by the Shanghai Commission of Housing and Urban-rural Development. Meanwhile, another project “Ronshine Sunkwan Center Project (融信上坤中心項目)” has received Leadership in Energy and Environmental Design (LEED-LC) Gold pre-certification from U.S. Green Building Council and WELL (Gold) pre-certification from the International WELL Building Institute. The Group also won the “Best ESG Award of Golden Hong Kong Stocks”, highlighting the industry and investors' recognition on the Group's outstanding performance in environmental protection, social responsibility and internal governance.

Prospects

Year 2021 marks the opening year of the nation's 14th Five-year Plan, and the country will embark on a new journey of building a modern socialist country in all respects. Notwithstanding the increasingly stringent real estate financing conditions, the Group will continue to deepen its regional layout, focus on high-efficiency cities, and improve project quality. At the same time, the Group will acquire land prudently, improve operational efficiency and project development progress, and further enhance project profitability. By precisely grasping the capital market window, optimizing financing channels, expanding syndicated financing, and reducing financing costs, the Group will lay a solid foundation for its future development with high quality.

The Group will also anchor its direction and consolidate its investment layout. The Group has always maintained an open and win-win attitude, and strives to achieve the effect of “1+1>2”. At present, under the background of tightening policy regulation and limited financing scale, the respective advantages of branded and local real estate companies are becoming increasingly prominent. In order to fully exploit the respective advantages of all parties, the Group actively looks for diversified cooperation opportunities. The Group believes that, “alliance with giant” is increasingly important for real estate companies to achieve high-quality development.

The Group will continue to adhere to its vision of “becoming a quality property developer leader and a service provider for an ideal life”, so as to continue to create high-quality real estate projects. Meanwhile, the Group will actively honor its corporate responsibilities, to promote social development, improve the quality of urban living and build better lives for the Chinese people.

Acknowledgements

On behalf of the Board, I hereby express my sincere gratitude to the shareholders of the Company (the “**Shareholders**”), customers and partners of the Company for their long-term support and trust in Ronshine. My heartfelt thanks go to the Directors, management team and all employees for their hard work and dedications over the past year. In 2021, the Group will continue its persistence in quality, while seeking progress and stability, and keep on creating greater value for Shareholders and investors.

Ou Zonghong

Chairman

Hong Kong, 31 March 2021



SUMMARY OF PRINCIPAL PROPERTIES

The tables below set forth the details of the property development projects of the Group as at 31 December 2020.

PROJECTS DEVELOPED BY THE GROUP

As at 31 December 2020, the subsidiaries, joint ventures and associates of the Group engaged in a total of 247 property development projects.

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
1 Lanzhou Xi'an Hua Fu (熙岸華府)	Lanzhou	65,784.80	55.00%	Residential	264,701.52	81,798.52	30/10/2018
2 Shanghai Platinum (上海铂爵)	Shanghai	21,195.60	51.00%	Residential	103,055.00	3,657.50	1/12/2018
3 Tianyang Oriental Residence (天陽東方邸)	Hangzhou	23,772.00	43.50%	Residential	99,390.59	30,277.00	1/12/2019
4 Hangzhou Lan Sky (Konggang) (杭州瀾天(空港))	Hangzhou	48,543.00	87.00%	Residential	131,391.96	27,779.53	31/12/2019
5 Nanjing Wanke Du Hui Tian Di (南京萬科都荟天地)	Nanjing	108,521.76	6.21%	Residential	643,841.00	263,294.93	20/1/2020
6 Kunshan Yulan Residence (昆山玉蘭公館)	Suzhou	76,671.70	50.00%	Residential	280,319.55	86,469.20	30/1/2020
7 Nanjing Zhong Jun Yong Jing Tai (南京中駿雍景台)	Nanjing	82,627.65	44.90%	Residential	201,690.70	160,346.49	31/3/2020
8 Xiamen Century (廈門世紀)	Ximen	11,386.12	87.00%	Residential	43,262.32	26,446.98	22/4/2020
9 Jurong Tianyuefu Project (句容天悅府)	Zhenjiang	53,873.00	15.66%	Residential	145,462.31	35,043.13	1/5/2020
10 Shengzhou Creating Century (嵊州創世紀), Shengzhou Mansion (嵊州學院府)	Shaoxing	248,819.00	91.70%	Residential	817,520.32	259,660.95	10/5/2020
11 Guangzhou Tianyue (廣州天樾府)	Guangzhou	28,001.00	45.53%	Residential	117,382.53	34,095.59	23/5/2020
12 Chongqin Lan Bay (重慶瀾灣)	Chongqing	117,541.00	71.66%	Residential	332,507.30	99,661.47	31/5/2020
13 Mengcheng Age Xingfu Li (蒙城時代幸福里)	Mengcheng	71,359.39	22.97%	Residential	180,133.00	28,236.88	1/6/2020
14 Xiamen Boyue Bay (廈門鉞悅灣)	Ximen	39,715.25	100.00%	Residential	185,558.66	28,093.65	8/6/2020
15 Century Summit (上海世紀江灣)	Shanghai	39,805.80	50.00%	Residential	102,476.00	13,670.96	27/6/2020
16 Chengdu Ronshine Residence (成都融信公館)	Chengdu	11,109.78	93.76%	Residential	63,202.01	8,670.38	30/6/2020
17 Fuzhou Nice Villa (福州有墅)	Fuzhou	161,008.40	25.50%	Residential	258,248.00	157,776.85	30/6/2020
18 Xingfu Li • East County (幸福里 • 東郡)	Fuyang	86,710.00	43.07%	Residential	293,513.86	86,889.68	30/6/2020
19 Tongling Lanshan Fu (銅陵瀾山府)	Tongling	60,475.00	38.76%	Residential	161,075.00	62,418.04	30/6/2020
20 Hangzhou Century (杭州世紀)	Hangzhou	47,326.00	45.28%	Residential	177,964.51	2,910.15	1/7/2020
21 Ningbo Country Garden Siji Longyue (寧波碧桂園四季隴玥華府)	Ningbo	113,857.00	18.27%	Residential	253,440.03	8,024.90	1/8/2020
22 Zhengzhou Jiangwancheng-Supai-2 (鄭州江灣城-蘇派-2)	Zhengzhou	110,754.43	87.89%	Residential	329,775.42	177,965.41	1/8/2020
23 Zhengzhou Jiangwancheng-Supai-3 (鄭州江灣城-蘇派-3)	Zhengzhou	11,666.39	87.89%	Residential	31,262.35	30,433.32	1/8/2020

Summary of Principal Properties

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
24 Zhengzhou Jiangwancheng-Supai-4 (鄭州江灣城-蘇派-4)	Zhengzhou	8,659.82	87.89%	Residential	25,979.46	25,979.46	1/8/2020
25 Zhengzhou Jiangwancheng-Supai-1 (鄭州江灣城-蘇派-1)	Zhengzhou	236,878.59	87.89%	Residential	607,514.59	492,830.83	18/8/2020
26 Chengdu Lan Sky (成都瀾天)	Chengdu	22,731.50	87.00%	Residential	80,984.61	25,797.50	1/9/2020
27 Shanghai Yangou Lot (上海楊浦平涼地塊)	Shanghai	16,112.30	15.20%	Commercial	81,398.21	37,650.79	1/9/2020
28 Hailiang • Tangning Mansion (海亮 • 唐寧府)	Xi'an	70,065.04	26.40%	Residential	267,799.96	35,473.51	30/9/2020
29 Nanjing Boan Center (南京鉞岸中心)	Nanjing	42,707.52	100.00%	Residential	351,699.72	266,189.10	1/11/2020
30 Zhengzhou Shi Guang Zhi Cheng (鄭州時光之城)	Zhengzhou	199,774.58	47.40%	Residential	574,869.73	451,361.13	1/11/2020
31 Hailiang Time ONE (海亮時代ONE)	Zhengzhou	50,053.14	55.00%	Commercial	304,542.42	33,904.94	30/11/2020
32 Fuzhou Hot Spring City (福州融信溫泉城)	Fuzhou	1,018,836.00	50.00%	Residential	1,662,219.56	1,138,105.03	1/12/2020
33 Fuzhou Park Left Bank Project (福州公園左岸)	Fuzhou	65,666.00	4.35%	Residential	183,995.02	20,458.44	1/12/2020
34 Haining Lanting (海寧瀾庭)	Jiaxing	52,780.00	87.00%	Residential	110,992.64	46,658.58	1/12/2020
35 Hangzhou Lvcheng Wang Yin Yun Lu (杭州綠城望隱雲廬)	Hangzhou	40,685.00	16.00%	Residential	83,868.69	4,038.39	15/12/2020
36 Hangzhou Jin Di Yue Hong Wan (杭州金地悅虹灣)	Hangzhou	106,872.00	23.70%	Residential	421,517.30	71,173.57	30/12/2020
37 Fuzhou China Legend (福州海月江潮), Fuzhou Twin Harbour City (福州雙杭城)	Fuzhou	259,519.00	100.00%	Residential	1,311,286.93	338,531.66	31/12/2020
38 Xingfu Li • North County (幸福里 • 北郡)	Fuyang	47,886.00	43.07%	Residential	141,699.00	21,963.08	31/12/2020
39 Anji Yuejiang (安吉悅江府)	Huzhou	53,254.00	21.66%	Residential	113,938.00	7,195.87	1/1/2021
40 Putian Ronshine (莆田融信府)	Putian	37,289.36	87.69%	Residential	125,867.40	26,931.70	17/1/2021
41 Nanjing Xu Hui Shi Dai Tian Yue (南京旭輝時代天樾)	Nanjing	54,173.00	8.70%	Residential	268,209.36	65,898.61	25/1/2021
42 Hangzhou Wanke Zhong Cheng Hui (杭州萬科中城匯)	Hangzhou	39,950.00	21.75%	Residential	164,116.00	19,259.24	31/1/2021
43 Tan Zi Kou (灘子口)	Chongqing	13,938.00	23.97%	Residential	39,876.93	34,271.87	1/2/2021
44 Chongqing Haiyue Pinghu (重慶海月平湖)	Chongqing	37,791.00	70.50%	Residential	95,045.18	75,466.72	1/3/2021
45 Zhangzhou No. 1 (漳州壹號府)	Zhangzhou	52,438.88	93.03%	Residential	193,882.55	64,956.93	2/3/2021
46 Fuzhou Lan Sky (福州瀾天)	Fuzhou	25,668.00	91.55%	Residential	85,600.00	5,034.67	30/4/2021
47 Fuyang Shangjun (阜陽上郡)	Fuyang	102,493.85	12.60%	Residential	267,212.42	28,635.96	1/5/2021
48 The Ocean Costal (青島海月星灣)	Qingdao	100,705.00	40.29%	Residential	422,216.85	349,048.09	1/5/2021
49 Hai Liang • Yuchen (海亮 • 御宸)	Xi'an	27,695.33	29.57%	Residential	104,922.00	43,191.49	1/5/2021
50 Fuzhou Wanke Zhen Ju Yuan (福州萬科臻麓園)	Fuzhou	113,570.00	11.84%	Residential	216,400.00	24,862.97	30/5/2021
51 Hangzhou Bao Li He Guang Chen Yue (杭州保利和光塵樾)	Hangzhou	104,698.00	25.50%	Residential	290,176.00	77,519.45	31/5/2021
52 Hangzhou Gu Cui Yin Xiu (杭州古翠隱秀)	Hangzhou	53,417.00	63.54%	Residential	219,298.35	32,762.24	31/5/2021
53 Hangzhou Lvcheng Xi Xi Yun Lu (杭州綠城西溪雲廬)	Hangzhou	42,357.00	6.09%	Residential	96,140.02	15,418.87	25/6/2021

Summary of Principal Properties

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
54	Zhoushan Chuang Shi Ji (舟山創世紀)	71,491.40	30.75%	Residential	202,096.70	22,170.19	30/6/2021
55	Shui Nian River (水碾河)	9,632.71	47.00%	Residential	26,166.27	12,599.06	1/8/2021
56	Pingtian Lanchen (平潭瀾宸)	66,431.00	93.99%	Residential	191,194.23	142,247.04	1/8/2021
57	Balong Lin'an Project (寶龍臨安項目)	37,328.00	46.06%	Residential	135,479.00	22,076.77	1/8/2021
58	Shengzhou Chuang Shi Ji Pin Ge (嵊州創世紀品閣)	19,403.00	91.70%	Residential	51,581.00	25,381.52	1/8/2021
59	Zhengzhou Olympic Century-2 (鄭州奧體世紀-2)	102,755.00	50.37%	Residential	508,336.25	388,421.10	1/8/2021
60	Zhengzhou Olympic Century-1 (鄭州奧體世紀-1)	63,661.00	50.37%	Residential	304,583.06	47,277.46	1/8/2021
61	Chongqing Kaizhou Project (重慶開州項目)	61,133.64	44.01%	Residential	358,289.21	248,717.15	1/8/2021
62	Fuzhou Country Garden Yuelinglong (福州碧桂園悅玲瓏)	77,113.00	2.50%	Residential	158,846.00	34,236.48	1/9/2021
63	Hangzhou Qinlan (杭州沁瀾)	18,703.00	36.66%	Residential	62,696.00	3,497.37	1/9/2021
64	Huzhou Rongjing Garden (湖州融璟園)	48,508.00	18.80%	Residential	142,437.20	23,025.08	1/9/2021
65	Qingdao Manshan Lanting (青島縵山蘭亭)	94,800.00	22.00%	Residential	205,868.18	117,635.09	1/9/2021
66	Wenzhou Jinlin House (溫州金麟府)	44,518.00	26.25%	Residential	116,872.40	60,446.41	1/9/2021
67	Chongqing Hai Yue Yu Zhou (重慶海月渝州)	19,497.00	89.97%	Residential	57,801.20	37,515.16	1/9/2021
68	Tianyang River Mansion (天陽雲棲江境)	40,891.00	46.06%	Residential	78,760.95	5,458.24	1/10/2021
69	Suzhou Haiyue Pingjiang (蘇州海月平江)	26,930.70	48.08%	Residential	90,429.21	57,163.88	1/10/2021
70	Wenzhou Yueqing Boyuewan (溫州樂清柏悅灣)	31,677.00	24.75%	Residential	85,304.00	5,052.54	1/10/2021
71	Zhengzhou Jiangwancheng-Zhongqiao-1 (鄭州江灣城-中喬-1)	302,571.59	87.00%	Residential	441,400.14	386,397.09	1/10/2021
72	Zhengzhou Jiangwancheng-Zhongqiao-2 (鄭州江灣城-中喬-2)	12,280.48	87.00%	Residential	28,491.05	6,124.64	1/10/2021
73	Haining Lanting Qihang (海寧瀾庭啟杭)	44,887.00	87.00%	Residential	149,641.31	64,345.30	1/11/2021
74	Suzhou Wu Zhong Lin Hu Zhen Lot (蘇州吳中臨湖鎮地塊)	118,623.10	26.32%	Residential	207,599.84	184,880.68	1/11/2021
75	Baoding Jinyue City (保定金悅城)	36,806.00	68.91%	Residential	130,858.84	130,858.84	1/12/2021
76	Changle Lanshan (長樂瀾山)	125,737.00	29.06%	Residential	317,109.00	273,039.35	1/12/2021
77	Tianjin Lanyue 3 (天津瀾悅3號)	34,369.00	46.95%	Residential	75,159.11	42,502.12	1/12/2021
78	Shanghai Zhongxing Road (上海中興路)	31,034.10	50.00%	Residential	149,836.40	88,342.32	31/12/2021
79	Changzhou Lanyue (常州瀾悅)	19,278.00	93.99%	Residential	55,814.39	33,858.61	1/1/2022
80	Fuzhou CBD49 Lot (福州CBD49地塊)	38,232.00	34.17%	Residential	115,094.00	16,859.04	1/1/2022
81	Quzhou Zhongliang Shiguangli (衢州中梁拾光里)	43,329.00	45.00%	Residential	103,709.58	82,574.36	1/1/2022
82	Wenzhou Ou Hai Xi Yue Li (溫州歐海熙悅里)	24,251.70	31.96%	Residential	99,656.80	37,293.41	1/1/2022
83	Mei Hao Bao Long Lan Sky (美好寶龍瀾天)	57,103.00	31.02%	Residential	196,204.08	73,467.57	1/3/2022

Summary of Principal Properties

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
84 Huzhou Country Garden Huyue Mansion (湖州碧桂園湖悅天境)	Huzhou	70,277.00	47.00%	Residential	187,968.94	126,082.76	1/3/2022
85 Jiangmen Mansion (江門學院府)	Jiangmen	46,153.55	47.00%	Residential	187,752.90	144,945.24	1/4/2022
86 Nanjing 2019G87 (南京2019G87)	Nanjing	49,829.00	32.56%	Residential	195,888.60	63,327.75	1/4/2022
87 Nantong Lan Chen (南通瀾宸)	Nantong	86,194.00	95.74%	Residential	160,034.00	105,490.55	1/4/2022
88 South Lot of Shaoxing Vocational & Technical College (紹興職業學院南側地塊)	Shaoxing	56,841.00	64.91%	Residential	132,104.65	101,269.38	1/4/2022
89 Chengdu Jinniu 16 mu (成都金牛16畝)	Chengdu	10,724.70	38.27%	Residential	44,168.00	30,339.17	1/5/2022
90 Hangzhou Tianlang House (杭州天琅府)	Hangzhou	25,811.00	46.06%	Residential	103,264.00	30,883.63	1/5/2022
91 Nanjing 2019G94 (南京2019G94)	Nanjing	53,456.21	99.00%	Residential	96,161.85	75,246.38	1/5/2022
92 Quzhou Tianyang Lan'an Ming Mansion (衢州天陽瀾岸銘邸)	Quzhou	31,707.00	22.64%	Residential	79,865.03	16,804.77	1/5/2022
93 Kunshan Bacheng Lot (昆山巴城地塊)	Suzhou	83,780.50	15.66%	Residential	192,695.15	106,515.62	1/5/2022
94 Taizhou Jiaojiang Project (台州椒江項目)	Taizhou	42,346.00	25.00%	Residential	117,762.00	108,410.69	1/6/2022
95 Neijiang Wanwei Project (內江萬為項目)	Neijiang	65,314.00	18.75%	Residential	156,376.00	123,707.75	1/6/2022
96 Suzhou High-Speed Rail New Town Project (蘇州高鐵新城項目)	Suzhou	58,150.00	77.52%	Residential	185,930.00	135,690.14	1/6/2022
97 Jiangxi Country Garden Jiutang (江西碧桂園九棠)	Jiujiang	67,374.00	35.60%	Residential	182,044.00	118,789.46	1/7/2022
98 Tianjin West Coast (天津西海岸)	Tianjin	106,043.80	93.21%	Residential	181,915.76	131,223.99	1/7/2022
99 Fuzhou Gushan Bridge Project (福州鼓山大橋項目)	Fuzhou	123,228.00	80.00%	Residential	383,010.00	381,922.00	1/8/2022
100 Taiyuan Shi Guang Zhi Cheng (太原時光之城)	Taiyuan	117,073.23	76.59%	Residential	553,989.00	503,674.77	1/8/2022
101 Taiyuan Shi Guang Zhi Cheng-2 (太原時光之城-2)	Taiyuan	120,299.06	76.59%	Residential	478,356.06	478,356.06	1/8/2022
102 Taiyuan Shi Guang Zhi Cheng-3 (太原時光之城-3)	Taiyuan	93,262.21	76.59%	Residential	409,319.16	409,319.16	1/8/2022
103 Changtai Luxi County (長泰鷺西郡)	Zhangzhou	24,000.00	80.80%	Residential	81,453.33	48,841.76	1/8/2022
104 Hangzhou Xingchuang Railway North Project (杭州星創鐵路北項目)	Hangzhou	29,685.00	25.50%	Residential	103,706.00	101,750.34	1/9/2022
105 Chengdu Sanhechang Project (成都三河場項目)	Chengdu	13,507.99	90.00%	Residential	42,116.58	42,116.58	1/10/2022
106 Tianyu Dazhou Lianhua Lake 51 mu (天譽達州蓮花湖51畝)	Dazhou	34,250.00	50.00%	Residential	86,540.21	86,540.21	1/10/2022
107 Fuyang Yingquan Project (阜陽穎泉項目)	Fuyang	96,434.00	39.50%	Residential	285,448.76	285,448.76	1/10/2022
108 Hangzhou Xingchuang Railway North 07 Project (杭州星創鐵路北07項目)	Hangzhou	27,555.00	19.50%	Residential	93,957.21	92,740.27	1/10/2022
109 Xiaoshan Innovation Polis Lot (蕭山科技城地塊)	Hangzhou	51,006.00	24.00%	Residential	127,515.00	49,901.18	1/10/2022
110 Lanzhou Park Academy (蘭州公園學院府)	Lanzhou	88,946.00	55.00%	Residential	314,326.54	314,326.54	1/10/2022
111 Lianyungang Mansion (連雲港學院府)	Lianyungang	72,107.00	65.00%	Residential	229,177.50	196,824.88	1/10/2022
112 Fuzhou Difeng River Project (福州帝封江項目)	Fuzhou	50,718.00	19.80%	Residential	143,216.17	143,216.17	1/11/2022

Summary of Principal Properties

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
113 Fuyang Linquan Project (阜陽臨泉項目)	Fuyang	92,155.95	20.63%	Residential	235,107.00	119,766.71	1/11/2022
114 Jiangmen Guoyue House (江門國樾府)	Jiangmen	30,230.62	15.51%	Residential	103,032.50	68,001.45	1/11/2022
115 Lishui Tianyang Country Garden City Innovation (麗水天陽碧桂園都會之光)	Lishui	51,255.00	9.44%	Residential	165,609.00	165,609.00	1/11/2022
116 Nanjing Qinglan (南京青瀾)	Nanjing	19,447.24	100.00%	Residential	63,615.24	52,915.24	1/11/2022
117 Putian Junlong Yuhu Project (莆田駿隆玉湖項目)	Putian	27,083.61	40.00%	Residential	124,395.65	124,395.65	1/11/2022
118 Tiantai Yangfan New Project (天台楊帆新項目)	Taizhou	59,705.00	18.05%	Residential	145,126.03	145,126.03	1/11/2022
119 Tianjin Jinnan (天津津南府)	Tianjing	68,970.00	93.24%	Residential	130,100.00	98,164.06	1/11/2022
120 Fuyang Yingzhou Project (阜陽潁州項目)	Fuyang	147,590.00	55.00%	Residential	329,589.60	320,892.78	1/12/2022
121 Linquan Junyue Mansion (臨泉君樾府)	Fuyang	72,055.00	55.00%	Residential	205,106.45	205,106.45	1/12/2022
122 Hangzhou Zhanwang (杭州展望)	Hangzhou	53,163.00	45.28%	Residential	191,262.86	68,656.55	1/12/2022
123 Mengcheng Junyue Mansion (蒙城君樾府)	Mengcheng	52,666.00	55.00%	Residential	132,204.00	132,204.00	1/12/2022
124 Nantong Chongchuan Times Yuenancheng Lot (南通崇川時代悅城南地塊)	Nantong	62,887.00	50.00%	Residential	184,618.20	75,128.61	1/12/2022
125 Wenzhou Hai Yue Qing Feng (溫州海月清風)	Wenzhou	134,979.00	28.76%	Residential	351,082.00	178,902.19	1/12/2022
126 Wenzhou Rongwang (溫州榮望)	Wenzhou	57,018.20	25.52%	Residential	203,717.00	128,525.89	1/12/2022
127 Fuzhou Yongtai Project (福州永泰項目)	Fuzhou	45,253.00	20.00%	Residential	126,402.00	126,402.00	1/1/2023
128 Fuzhou Heshang Project (福州鶴上項目)	Fuzhou	41,088.00	89.00%	Residential	125,294.80	125,294.80	1/1/2023
129 Yunhe Commercial 44 Lot (運河商業44號地塊)	Hangzhou	8,826.00	65.70%	Office	68,408.19	60,860.38	1/1/2023
130 Yunhe Commercial 43 Lot (運河商業43號地塊)	Hangzhou	8,477.00	65.70%	Office	42,247.07	33,917.58	1/1/2023
131 Tianyu West Luzhou 46 mu (天譽濼州城西46畝)	Luzhou	30,707.00	50.00%	Residential	95,717.33	95,717.33	1/1/2023
132 Wenzhou Xinlian Village Plot (溫州新聯村地塊)	Wenzhou	43,630.00	28.00%	Residential	156,072.00	40,384.07	1/1/2023
133 Qingdao Science and Technology Innovation Center Project (青島科創中心項目)	Qingdao	76,170.00	14.37%	Residential	298,697.00	298,697.00	1/2/2023
134 Quzhou No. 5 Xin'an Middle Road (衢州信安中路5號)	Quzhou	50,320.00	22.30%	Residential	132,255.00	96,532.93	1/2/2023
135 Tianjin Lanyue 4 (天津瀾悅4號)	Tianjing	27,184.00	47.00%	Residential	71,610.68	46,088.65	1/2/2023
136 Hangzhou Sandun North Project (杭州三墩北項目)	Hangzhou	27,208.00	47.75%	Residential	121,751.40	118,778.90	1/3/2023
137 Hangzhou Canal New City Project (杭州運河新城項目)	Hangzhou	30,626.00	60.00%	Residential	101,845.00	100,501.00	1/3/2023
138 Quzhou Tianyang Yunqi Longting (衢州天陽雲棲瓏庭)	Quzhou	66,696.00	13.31%	Residential	165,475.00	105,913.09	1/3/2023
139 South Shaoxing Dongguang Lot (紹興城南東光地塊)	Shaoxing	152,834.00	12.52%	Residential	391,175.28	391,175.28	1/3/2023
140 Shaoxing Yangfan Xinchang Project (紹興楊帆新昌項目)	Shaoxing	52,621.80	22.95%	Residential	151,549.14	151,549.14	1/3/2023

Summary of Principal Properties

Project	Location	Total site area (sq.m.)	Interest attributable to the Group	Type of major property product	Estimated aggregate gross floor area ("GFA") (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/estimated completion time
141 Chongqing Kaizhou Fengtai 107 mu Project (重慶開州豐太107畝項目)	Chongqing	57,275.27	46.03%	Residential	175,006.00	175,006.00	1/3/2023
142 Wanwei Mianyang Jinjialin 81 mu (萬為綿陽金家林81畝)	Mianyang	53,800.00	50.00%	Residential	160,509.00	160,509.00	1/4/2023
143 Shanghai Parallel Impression (上海海納印象)	Shanghai	52,929.90	98.99%	Residential	175,969.12	175,969.12	1/5/2023
144 Hangzhou Chaoyang Industrial Park Project (杭州朝陽工業園項目)	Hangzhou	105,869.00	34.00%	Residential	401,643.12	367,588.56	1/6/2023
145 Tongxiang Project (桐鄉項目)	Jiaxing	69,120.00	25.50%	Residential	201,160.26	79,053.86	1/11/2023
146 Zhengzhou Jiangwancheng-Delan-1 (鄭州江灣城-德藍-1)	Zhengzhou	196,121.00	100.00%	Residential	576,552.70	576,552.70	1/4/2026
147 Zhengzhou Jiangwancheng-Delan-2 (鄭州江灣城-德藍-2)	Zhengzhou	97,429.72	100.00%	Residential	306,505.59	306,505.59	1/4/2026
148 Zhengzhou Jiangwancheng-Delan-3 (鄭州江灣城-德藍-3)	Zhengzhou	5,097.42	100.00%	Residential	12,937.20	12,937.20	1/4/2026
149 Zhengzhou Cheng Shi Zhi Chuang (鄭州城市之窗)	Zhengzhou	64,876.00	87.00%	Office	252,987.87	205,748.85	30/11/2023
150 Chang'an XiYue (長安熙悅)	Xi'an	63,448.10	6.12%	Residential	310,371.00	13,421.05	25/2/2023
151-247		9,105,430.08			23,060,066.99	501,668.61	
Total		19,720,480.55			54,760,594.92	19,071,529.30	
Attributable total		10,507,258.05			29,339,899.57	10,507,930.43	

Note:

- (1) The Group cooperated or agreed to cooperate with local governments in constructing resettlement housing units adjacent to certain projects of the Group. The construction of such resettlement housing was typically included by the relevant local governments as part of the package for the acquisition of the related parcels of land for commercial development. Under such arrangement, the Group pays the relevant land premium and receive the land use rights certificates registered to the Group's name with respect to the land parcels underlying the resettlement properties during the construction phase, but are obligated to deliver the properties upon completion back to the local government. For further details of the construction of resettlement housing, please refer to the section headed "Business — Construction of Resettlement Housing" on pages 231 to 236 in the prospectus of the Company dated 31 December 2015 (the "Prospectus").

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF OPERATING RESULTS

	For the year ended 31 December		
	2020	2019	Change in percentage
Contracted sales			
Contracted sales amount (RMB'000) ⁽¹⁾	155,172,878	141,316,543	9.81%
Contracted gross floor area (sq.m.)	7,250,886	6,547,690	10.74%
Average unit price of contracted sales (RMB/sq.m.)	21,401	21,583	-0.84%
Property delivered			
Revenue from delivery of properties (RMB'000)	46,577,900	50,253,131	-7.31%
Delivered gross floor area (sq.m.)	2,853,026	4,135,482	-31.01%
Recognised average selling price of properties delivered (RMB/sq.m.)	16,326	12,152	34.35%
Revenue (RMB'000)	48,302,505	51,462,502	-6.14%
Cost of Sales (RMB'000)	42,990,475	38,987,328	10.27%
Gross profit (RMB'000)	5,312,030	12,475,174	-57.42%
Other income and other gain — net (RMB'000)	676,025	298,152	126.74%
Profit before income tax (RMB'000)	4,901,373	10,660,810	-54.02%
Profit for the year (RMB'000)	3,494,499	5,893,793	-40.71%
— attributable to owners of the Company (RMB'000)	2,428,123	3,154,064	-23.02%
— attributable to non-controlling interests (RMB'000)	1,066,376	2,729,121	-60.93%
— attributable to holders of Perpetual Capital Instruments (RMB'000)	—	10,608	-100.00%
Gross profit margin⁽²⁾	11.00%	24.24%	-54.63%
Net profit margin ⁽³⁾	7.23%	11.45%	-36.83%
Total assets (RMB'000)	233,248,787	214,208,038	8.89%
Total liabilities (RMB'000)	182,589,784	172,919,808	5.59%
Total equity (RMB'000)	50,659,003	41,288,230	22.70%
Capital and reserve attributable to owners of the Company (RMB'000)	17,713,063	16,405,865	7.97%
Current ratio ⁽⁴⁾	1.53 times	1.51 times	1.32%
Gearing ratio ⁽⁵⁾	0.83	0.70	18.57%

Management Discussion and Analysis

Notes:

- (1) The amounts include the contracted sales from subsidiaries, associates and joint ventures of the Company.
- (2) The calculation of gross profit margin is based on gross profit divided by revenue and multiplied by 100%.
- (3) The calculation of net profit margin is based on net profit divided by revenue and multiplied by 100%.
- (4) The calculation of current ratio is based on current assets divided by current liabilities.
- (5) The calculation of gearing ratio is based on total borrowings less cash and bank balances and divided by total equity.



Management Discussion and Analysis

PROPERTY DEVELOPMENT

Contracted Sales

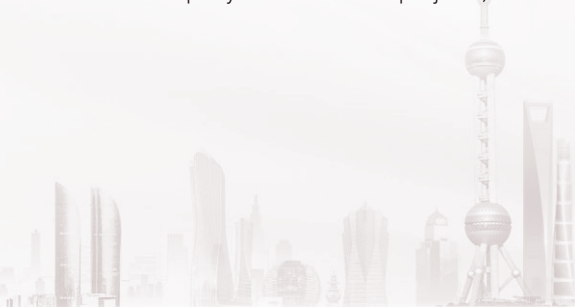
For the year ended 31 December 2020, the Group achieved contracted sales of RMB155,172.88 million, representing a growth of approximately 9.81% compared with RMB141,316.54 million for the year ended 31 December 2019. This increase was mainly attributable to the increase in the total gross floor area (“**GFA**”) of the Group’s contracted sales by approximately 10.74% from 6,547,690 sq.m. for the year ended 31 December 2019 to 7,250,886 sq.m. for the year ended 31 December 2020.

The amount of the Group’s contracted sales in Hangzhou, Fuzhou, Nanjing, Wenzhou, Shanghai, Suzhou, Nantong, Chongqing and Huzhou accounted for (i) approximately 77.72% of the Group’s total contracted sales amount for the year ended 31 December 2020, and (ii) approximately 64.78% of the Group’s total GFA of contracted sales for the year ended 31 December 2020. The following table sets forth details of the contracted sales of the Group for the year ended 31 December 2020:

	Amount (RMB million)	Percentage (%)	GFA (sq.m.)	Percentage (%)	Average selling price (RMB/sq.m.)
Hangzhou	48,247	31.09	1,609,638	22.20	29,974
Fuzhou	18,904	12.18	837,251	11.55	22,579
Nanjing	15,098	9.73	468,819	6.47	32,204
Wenzhou	12,030	7.75	621,836	8.58	19,346
Shanghai	8,479	5.46	102,367	1.41	82,829
Suzhou	4,988	3.21	232,974	3.21	21,410
Nantong	4,797	3.09	197,862	2.73	24,244
Chongqing	4,794	3.09	384,657	5.30	12,463
Huzhou	3,295	2.12	241,164	3.33	13,663
Others	34,541	22.28	2,554,318	35.22	13,523
Total	155,173	100.00	7,250,886	100.00	21,401

Projects completed

For the year ended 31 December 2020, the Group and its joint ventures and associates had completed a total of 37 projects or phases of projects, with total GFA of 5,217,850 sq.m. (2,498,753 sq.m., after taking into account the interests of the owners of the Company in the relevant projects).



Management Discussion and Analysis

Projects under construction

As at 31 December 2020, the Group and its associates and joint ventures had a total of 126 projects or phases of projects under construction, with total planned GFA of 24,627,541 sq.m. (11,826,643 sq.m., after taking into account the interests of the owners of the Company in the relevant projects).

Land reserve

During the year ended 31 December 2020, there were a total of 50 newly acquired land parcels with a total GFA of 8,716,343 sq.m. (4,018,341 sq.m., after taking into account the interests of the owners of the Company in the relevant projects). The average cost of land parcels acquired was approximately RMB9,596 per sq.m. (calculated at the plot ratio-based GFA).

The following table sets forth details of the Group's newly acquired land parcels during the year ended 31 December 2020:

City	Project Name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
Hangzhou	Hangzhou Zhanwang (杭州展望)	19/1/2020	53,163	191,263	86,604	3,338	1,512	25,116
Quzhou	Quzhou Tianyang Lan'an Ming Mansion (衢州天陽瀾岸銘邸)	8/3/2020	31,707	79,865	18,081	446	101	8,278
Quzhou	Quzhou Zhongliang Shiguangli (衢州中梁拾光里)	11/3/2020	43,329	103,710	46,669	397	178	5,383
Chongqing	Chongqing Kaizhou Project (重慶開州項目)	26/3/2020	61,134	358,289	157,683	980	431	3,901
Wenzhou	Wenzhou Rongwang (溫州榮望)	19/2/2020	57,018	203,717	51,989	1,084	277	7,203
Fuyang	Fuyang Yingzhou Project (阜陽穎州項目)	21/4/2020	147,590	329,590	181,274	777	427	2,961
Lianyungang	Lianyungang Mansion (連雲港學院府)	19/5/2020	72,107	229,178	148,965	672	437	3,999
Nantong	Nantong Chongchuan Times Yuenancheng Lot (南通崇川時代悅城南地塊)	13/5/2020	62,887	184,618	92,309	1,874	937	14,197
Taiyuan	Taiyuan Shi Guang Zhi Cheng-2 (太原時光之城-2)	21/5/2020	120,299	478,356	366,373	479	366	1,222
Taizhou	Taizhou Jiaojiang Project (台州椒江項目)	7/1/2020	42,346	117,762	29,441	855	214	10,095
Hangzhou	Hangzhou Chaoyang Industrial Park Project (杭州朝陽工業園項目)	9/4/2020	105,869	401,643	136,559	4,970	1,690	17,388
Quzhou	Quzhou No. 5 Xin'an Middle Road (衢州信安中路5號)	4/6/2020	50,320	132,255	29,493	782	174	8,634

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City	Project Name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
Hangzhou	Hangzhou Xingchuang Railway North Project (杭州星創鐵路北項目)	28/4/2020	29,685	103,706	26,445	1,674	427	22,553
Fuyang	Fuyang Yingquan Project (阜陽潁泉項目)	9/6/2020	96,434	285,449	112,752	855	338	3,854
Jiaxing	Tongxiang Project (桐鄉項目)	8/6/2020	69,120	201,160	51,296	852	217	6,163
Hangzhou	Hangzhou Sandun North Project (杭州三墩北項目)	22/6/2020	27,208	121,751	58,136	1,357	648	16,088
Hangzhou	Hangzhou Canal New City Project (杭州運河新城項目)	22/6/2020	30,626	101,845	61,107	1,804	1,082	23,558
Fuzhou	Fuzhou Difeng River Project (福州帝封江項目)	23/6/2020	50,718	143,216	28,357	885	175	7,932
Fuzhou	Fuzhou Gushan Bridge Project (福州鼓山大橋項目)	24/6/2020	123,228	383,010	306,408	4,132	3,306	13,521
Qingdao	Qingdao Science and Technology Innovation Center Project (青島科創中心項目)	30/6/2020	76,170	298,697	42,923	732	105	3,578
Neijiang	Neijiang Wanwei Project (內江萬為項目)	27/6/2020	65,314	156,376	29,321	228	43	1,942
Hangzhou	Hangzhou Xingchuang Railway North 07 Project (杭州星創鐵路北07項目)	17/7/2020	27,555	93,957	18,317	1,563	305	22,695
Nanjing	Nanjing Qinglan (南京青瀾)	15/7/2020	19,447	63,615	63,615	780	780	17,439
Shaoxing	South Shaoxing Dongguang Lot (紹興城南東光地塊)	16/7/2020	152,834	391,175	48,975	3,838	481	12,263
Baoding	Baoding Jinyue City (保定金悅城)	23/7/2020	36,806	130,859	90,175	338	233	3,979
Suzhou	Suzhou Wuzhong Mudu Project (蘇州吳中區木瀆鎮項目)	3/8/2020	56,566	167,260	70,427	2,092	881	16,811
Shanghai	Shanghai Century One Mile (上海世紀古美)	6/8/2020	37,509	122,140	61,401	4,523	2,274	54,814
Shanghai	Shanghai Four Seasons (上海海月四季)	23/7/2020	32,742	81,997	36,378	1,183	525	22,578
Chongqing	Chongqing Kaizhou Fengtai 107 mu Project (重慶開州豐太107畝項目)	11/8/2020	57,275	175,006	80,555	360	166	2,855
Shanghai	Shanghai Parallel Impression (上海海納印象)	17/8/2020	52,930	175,969	174,192	4,871	4,822	38,763
Lanzhou	Lanzhou Park Academy (蘭州公園學府)	28/8/2020	88,946	314,327	172,880	232	127	897
Fuyang	Linqun Junyue Mansion (臨泉君樾府)	3/9/2020	72,055	205,106	112,809	411	226	2,592

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City	Project Name	Date of acquisition	Site area (sq.m.)	Total GFA (sq.m.)	Total GFA of the owners of the Company interested (sq.m.)	Land cost (RMB million)	Total land cost attributable to the owners of the Company (RMB million)	Average land cost (RMB/sq.m.)
Fuzhou	Fuzhou Yongtai Project (福州永泰項目)	7/9/2020	45,253	126,402	25,280	276	55	2,811
Lishui	Lishui Tianyang Country Garden City Innovation (麗水天陽碧桂園都會之光)	3/8/2020	51,255	165,609	15,625	1,620	153	13,169
Mengcheng	Mengcheng Junyue Mansion (蒙城君樾府)	30/9/2020	52,666	132,204	72,712	175	96	1,662
Fuzhou	Fuzhou Heshang Project (福州鶴上項目)	25/9/2020	41,088	125,295	111,512	486	433	5,121
Quzhou	Quzhou Tianyang Yunqi Longting (衢州天陽雲棲瓏庭)	19/8/2020	66,696	165,475	22,031	994	132	8,281
Taizhou	Tiantai Yangfan New Project (天台楊帆新項目)	10/9/2020	59,705	145,126	26,195	906	164	8,926
Putian	Putian Junlong Yuhu Project (莆田駿隆玉湖項目)	18/11/2020	27,084	124,396	49,758	370	148	3,903
Chengdu	Chengdu Sanhechang Project (成都三河場項目)	16/11/2020	13,508	42,117	37,905	163	147	6,049
Dazhou	Tianyu Dazhou Lianhua Lake 51 mu (天譽達州蓮花湖51畝)	29/9/2020	34,250	86,540	43,270	225	113	3,650
Mianyang	Wanwei Mianyang Jinjialin 81 mu (萬為綿陽金家林81畝)	16/10/2020	53,800	160,509	80,255	387	193	3,266
Hangzhou	Yunhe Commercial 43 Lot (運河商業43號地塊)	3/12/2020	8,477	42,247	27,756	418	274	14,075
Hangzhou	Yunhe Commercial 44 Lot (運河商業44號地塊)	3/12/2020	8,826	68,408	44,944	340	224	12,859
Shanghai	Shanghai Jing'an Zhongxing Community (上海靜安中興社區)	4/12/2020	24,378	109,646	37,280	5,213	1,772	72,000
Shaoxing	Shaoxing Yangfan Xinchang Project (紹興楊帆新昌項目)	1/12/2020	52,622	151,549	34,781	608	140	5,780
Luzhou	Tianyu West Luzhou 46 mu (天譽瀘州城西46畝)	31/12/2020	30,707	95,717	47,859	226	113	3,343
Zhengzhou	Zhengzhou Jiangwancheng-Supai-4 (鄭州江灣城-蘇派-4)	6/1/2020	8,660	25,979	22,833	16	14	716
Zhengzhou	Zhengzhou Jiangwancheng-Delan-3 (鄭州江灣城-德藍-3)	7/2/2020	5,097	12,937	12,937	8	8	751
Taiyuan	Taiyuan Shi Guang Zhi Cheng-3 (太原時光之城-3)	10/12/2020	93,262	409,319	313,498	463	355	1,294
Total			2,728,271	8,716,343	4,018,341	62,257	28,437	9,596

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As at 31 December 2020, the total GFA of the Group's land reserve was approximately 28.7 million sq.m. among which, approximately 2.1 million sq.m. were completed properties held for sale, approximately 24.6 million sq.m. were under construction, and approximately 2.0 million sq.m. were held for future development.

As at 31 December 2020, the average cost per sq.m. of the Group's land reserve increased from RMB6,897 for the year ended 31 December 2019 to RMB7,902 for the year ended 31 December 2020. The Directors believe that the relatively high-quality land reserve provides the Group with effective support for its future profitability.

The following table sets forth details of the land reserve attributable to the owners of the Company as at 31 December 2020:

Region	Project Name	Total Land Value of reserve (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Zhoushan	Zhoushan Chuang Shi Ji (舟山創世紀)	277	5	4,324
Chongqing	Chongqin Lan Bay (重慶瀾灣)	573	13	6,189
	Chongqing Haiyue Pinghu (重慶海月平湖)	446	7	11,149
	Chongqing Hai Yue Yu Zhou (重慶海月渝州)	337	5	9,600
	Tan Zi Kou (灘子口)	62	1	9,255
	Chongqing Kaizhou Project (重慶開州項目)	431	16	3,901
	Chongqing Kaizhou Fengtai 107 mu Project (重慶開州豐太107畝項目)	166	8	2,855
	Zhengzhou	Zhengzhou Cheng Shi Zhi Chuang (鄭州城市之窗)	163	22
Zhengzhou Jiangwancheng-Supai-1 (鄭州江灣城—蘇派—1)		184	43	470
Hailiang Time ONE (海亮時代 ONE)		205	9	3,284
Zhengzhou Jiangwancheng-Zhongqiao-1 (鄭州江灣城—中喬—1)		213	38	722
Zhengzhou Jiangwancheng-Supai-2 (鄭州江灣城—蘇派—2)		107	29	550
Zhengzhou Jiangwancheng-Delan-1 (鄭州江灣城—德藍—1)		230	58	520
Zhengzhou Olympic Century-1 (鄭州奧體世紀—1)		255	15	2,264
Zhengzhou Shi Guang Zhi Cheng (鄭州時光之城)		862	27	3,167
Zhengzhou Olympic Century-2 (鄭州奧體世紀—2)		596	26	3,134
Zhengzhou Jiangwancheng-Zhongqiao-2 (鄭州江灣城—中喬—2)		16	2	790
Zhengzhou Jiangwancheng-Supai-3 (鄭州江灣城—蘇派—3)		15	3	751
Zhengzhou Jiangwancheng-Delan-2 (鄭州江灣城—德藍—2)		154	31	717
Zhengzhou Jiangwancheng-Supai-4 (鄭州江灣城—蘇派—4)		14	2	716

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Region	Project Name	Total Land Value of reserve (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
	Zhengzhou Jiangwancheng-Delan-3 (鄭州江灣城—德藍—3)	8	1	751
Zhenjiang	Jurong Tianyuefu Project (句容天悅府)	82	2	4,837
Zhangzhou	Zhangzhou No. 1 (漳州壹號府)	1,488	18	10,897
	Changtai Luxi County (長泰鷺西郡)	59	7	1,127
Xi'an	Hai Liang • De Wen Jun (海亮•德文郡)	158	6	2,546
	Hailiang • Tangning Mansion (海亮•唐寧府)	51	3	1,960
	Chang'an XiYue (長安熙悅)	7	2	446
	Hai Liang • Yuchen (海亮•御宸)	110	3	4,821
Wenzhou	Wenzhou Yueqing Boyuewan (溫州樂清柏悅灣)	129	2	8,216
	Wenzhou Jinlin House (溫州金麟府)	199	3	8,500
	Wenzhou Hai Yue Qing Feng (溫州海月清風)	524	10	7,491
	Wenzhou Ou Hai Xi Yue Li (溫州甌海熙悅里)	282	3	13,004
	Wenzhou Xinlian Village Plot (溫州新聯村地塊)	260	4	8,510
	Wenzhou Rongwang (溫州榮望)	277	5	7,203
Tongling	Tongling Lanshan Fu (銅陵瀾山府)	16	3	714
Tianjing	Tianjin West Coast (天津西海岸)	977	15	8,238
	Tianjin Jinnan (天津津南府)	1,000	10	12,959
	Tianjin Lanyue 3 (天津瀾悅3號)	331	4	13,001
	Tianjin Lanyue 4 (天津瀾悅4號)	282	3	11,742
Taiyuan	Taiyuan Shi Guang Zhi Cheng-1(太原時光之城-1)	462	42	1,355
	Taiyuan Shi Guang Zhi Cheng-2 (太原時光之城—2)	366	37	1,222
	Taiyuan Shi Guang Zhi Cheng-3 (太原時光之城—3)	355	31	1,294
Taizhou	Tiantai Yangfan New Project (天台楊帆新項目)	164	3	8,926
Suzhou	Kunshan Yulan Residence (昆山玉蘭公館)	946	9	13,576
	Suzhou Haiyue Pingjiang (蘇州海月平江)	623	4	19,235
	Suzhou Wu Zhong Lin Hu Zhen Lot (蘇州吳中臨湖鎮地塊)	288	5	6,843
	Suzhou High-Speed Rail New Town Project (蘇州高鐵新城項目)	1,517	14	15,299
	Kunshan Bacheng Lot (昆山巴城地塊)	168	3	5,582
	Suzhou Wuzhong Mudu Project (蘇州吳中區木瀆鎮項目)	881	7	16,811
Shaoxing	Shengzhou Creating Century (嵊州創世紀), Shengzhou Mansion (嵊州學院府)	1,080	56	2,577
	Shengzhou Chuang Shi Ji Pin Ge (嵊州創世紀品閣)	124	5	3,492

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Region	Project Name	Total Land Value of reserve (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
	South Lot of Shaoxing Vocational & Technical College (紹興職業學院南側地塊)	484	9	7,943
	South Shaoxing Dongguang Lot (紹興城南東光地塊)	481	5	12,263
	Shaoxing Yangfan Xinchang Project (紹興楊帆新昌項目)	140	3	5,780
Shanghai	Shanghai Platinum (上海鉑爵)	150	2	15,409
	Shanghai Zhongxing Road (上海中興路)	5,505	6	100,091
	Shanghai Yangpu Lot (上海楊浦平涼地塊)	155	1	25,397
	Shanghai Century One Mile (上海世紀古美)	2,274	6	54,814
	Shanghai Four Seasons (上海海月四季)	525	4	22,578
	Shanghai Parallel Impression (上海海納印象)	4,822	17	38,763
	Shanghai Jing'an Zhongxing Community (上海靜安中興社區)	1,772	4	72,000
Xiamen	Xiamen Boyue Bay (廈門鉑悅灣)	2,134	15	23,207
	Xiamen Century (廈門世紀)	686	4	31,520
Quzhou	Quzhou Tianyang Lan'an Ming Mansion (衢州天陽瀾岸銘邸)	101	2	8,278
	Quzhou Zhongliang Shiguangli (衢州中梁拾光里)	178	5	5,383
	Quzhou No. 5 Xin'an Middle Road (衢州信安中路5號)	174	3	8,634
	Quzhou Tianyang Yunqi Longting (衢州天陽雲棲瓏庭)	132	2	8,281
Qingdao	The Ocean Costal (青島海月星灣)	355	17	3,504
	Qingdao Manshan Lanting (青島縵山蘭亭)	75	5	2,386
	Qingdao Science and Technology Innovation Center Project (青島科創中心項目)	105	4	3,578
Putian	Putian Ronshine (莆田融信府)	820	11	10,032
	Putian Junlong Yuhu Project (莆田駿隆玉湖項目)	148	5	3,903
Ningbo	Ningbo Country Garden Siji Longyue (寧波碧桂園四季隴玥華府)	186	5	5,599
Neijiang	Neijiang Wanwei Project (內江萬為項目)	43	3	1,942
Nantong	Nantong Lan Chen (南通瀾宸)	852	15	8,537
	Nantong Chongchuan Times Yuenancheng Lot (南通崇川時代悅城南地塊)	937	9	14,197
Nanjing	Nanjing Century East (南京世紀東方)	1,751	10	24,957
	Nanjing Boan Center (南京鉑岸中心)	505	33	2,515
	Nanjing Zhong Jun Yong Jing Tai (南京中駿雍景台)	703	7	12,842
	Nanjing Wanke Du Hui Tian Di (南京萬科都薈天地)	305	4	12,130

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Region	Project Name	Total Land Value of reserve (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
	Nanjing Xu Hui Shi Dai Tian Yue (南京旭輝時代天樾)	148	2	9,464
	Nanjing 2019G87 (南京2019G87)	755	6	16,628
	Nanjing 2019G94 (南京2019G94)	1,208	10	19,019
	Nanjing Qinglan (南京青瀾)	780	6	17,439
Mianyang	Wanwei Mianyang Jinjialin 81 mu (萬為綿陽金家林81畝)	193	8	3,266
Mengcheng	Mengcheng Age Xingfu Li (蒙城時代幸福里)	27	2	2,102
	Mengcheng Junyue Mansion (蒙城君樾府)	96	7	1,662
Luzhou	Tianyu West Luzhou 46 mu (天譽瀘州城西46畝)	113	5	3,343
Lianyungang	Lianyungang Mansion (連雲港學院府)	437	15	3,999
Lishui	Lishui Tianyang Country Garden City Innovation (麗水天陽碧桂園都會之光)	153	2	13,169
Lanzhou	Lanzhou Xi'an Hua Fu (熙岸華府)	57	5	1,293
	Lanzhou Park Academy (蘭州公園學府)	127	17	897
Jiujiang	Jiangxi Country Garden Jiutang (江西碧桂園九棠)	248	6	5,167
Jinghua	Tianyang River Mansion (天陽雲棲江境)	259	4	10,562
Jiangmen	Jiangmen Guoyue House (江門國樾府)	69	2	5,847
	Jiangmen Mansion (江門學院府)	312	9	4,800
Jiaxing	Haining Lanting (海寧瀾庭)	283	5	7,200
	Tongxiang Project (桐鄉項目)	217	5	6,163
Huzhou	Anji Yuejiang (安吉悅江府)	52	2	2,986
	Huzhou Country Garden Huyue Mansion (湖州碧桂園湖悅天境)	362	9	6,095
	Huzhou Rongjing Garden (湖州融璟園)	85	3	5,457
Hangzhou	Hangzhou Lan Sky (Konggang) (杭州瀾天(空港))	250	4	5,101
	Hangzhou Century (杭州世紀)	1,651	8	30,816
	Hangzhou Gu Cui Yin Xiu (杭州古翠隱秀)	3,853	14	40,542
	Hangzhou Wanke Zhong Cheng Hui (杭州萬科中城匯)	558	3	24,704
	Hangzhou Bao Li He Guang Chen Yue (杭州保利和光塵樾)	855	7	16,005
	Hangzhou Liwang NEO1 (杭州厘望 NEO1)	355	2	31,551
	Hangzhou Xianghu Yuezhong (杭州湘湖悅章)	3,245	27	17,134
	Hangzhou Qinlan (杭州沁瀾)	320	2	21,211
	Hangzhou Tianlang House (杭州天琅府)	624	5	19,433
	Baolong Lin'an Project (寶龍臨安項目)	263	6	6,128
	Mei Hao Bao Long Lan Sky (美好寶龍瀾天)	255	5	5,546
	Xiaoshan Innovation Polis Lot (蕭山科技城地塊)	446	3	14,578

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Region	Project Name	Total Land Value of reserve (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
	Hangzhou Zhanwang (杭州展望)	1,512	9	25,116
	Hangzhou Chaoyang Industrial Park Project (杭州朝陽工業園項目)	1,690	13	17,388
	Hangzhou Xingchuang Railway North Project (杭州星創鐵路北項目)	427	3	22,553
	Hangzhou Sandun North Project (杭州三墩北項目)	648	6	16,088
	Hangzhou Canal New City Project (杭州運河新城項目)	1,082	6	23,558
	Hangzhou Xingchuang Railway North 07 Project (杭州星創鐵路北07項目)	305	2	22,695
	Yunhe Commercial 43 Lot (運河商業43號地塊)	274	2	14,075
	Yunhe Commercial 44 Lot (運河商業44號地塊)	224	4	12,859
Haining	Haining Lanting Qihang (海寧瀾庭啟杭)	385	13	3,939
Guangzhou	Guangzhou Tianyue (廣州天樾府)	535	3	14,999
Fuyang	Xingfu Li • East County (幸福里•東郡)	65	4	2,235
	Xingfu Li • North County (幸福里•北郡)	17	1	2,190
	Fuyang Shangjun (阜陽上郡)	47	3	1,721
	Fuyang Linqun Project (阜陽臨泉項目)	80	5	2,115
	Fuyang Yingzhou Project (阜陽潁州項目)	427	18	2,961
	Fuyang Yingquan Project (阜陽潁泉項目)	338	11	3,854
	Linqun Junyue Mansion (臨泉君樾府)	226	11	2,592
Fuzhou	Fuzhou China Legend (福州海月江潮), Fuzhou Twin Harbour City (福州雙杭城)	1,461	34	6,065
	Fuzhou Hot Spring City (福州融信溫泉城)	698	66	1,610
	Fuzhou Nice Villa (福州有墅)	16	5	486
	Fuzhou Wanke Zhen Lu Yuan (福州萬科臻麓園)	138	3	7,340
	Fuzhou Lan Sky (福州瀾天)	1,291	8	21,973
	Fuzhou Park Left Bank Project (福州公園左岸)	124	1	21,731
	Fuzhou Country Garden Yuelinglong (福州碧桂園悅玲瓏)	22	0	7,687
	Changle Lanshan (長樂瀾山)	349	9	5,005
	Pingtian Lanchen (平潭瀾宸)	762	18	5,549
	Fuzhou CBD49 Lot (福州 CBD49地塊)	422	4	14,497
	Fuzhou Difeng River Project (福州帝封江項目)	175	3	7,932
	Fuzhou Gushan Bridge Project (福州鼓山大橋項目)	3,306	31	13,521
	Fuzhou Yongtai Project (福州永泰項目)	55	3	2,811
	Fuzhou Heshang Project (福州鶴上項目)	433	11	5,121

Management Discussion and Analysis

Region	Project Name	Total Land Value of reserve (RMB million)	Total GFA of reserve (10,000 sq.m.)	Average cost per sq.m. (RMB/sq.m.)
Dazhou	Tianyu Dazhou Lianhua Lake 51 mu (天譽達州蓮花湖51畝)	113	4	3,650
Chengdu	Chengdu Ronshine Residence (成都融信公館)	176	1	16,915
	Chengdu Lan Sky (成都瀾天)	69	2	4,200
	Shui Nian River (水碾河)	122	1	13,500
	Chengdu Ruilian (成都瑞聯)	174	2	14,300
	Chengdu Jinniu 16 mu (成都金牛16畝)	175	2	14,200
	Chengdu Sanhechang Project (成都三河場項目)	147	4	6,049
Changzhou	Changzhou Lanyue (常州瀾悅)	371	5	9,313
Baoding	Baoding Jinyue City (保定金悅城)	233	9	3,979
Taizhou	Taizhou Jiaojiang Project (台州椒江項目)	214	3	10,095
Total		83,001	1,456	7,902

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately 6.14% from RMB51,462.50 million for the year ended 31 December 2019 to RMB48,302.51 million for the year ended 31 December 2020. The Group derived its revenue primarily from (i) the sales of properties in the PRC; (ii) certain construction services with local PRC governments with respect to the construction of resettlement housing and (iii) the rental income generated from the lease of investment properties, hotel operation and others.

The following table sets forth the details of the Group's revenue recognised from such sources for the period indicated:

	For the year ended 31 December		
	2020 RMB'000	2019 RMB'000	Change in percentage
Revenue			
Sales of properties	46,577,900	50,253,131	-7.31%
Construction services	1,199,385	725,974	65.21%
Rental income, hotel operation and others	525,220	483,397	8.65%
Total	48,302,505	51,462,502	-6.14%

Management Discussion and Analysis

The decrease in the Group's revenue was mainly attributable to:

- (i) the decrease in the recognised GFA of properties delivered by the Group by approximately 31.01% from 4,135,483 sq.m. for the year ended 31 December 2019 to 2,853,026 sq.m. for the year ended 31 December 2020;
- (ii) the increase in revenue generated from construction services by approximately 65.21% from RMB725.97 million for the year ended 31 December 2019 to RMB1,199.39 million for the year ended 31 December 2020; and
- (iii) the decrease in rental income generated from investment properties from RMB157.35 million for the year ended 31 December 2019 to RMB133.69 million for the year ended 31 December 2020. The others comprise mainly of hotel operations and consultation service. During the year ended 31 December 2020, revenue from hotel operation of the Group was RMB101.07 million.

Revenue generated from the sales of properties amounted to RMB46,577.90 million for the year ended 31 December 2020. The following table sets forth the details of the revenue generated from the sales of properties of the Group by geographical location for the year ended 31 December 2020:

	For the year ended					
	2020			2019		
	Revenue (RMB million)	GFA delivered by the Group (sq.m.)	Average selling price (RMB/sq.m.)	Revenue (RMB million)	GFA delivered by the Group (sq.m.)	Average selling price (RMB/sq.m.)
Hangzhou	10,905	365,402	29,844	17,765	663,662	26,768
Fuzhou	7,189	338,466	21,240	7,224	648,177	11,145
Shaoxing	4,597	295,562	15,553	476	61,167	7,782
Shanghai	3,672	65,905	55,717	2,472	70,540	35,044
Suzhou	1,866	80,822	23,088	3,801	216,226	17,579
Others	18,349	1,706,869	10,750	18,515	2,475,711	7,479
Total	46,578	2,853,026	16,326	50,253	4,135,483	12,152

Cost of sales

The Group's cost of sales increased by approximately 10.27% from RMB38,987.33 million for the year ended 31 December 2019 to RMB42,990.48 million for the year ended 31 December 2020. This increase mainly refers to the costs incurred directly from its property development activities, including cost of construction, land use rights, interest capitalized and tax surcharge.

Management Discussion and Analysis

Gross profit and gross profit margin

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit decrease by approximately 57.42% from RMB12,475.17 million for the year ended 31 December 2019 to RMB5,312.03 million for the year ended 31 December 2020.

The Group's gross profit margin decreased from 24.24% for the year ended 31 December 2019 to 11.00% for the year ended 31 December 2020, primarily because the Group delivered different portfolios of properties in 2020 compare with 2019.

Selling and marketing costs

The Group's selling and marketing costs include (i) staff costs for sales personnel; (ii) advertisement expenses; (iii) property management fees; and (iv) others costs including rental expense and office expense.

The Group's selling and marketing costs increased by approximately 5.00% from RMB1,199.04 million for the year ended 31 December 2019 to RMB1,259.04 million for the year ended 31 December 2020, primarily due to the increased advertisement expenses and property management service fee.

Administrative expenses

The Group's administrative expenses include (i) staff costs for administrative personnel; (ii) consulting fees; (iii) office and travel expenses; (iv) entertainment expenses; (v) other taxes; (vi) office lease expenses; and (vii) others.

The Group's administrative expenses increased by approximately 8.40% from RMB1,479.24 million for the year ended 31 December 2019 to RMB1,603.55 million for the year ended 31 December 2020, mainly attributable to the increases in the consultation expenses, donations and staff cost of the Group.

Fair value (losses)/gains on investment properties

The Group recorded a fair value gains of RMB 49.68 million for the year ended 31 December 2019 and a fair value losses of RMB 184.33 million for the year ended 31 December 2020 was due to a slight decrease of market price.

Other income

The Group's other income primarily includes (i) interest income; and (ii) deposits forfeited from some of the Group's prospective customers who breached the property purchase agreements. The Group's other income increased by 21.74% from RMB248.79 million for the year ended 31 December 2019 to RMB302.87 million for the year ended 31 December 2020.

Other gains – net

The Group's net other gains primarily include (i) gains from financial assets at fair value through profit or loss; and (ii) gains from bond repurchase; and (iii) gains from disposal of subsidiaries and an associate. The Group's other gains increased by 655.89% from RMB49.37 million for the year ended 31 December 2019 to RMB373.16 million for the year ended 31 December 2020.

Operating profit

The Group's operating profit for the year decreased by approximately 71.01% from RMB10,144.72 million for the year ended 31 December 2019 to RMB2,941.13 million for the year ended 31 December 2020.

Management Discussion and Analysis

Finance income/(costs) – net

Finance income primarily consists of foreign exchange gain and interest income from bank deposits. Finance cost primarily consists of interest expenses of borrowings and net foreign exchange losses. The Group recorded a net finance costs of RMB379.57 million for the year ended 31 December 2019 and a net finance income of RMB1,348.78 million for the year ended 31 December 2020. This variance was primarily due to the increase in net foreign exchange gains of RMB 1,254.66 million and increase of interest income from bank deposits of RMB380.56 million.

Profit before income tax

As a result of the aforementioned changes of the Group's financials, the Group's profit before income tax decreased by approximately 54.02% from RMB10,660.81 million for the year ended 31 December 2019 to RMB4,901.37 million for the year ended 31 December 2020.

Income tax expense

The Group's income tax expense comprise provisions made for CIT (including deferred income tax) and LAT in the PRC.

The Group's income tax expense decreased by approximately 70.49% from RMB4,767.02 million for the year ended 31 December 2019 to RMB1,406.87 million for the year ended 31 December 2020. Specifically, CIT (including deferred income tax) decreased by approximately 48.37% from RMB2,484.74 million for the year ended 31 December 2019 to RMB1,282.82 million for the year ended 31 December 2020, and LAT decreased by approximately 94.56% from RMB2,282.27 million for the year ended 31 December 2019 to RMB124.05 million for the year ended 31 December 2020.

Profit for the year attributable to owners of the Company

The Group's profit for the year attributable to owners of the Company decreased by approximately 23.02% from RMB3,154.06 million for the year ended 31 December 2019 to RMB2,428.12 million for the year ended 31 December 2020.

Profit for the year attributable to non-controlling interests

Profit for the year attributable to non-controlling interests decreased by approximately 60.93% from a profit of RMB2,729.12 million for the year ended 31 December 2019 to a profit of RMB1,066.38 million for the year ended 31 December 2020. The decrease was primarily due to the recognition of revenue from sales of properties during the year ended 31 December 2020 in the respective projects, which were jointly developed with non-controlling parties.



Management Discussion and Analysis

FINANCING ACTIVITIES

Issuance of US\$250,000,000 7.35% senior notes due 2023

On 15 June 2020, the Company issued senior notes due in December 2023 with an aggregate principal amount of US\$250,000,000 (the “**Original 7.35% Senior Notes**”) on the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), bearing interest at a rate of 7.35% per annum payable semi-annually in arrears. The maturity date of the Original 7.35% Senior Notes is 15 December 2023. At any time and from time to time before the maturity date, the Company may at its option redeem the Original 7.35% Senior Notes, at a pre-determined redemption price.

As at the date of this report, the Group had utilised most of the net proceeds from the issuance of the Original 7.35% Senior Notes in the manner consistent with the proposed allocations stated in the offering memorandum.

For more details, please refer to the announcements of the Company dated 10 June 2020 and 17 June 2020 and the relevant offering memorandum.

Issuance of additional US\$160,000,000 7.35% senior notes due 2023

On 2 July 2020, the Company issued additional senior notes with an aggregate principal amount of US\$160,000,000 (to be consolidated and form a single series with the Original 7.35% Senior Notes) (the “**Consolidated 7.35% Senior Notes**”). The maturity date of the Consolidated 7.35% Senior Notes is 15 December 2023. At any time and from time to time before the maturity date, the Company may at its option redeem the Consolidated 7.35% Senior Notes, at a predetermined redemption price.

As at the date of this report, the Group had utilised most of the net proceeds from the issuance of the Consolidated 7.35% Senior Notes in the manner consistent with the proposed allocations stated in the offering memorandum.

For more details, please refer to the announcements of the Company dated 10 June 2020, 17 June 2020, 24 June 2020 and 8 July 2020 and the relevant offering memorandum.

Issuance of Senior Notes due 2024

On 5 August 2020, the Company issued senior notes in the aggregated principal amount of US\$200,000,000 due in 2024 (the “**2024 Notes**”) on SGX-ST, with an interest rate of 6.75% per annum payable semi-annually in arrears on 5 February and 5 August of each year, beginning on 5 February 2021.

For more details, please refer to the announcements of the Company dated 30 July 2020 and 7 August 2020 and the relevant offering memorandum.

As at the date of this report, the Group had utilised most of the net proceeds from this offering to refinance certain existing indebtedness of the Company, which was consistent with the purposes disclosed in the offering memorandum.



Management Discussion and Analysis

Issuance of 2020 Domestic Corporate Bonds

On 21 July 2020, the Company announced that Rongxin (Fujian) Investment Group Co., Ltd.* (融信(福建)投資集團有限公司) (“**Ronxin Investment**”), an indirect subsidiary of the Company established in the PRC, had lodged an application to the Shanghai Stock Exchange in the PRC to undertake public offering(s) of domestic corporate bonds to qualified investors with an aggregate principal amount of not more than RMB4.0 billion listed on the Shanghai Stock Exchange (the “**2020 Domestic Corporate Bonds**”). On 21 July 2020, the Shanghai Stock Exchange approved an application by Ronxin Investment for the proposed public issuance of the first tranche of domestic corporate bonds with a face value of not exceeding RMB1.65 billion (the “**First Tranche of the Domestic Corporate Bonds**”). On 22 July 2020, Ronxin Investment conducted a book-building exercise with qualified investors for the First Tranche of the Domestic Corporate Bonds. The First Tranche of the Domestic Corporate Bonds have a term of four years and five years, with an option for Ronxin Investment to adjust the coupon rate and a put option for investors at the end of the second and third year, respectively. The First Tranche of the Domestic Corporate Bonds has been listed on the Shanghai Stock Exchange.

On 17 August 2020, Ronxin Investment conducted a book-building exercise with qualified investors for the second tranche of the 2020 Domestic Corporate Bonds with a face value of not exceeding RMB1,300,000,000 (the “**Second Tranche of the Domestic Corporate Bonds**”). The Second Tranche of the Domestic Corporate Bonds have a term of four and five years, with an option for Ronxin Investment to adjust the coupon rate and a put option for investors at the end of the second and third year, respectively. The Second Tranche of the Domestic Corporate Bonds has been listed on the Shanghai Stock Exchange.

For more details, please refer to the announcements of the Company dated 21 July 2020 and 14 August 2020.

Issuance of US\$150,000,000 5.25% senior notes due 2021

On 4 December 2020, the Company issued senior notes due in December 2021 with an aggregate principal amount of US\$150,000,000, bearing interest at a rate of 5.25% per annum payable in arrear on 3 June 2021 and 3 December 2021 (the “**2021 Notes**”). The 2021 Notes will mature on 3 December 2021. At any time and from time to time prior to 3 December 2021, the Company may at its option redeem up to 35% of the 2021 Notes, at a redemption price of 105.25% of the principal amount of the 2021 Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date in each case, using the net cash proceeds from sales of certain kinds of capital stock of the Company. In addition, the Company may redeem the 2021 Notes, in whole but not in part, at any time prior to 3 December 2021, at a price equal to 100% of the principal amount of the 2021 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to the redemption date.

As at the date of this report, the Group had utilised most of the net proceeds from the issuance of the 2021 Notes to refinance certain of the Group’s existing indebtedness.



Management Discussion and Analysis

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2020, the Group had cash and bank balances of RMB29,901.78 million (2019: RMB34,308.57 million), total borrowings of RMB71,859.73 million (2019: RMB63,177.81 million) and a weighted average effective interest rate for outstanding borrowings of approximately 6.55% (including bank borrowings and other borrowings, domestic corporate bonds, additional senior note and asset-backed securities) (2019: approximately 6.85%).

As at 31 December 2020, the aggregated issued amount of the domestic corporate bonds was RMB13,225.85 million, representing approximately 18.41% of the total borrowings of the Group.

PLEDGE OF ASSETS

As at 31 December 2020, the Group's borrowings were secured by the Group's assets of RMB48,731.03 million (2019: RMB43,318.48 million), which include (i) completed properties held for sale; (ii) properties under development; (iii) property, plant and equipment; (iv) land use rights; (v) restricted cash and (vi) investment property. Certain borrowings from financial institution were also secured by the equity interests of certain subsidiaries.

PROVISION OF GUARANTEE IN FAVOUR OF A BANK FOR TONGXIANG JIAZHU REAL ESTATE CO., LTD.

On 23 October 2020, Rongxin (Fujian) Investment Company Limited ("**Rongxin Investment**"), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, as guarantor, entered into a guarantee agreement in favour of Industrial and Commercial Bank of China, Tongxiang City Sub-branch* (中國工商銀行股份有限公司桐鄉支行) (the "**Creditor**"), pursuant to which Rongxin Investment has agreed to provide guarantee for the due performance of the repayment obligations of Tongxiang Jiazhu Real Estate Co., Ltd.* (桐鄉市嘉築置業有限公司) (the "**JV Company**"), a company established in the PRC with limited liability which is indirectly owned as to 50% by the Company as at the date of this annual report, to the Creditor under the real estate loan agreement dated 21 October 2020 entered into between the JV Company and the Creditor in relation to the grant of loan in the principal amount of RMB590 million for a term of three years commencing from the date of the first withdrawal under the agreement. The term of the guarantee shall end on the date of two years after the expiry of the term of the loan agreement.

For further details, please refer to the announcement of the Company dated 23 October 2020.

CONTINGENT LIABILITIES

The Group's contingent liabilities primarily include guarantees that the Group has provided to PRC banks in respect of the mortgage loans granted by the banks to purchasers of the Group's properties. The purchaser mortgage guarantees are typically released when the title deeds of the respective properties are pledged to the banks as security to continue to support the mortgage loans, which generally takes place after the properties are delivered to the purchasers. The borrowing guarantees represent the maximum exposure of the guarantees provided for the borrowings of related parties and an independent third party at the respective balance sheet dates. The total outstanding guarantee amounts provided by the Group amounted to RMB35,569.02 million as at 31 December 2020 (31 December 2019: RMB37,486.46 million).

Management Discussion and Analysis

The Directors believe that, in case of a default by the Group's purchasers on their mortgage payments, the net realisable value of the relevant properties will be sufficient to repay the outstanding mortgage loans, together with any accrued interest and penalty. Therefore, the Group did not make any provision in connection with these guarantees. The Group also provides various quality warranties to purchasers of its properties, with a term ranging from one to five years, in accordance with the relevant PRC laws and regulations. Such warranties are covered by back-to-back warranties provided to the Group by the respective construction contractors. In addition, the Group has, from time to time, also been a party to lawsuits and other legal proceedings in the normal course of business.

Current ratio

As at 31 December 2020, the current ratio of the Group was 1.53 times (31 December 2019: 1.51 times). The increase in the Group's current ratio was mainly attributable to the increase of properties under development and completed properties held for sale included in current assets.

Gearing ratio

As at 31 December 2020, the gearing ratio of the Group was 0.83 (2019: 0.70), mainly due to the increase of borrowings. This ratio is calculated as net borrowings divided by total equity as shown in the consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less total of cash and cash equivalents, restricted cash and term deposits.

FUTURE PLANS FOR MATERIAL INVESTMENTS

The Group will continue to focus on its existing property development business and acquiring high-quality land parcels in the first-tier and second-tier cities in the PRC. No concrete plan for future investments is in place for the Group as at the date of this report.

FOREIGN CURRENCY RISK

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is Renminbi. As at 31 December 2020, the Group's financial assets and liabilities denominated in currencies other than RMB were mainly borrowings denominated in United States dollars and Hong Kong dollars, in the total amount of approximately RMB24,430.43 million. Any depreciation of RMB would adversely affect the value of any dividends the Group pays to its shareholders outside of the PRC. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.



Management Discussion and Analysis

MATERIAL ACQUISITION AND DISPOSAL

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

Significant Events After the Reporting Period

Issuance of Senior Notes due 2025

On 25 January 2021, the Company issued senior notes in the aggregated principal amount of US\$300,000,000 due in 2025 ("**2025 Notes**") on SGX-ST, with an interest rate of 7.1% per annum payable semi-annually in arrears on 25 January and 25 July of each year, commencing from 25 July 2021. The maturity date of the 2025 Notes is 25 January 2025. At any time and from time to time prior to 25 January 2021, the Company may at its option redeem the 2025 Notes, at a pre-determined redemption price.

For more details, please refer to the announcements of the Company dated 19 January 2021 and 26 January 2021 and the relevant offering memorandum.

As at the date of this report, the Group had utilised most of the net proceeds from this offering to refinance certain existing indebtedness of the Company, which was consistent with the purposes disclosed in the offering memorandum.

Issuance of US\$200,000,000 5.50% Senior Notes due 2022

On 27 January 2021, the Company issued senior notes due in February 2022 with an aggregate principal amount of US\$200,000,000, bearing interest at a rate of 5.50% per annum payable in arrear on 1 August 2021 and 1 February 2022 (the "**2022 Notes**"). The 2022 Notes will mature on 1 February 2022. At any time and from time to time prior to 1 February 2022, the Company may at its option redeem up to 35% of the 2022 Notes, at a redemption price of 105.50% of the principal amount of the 2022 Notes plus accrued and unpaid interest, if any, to (but not including) the redemption date in each case, using the net cash proceeds from sales of certain kinds of capital stock of the Company. In addition, the Company may redeem the 2022 Notes, in whole but not in part, at any time prior to 1 February 2022, at a price equal to 100% of the principal amount of the 2022 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to the redemption date.

As at the date of this report, the Group had utilised most of the net proceeds from the issuance of the 2022 Notes to refinance certain of the Group's existing indebtedness.

Issuance of 2021 Domestic Corporate Bonds

On 2 February 2021, the Company announced that Rongxin Investment had lodged an application to the Shanghai Stock Exchange in the PRC to undertake public offering(s) of domestic corporate bonds to professional investors with an aggregate principal amount of not more than RMB9.66 billion listed on the Shanghai Stock Exchange (the "**2021 Domestic Corporate Bonds**"). On 2 February 2021, the Shanghai Stock Exchange approved the application by Rongxin Investment for the proposed public issuance of the first tranche of the 2021 Domestic Corporate Bonds with a face value of not exceeding RMB1.318 billion (the "**First Tranche of the 2021 Domestic Corporate Bonds**"). On 3 February 2021, Rongxin Investment and the lead underwriter conducted a book-building exercise with professional investors for the First Tranche of the 2021 Domestic Corporate Bonds. The First Tranche of the 2021 Domestic Corporate Bonds have a term of five years, with an option for Rongxin Investment to adjust the coupon rate and a put option for investors at the end of the second and fourth year. The First Tranche of the 2021 Domestic Corporate Bonds has been listed on the Shanghai Stock Exchange.

For more details, please refer to the announcement of the Company dated 2 February 2021.

Management Discussion and Analysis

Provision of Guarantee for a Joint Venture

On 26 February 2021, Rongxin Investment (being an indirect wholly-owned subsidiary of the Company), as a guarantor, entered into a guarantee agreement in favour of the creditor, China Zheshang Bank Co., Ltd. Chengdu Branch ("**Zheshang Bank**"), pursuant to which Rongxin Investment has agreed to provide guarantee for the due performance of the repayment obligations of 成都隆騰錦瑞置業有限公司 (Chengdu Longteng Jinrui Real Estate Co., Ltd.*) (the "**Chengdu JV Company**"), a subsidiary indirectly owned as to 40% by the Company, to Zheshang Bank under the loan agreement entered into by the Chengdu JV Company and Zheshang Bank on 26 February 2021.

For more details, please refer to the announcements of the Company dated 26 February 2021 and 4 March 2021.

Partial Repurchase of 2025 Notes

Reference is made to the issuance of the 2025 Notes. As at the date of this report, the Company has, in the open market, repurchased part of the 2025 Notes in a principal amount of US\$34,500,000, representing 11.5% of the aggregate principal amount of the 2025 Notes outstanding. The Company will cancel the repurchased notes in accordance with the terms of the 2025 Notes and the relevant indenture.

For more details, please refer to the announcement of the Company dated 4 March 2021.

Partial Repurchase of 6.75% senior notes due 2024 (ISIN: XS2211514885) (the "2024 Notes") and the 2025 Notes

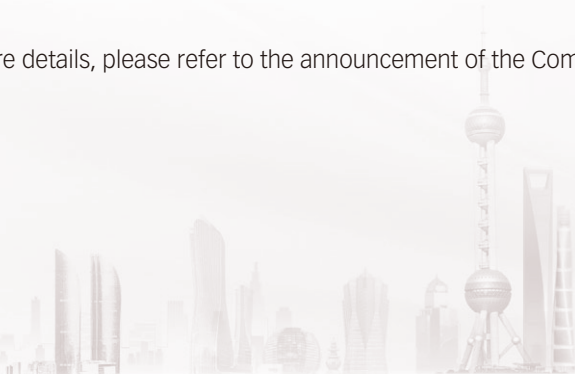
Reference is made to the issuance of the 2024 Notes and the 2025 Notes. As at the date of this report, the Company has, in the open market, (i) repurchased part of the 2024 Notes in a principal amount of US\$15,000,000, representing 7.5% of the total principal amount of the 2024 Notes at the time of initial listing; and (ii) repurchased part of the 2025 Notes in a principal amount of US\$15,000,000, representing 5% of the total principal amount of the 2025 Notes at the time of initial listing. The Company will cancel the repurchased notes in accordance with the terms of the 2024 Notes and 2025 notes, and the relevant indentures respectively.

For more details, please refer to the announcement of the Company dated 31 March 2021.

Partial Repurchase of 8.75% Senior Notes due 2022 (ISIN: XS1976760782) (the "8.75% Notes due 2022")

Reference is made to the issuance of the 8.75% Notes due 2022. As at the date of this report, the Company has, in the open market, repurchased part of the 8.75% Notes due 2022 in a principal amount of US\$10,000,000, representing 1.43% of the total principal amount of the 8.75% Notes due 2022 at the time of initial listing. The Company will cancel the repurchased notes in accordance with the terms of the 8.75% Notes due 2022 and the relevant indenture.

For more details, please refer to the announcement of the Company dated 15 April 2021.



DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Ou Zonghong, aged 51, is the founder of the Group. Mr. Ou has been a Director since 11 September 2014, the chairman of the Board since 1 December 2014 and was re-designated as the executive Director and appointed as the chief executive officer of the Company on 15 December 2014. Mr. Ou is the chairman of the nomination committee and a member of the remuneration committee of the Company since 13 January 2017. Mr. Ou is primarily responsible for the overall development strategy and daily operation of the Group. He has more than 20 years of experience in the property development and construction industries. Mr. Ou established Putian Transport Engineering Company Limited* (莆田市交通工程有限公司) on 1 August 1995, which engaged in construction of motorways. On 20 April 2000, Mr. Ou started his engagement with the property related business and established Putian Transport and Real Estate Development Company Limited (莆田市交通房地產開發有限公司). On 23 September 2003, Mr. Ou established Rongxin (Fujian) Investment Company Limited* (融信(福建)投資集團有限公司). Mr. Ou has been a director of Renmin University of China* (中國人民大學) since 18 October 2011. Mr. Ou has also been the managing vice president of the Federation of Fujian Enterprise and Entrepreneur* (福建省企業與企業家聯合會) since April 2012, respectively.

Mr. Ou has also assumed various positions in the subsidiaries of the Company, including a director of Rongda Company Limited since 11 September 2014, a director of Rongtai Company Limited (融泰有限公司) since 26 September 2014, a director of Rongxin (Fujian) Investment Company Limited* (融信(福建)投資集團有限公司) since 23 September 2003, a director of Rongxin (Zhangzhou) Property Company Limited* (融信(漳州)房地產有限公司) from 7 January 2011 to 1 February 2013 and a director of Shanghai Ronglai Business Management Consulting Ltd. (上海融隸企業管理諮詢有限公司) since 28 October 2014.

Mr. Ou was awarded a member of the fourteenth and fifteenth sessions of the Excellent Entrepreneurs of Fujian in December 2011 and June 2014, respectively. He also received the Silver Award of the Ten Young Entrepreneurs of Fujian in April 2008.

Ms. Yu Lijuan, aged 40, was appointed as an executive Director on 22 March 2019. Ms Yu possesses extensive experience in real estate development and management. Ms. Yu has been engaged in the real estate industry for over 15 years. Ms. Yu first joined the Group in September 2007, she has since served in various positions within the Group, including serving as the marketing director of the Group, the deputy general manager of the East China region of the Company, the general manager of the Hangzhou region of the Company, vice president of the Group and the president of division 1 and division 3 of the Group. Ms. Yu is currently the president of the Group. Ms. Yu graduated from Fuzhou University (福州大學) in Fujian Province, China with a bachelor's degree in administrative management in July 2004. In November 2018, Ms. Yu was also awarded the title of "Top Ten Outstanding Professional Managers of Zhejiang Province for 2018" (2018年度浙江省十大傑出職業經理人).

Directors and Senior Management

Ms. Zeng Feiyan, aged 45, has been an executive Director since 27 July 2015. She joined the Group in August 2013. Ms Zeng was the joint company secretary of the Company from 15 December 2014 to 20 February 2019. Before joining the Group, Ms. Zeng Feiyan has more than 10 years of finance related experiences in various entities. Ms. Zeng Feiyan had served as the manager of the operation and financial management center and the vice director of the supervisory committee in Hopson Development Holdings Limited* (合生創展集團有限公司) (a property development company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), stock code: 754) from May 2003 to October 2007. She was the vice general manager responsible for finance and investment management of Guangdong Pearl River Investment Management Group Company Limited* (廣東珠江投資管理集團有限公司) (a company principally engaged in the investment in energy and infrastructure projects) from October 2007 to September 2011, and the vice president and secretary of the board of directors of Cnhomeland Environmental Co., Ltd.* (浩藍環保股份有限公司) (an environmental-protection company engaged in the provision of environmental solutions services) from September 2011 to August 2013.

Ms. Zeng Feiyan has been a certified public accountant authorised by the Institute of Certified Public Accountants of Guangdong Province since 7 January 2003. She has also been a senior economist as credentialed by the Senior Professional Titles Evaluation Committee of Dezhou Private Economic Organisations since 26 September 2013 and a Registered Tax Agents authorised by the Certified Tax Agents Association of Guangdong Province since 13 December 2011. Ms. Zeng Feiyan graduated from Changsha Communication College* (長沙交通學院) (now known as Changsha University of Science and Technology)* (長沙理工大學) in Changsha, Hunan province in June 1998 where she obtained a bachelor degree in accounting. Ms. Zeng Feiyan has also obtained the executive master of business administration from the Guanghua School of Management of Peking University* (北京大學光華管理學院) in July 2016.

Mr. Ruan Youzhi, aged 45, was appointed as an executive Director on 16 November 2018. Mr. Ruan graduated from Fujian Normal University* (福建師範大學) in July 2005 with a bachelor’s degree in Chinese literature. Mr. Ruan currently serves as the senior vice president of the Company and is mainly responsible for managing the Company’s investments and public relations. From August 1997 to August 2001, Mr. Ruan taught at Xianyou Fengjiang Middle School* (仙遊楓江中學). From March 2003 to May 2008, he was the reporter for Straits News* (海峽都市報). Since joining the Company in June 2008, Mr. Ruan successively worked as the director of the president office, the general manager of the brand center, the general manager of the investment development center, the assistant to the chairman of the Board and the vice president of the Company.

Mr. Zhang Lixin, aged 42, was appointed as an executive Director on 16 November 2018. Mr. Zhang is the chief financial officer of the Company and is primarily responsible for the financial affairs of the Company. Mr. Zhang graduated from Dongbei University of Finance and Economics* (東北財經大學) in July 2001 with a bachelor’s degree in Management. He further obtained a master degree of Economics (Regional Economics) in April 2004. Mr. Zhang has extensive experience in financial management. From April 2003 to September 2007, Mr. Zhang held various positions, as the finance supervisor, deputy finance manager and finance manager within a subsidiary of Dalian Wanda Group* (大連萬達集團). From September 2009 to April 2012, Mr. Zhang served initially as the deputy finance manager and subsequently as the chief financial officer in the business department of Shanghai Greenland Holdings Corporation Limited* (綠地控股集團股份有限公司房地產業務部). From May 2012 to August 2015, he was the general manager of the financial management center within Hailiang International Holdings Limited* (海亮地產集團財務管理中心). From August 2015 to date, Mr. Zhang is the general manager of the Company’s finance center.

Directors and Senior Management

NON-EXECUTIVE DIRECTOR

Ms. Chen Shucui, aged 46, was appointed as a non-executive Director on 18 June 2018. Ms. Chen graduated from Hebei University of Economics and Business (河北經貿大學) in the People's Republic of China, where she obtained a bachelor degree of trade economics in June 1997. She further obtained a master degree of currency banking from Xiamen University (廈門大學) in October 2000. Ms. Chen has over 20 years of experience in asset management and securities trading. She has been the general manager assistant of China Everwin Asset Management Co., Ltd. (華夏久盈資產管理有限責任公司) since June 2017. From July 1997 to November 2006, Ms. Chen was the general manager assistant of (i) the sales department in Beijing and (ii) the securities and asset management department in Hebei of Hebei Securities Co., Ltd. (河北證券有限責任公司). From December 2006 to April 2009, she served as the deputy general manager at the securities investment department of New Times Securities Co., Ltd. (新時代證券有限責任公司). From April 2009 to February 2013, Ms. Chen has been serving a number of positions in Huarong Securities Co., Ltd. (華融證券股份有限公司), including (i) deputy general manager of the asset management department and (ii) deputy general manager of its futures intermediate business. From February 2013 to December 2016, she was the general manager of the securities investment department of Dongxing Securities Co., Ltd. (東興證券股份有限公司). From December 2016 to June 2017, Ms. Chen was the assistant to the president of New Times Trust Co., Ltd. (新時代信託股份有限公司). From April 2019 to July 2020, Ms. Chen served as a non-independent director of Beijing Jetsen Technology Co., Ltd.* (北京捷成世紀科技股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300182). From September 2019 to October 2020, Ms. Chen also acted as a non-independent director of Zhejiang Hai Liang Co., Ltd.* (浙江海亮股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002203). Ms. Chen currently serves as an independent director of the board at Xihu Zhongbao Co., Ltd. (新湖中寶股份有限公司) since June 2018, a company listed on the Shanghai Stock Exchange (stock code: 600208), and a non-executive director of Fosun International Limited (復星國際有限公司) since December 2019, a company listed on the Main Board of the Stock Exchange (stock code: 656).

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ren Yunan, aged 45, has been an independent non-executive Director, the chairman of the remuneration committee and a member of the audit committee of the Company since 13 January 2016. He is primarily responsible for supervising and providing independent judgment to the Board. Mr. Ren obtained a bachelor degree in law from Peking University* (北京大學) in Beijing in July 1997 and a master degree in law from Harvard University in the U.S. in June 1999. Mr. Ren has been qualified to practice law in New York, the U.S. since March 2000 and also admitted to practice in Hong Kong since March 2003 and currently is not in private practice in Hong Kong. Mr. Ren currently focuses on technology investment.

Directors and Senior Management

Mr. Ren currently holds or has in the past three years held directorship in several listed companies, as set out below:

Name of entity	Principal business	Place of listing and stock code	Position and period of time
Labixiaoxin Snacks Group Limited* (蠟筆小新休閒食品集團有限公司)	a snack food provider	listed on the Main Board of the Stock Exchange (stock code: 1262)	a non-executive director from February 2015 to August 2020
International Entertainment Corporation* (國際娛樂有限公司)	a hotel and entertainment company in the Philippines	listed on the Main Board of the Stock Exchange (stock code: 1009)	an independent non-executive director from May 2017 to July 2018
OKG Technology Holdings Limited* (歐科雲鏈控股有限公司) (formerly known as LEAP Holdings Group Limited)* (前進控股集團有限公司)	an investment holding company, which together with its subsidiaries is principally engaged in provision of foundation works and ancillary services, construction wastes handling services, technical services, money lending business and investments in securities	listed on the Main Board of the Stock Exchange (stock code: 1499)	an executive director, chairman of the board and the chief executive officer since July 2018

Directors and Senior Management

Mr. Qu Wenzhou, aged 48, has been an independent non-executive Director, the chairman of the audit committee and a member of the remuneration committee and the nomination committee of the Company since 13 January 2016. He is primarily responsible for supervising and providing independent judgment to the Board. Mr. Qu served as a professor at the School of Management of Xiamen University* (廈門大學管理學院) since 2005. He is currently serving as the dean of The Jinyuan Institute for Financial Studies at Xiamen University* (廈門大學金圓研究院), director at the MBA Education Center under School of Management at Xiamen University (廈門大學管理學院MBA教育中心), and director at the China Capital Market Research Center of Xiamen University* (廈門大學中國資本市場研究中心). Mr. Qu has served as an independent non-executive director or independent director in several listed companies, including those set out below:

Name of entity	Principal business	Place of listing and stock code	Position and period of time
Mingfa Group (International) Company Limited (明發集團(國際)有限公司)	a property development company	listed on the Main Board of the Stock Exchange (stock code: 846)	non-executive director and chairman of the audit committee from 19 August 2010 to 4 September 2018
Fujian Cosunter Pharmaceutical Co., Ltd (福建廣生堂藥業股份有限公司)	a pharmaceutical company	Listed on Shenzhen Stock Exchange (stock code: 300436)	an independent director from 2 December 2014 to 20 December 2017
Guangdong Baolihua New Energy Stock Co., Ltd (廣東寶麗華新能源股份有限公司)	a energy company	Listed on Shenzhen Stock Exchange (stock code: 000690)	an independent director since 24 March 2015
Fujian Septwolves Industry Co., Ltd (福建七匹狼實業股份有限公司)	a fashion design and manufacturing company	Listed on Shenzhen Stock Exchange (stock code: 002029)	an independent director since 8 July 2016
Geo-Jade Petroleum Corporation (洲際油氣股份有限公司)	a petroleum company	Listed on Shanghai Stock Exchange (stock code: 600759)	an independent director since 27 July 2016

Directors and Senior Management

Name of entity	Principal business	Place of listing and stock code	Position and period of time
China Merchants Shekou Industrial Zone Holdings (招商局蛇口工業區控股股份有限公司)	a China-based company principally engaged in the development and operation of industrial parks, communities and cruise business	Listed on Shenzhen Stock Exchange (stock code: 001979)	an independent director from 12 September 2018 to 11 September 2021
Fuyao Glass Industry Group Co.,Ltd.* (福耀玻璃工業集團股份有限公司)	a China-based company principally engaged in manufacture of automobile safety glass and industrial technical glass	listed on Shanghai Stock Exchange (stock code: 600660)	an independent director from 30 October 2019 to 7 January 2021
Fuyao Glass Industry Group Co., Ltd. (福耀玻璃工業集團股份有限公司)	a joint stock company incorporated in the PRC principally engaged in providing total solutions of safety glass for various transportation vehicles	listed on the Main Board of the Stock Exchange (stock code: 3606)	an independent non-executive director since 30 October 2019

Mr. Qu has been a member of the eleventh All-China Youth Federation since August 2010. He was awarded the Youth May 4th Medal of Fujian Province in May 2008. He has been a certified public accountant authorised by The Chinese Institute of Certified Public Accountants since November 2003 and a chartered financial analyst authorised by the Chartered Financial Analyst Institute since November 2004. Mr. Qu graduated from Xiamen University in Xiamen, Fujian province with a bachelor degree in science in July 1995. He also obtained his master degree in economics in June 1999, master degree in business administration in October 2001 and doctor degree in economics in December 2003 from Xiamen University.

Directors and Senior Management

Mr. Ruan Weifeng, aged 43, was appointed as an independent non-executive Director on 22 March 2019. Mr. Ruan is a practising full-time lawyer in the People's Republic of China for 19 years. He graduated from the Faculty of Law of the Northwest University of Political Science and Law (西北政法大學) (previously known as Northwest College of Political Science and Law) in July 1999, and obtained a bachelor's degree in law upon finishing its full-time legal undergraduate program. Mr. Ruan was admitted as a lawyer in the PRC in 1999. From June 2000 to September 2001, he served as a full-time lawyer of Fujian Mentors Law Firm* (福建名仕律師事務所), where he was mainly responsible for handling non-performing asset businesses for financial institutions and asset management companies. From October 2001 to April 2006, he served as a full-time lawyer in Fujian Huiyang Law Firm* (福建輝揚律師事務所). He also successively served as a legal advisor to a number of banks, enterprises and institutions, and had handled nearly 100 civil and commercial cases. From April 2006 to July 2012, he served as a partner of the Fuzhou branch of Beijing Horizon Lawyers* (北京市地平線律師事務所福州分所), where he was primarily responsible for the business development and management of the non-litigation department. Since August 2012, he has established Fujian Gong Lue Law Firm* (福建攻略律師事務所), where he held the position of partner and director. Fujian Gong Lue Law Firm* is mainly engaged in advising on corporate legal matters, non-contentious legal practice areas such as finance, insurance, investment, mergers and acquisitions, global wealth planning (civil trust) matters, as well as handling other complex litigation and arbitration cases.

SENIOR MANAGEMENT

The senior management of the Group include the five executive Directors as disclosed above.

JOINT COMPANY SECRETARIES

Mr. Yu Zuoyi and Ms. Ng Wing Shan are the joint company secretaries of the Company.

Mr. Yu Zuoyi, aged 46, holds a Bachelor of Accounting degree from Hainan University* (海南大學) (formerly known as South China University of Tropical Agriculture* (華南熱帶農業大學) in the People's Republic of China. From August 1995 to March 2011, Mr. Yu worked as a company accountant, finance manager, audit manager, finance director and securities manager within Tahoe Group Co., Ltd. (泰禾集團股份有限公司), a company listed on the Shenzhen Stock Exchange with the stock code 000732, during which he was mainly responsible for financial management, financial and auditing related matters, internal system construction, asset and debt restructuring, mergers and acquisitions, internal standardization and administration, disclosure of information, and other matters related to listing. Since April 2011, Mr. Yu has been serving variously as the Company's finance supervisor, senior manager and senior director and is mainly responsible for other matters related to listing, such as financial management and disclosure of information.

Ms. Ng Wing Shan is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited. Ms. Ng is a fellow member of The Hong Kong Institute of Chartered Secretaries and a fellow member of The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom.

Save as otherwise disclosed in this annual report, there is no relationship (including financial, business, family or other material or relevant relationship) between the Directors and senior management of the Company, and no information relating to the Directors which is required to be disclosed pursuant to Rules 13.51(2) and 13.51B(1) of the Listing Rules.

REPORT OF DIRECTORS

The Directors are pleased in presenting this annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2020.

CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 11 September 2014 as an exempted company with limited liability under the Companies Laws of the Cayman Islands (the “**Cayman Companies Law**”). The shares of the Company (the “**Shares**”) were listed on the Stock Exchange on 13 January 2016.

Principal Activities

The Company is an investment holding company and together with its subsidiaries, joint ventures and an associated company is a property developer in the PRC primarily engaged in the development of mid- to high-end residential properties and commercial properties in cities in the Western Taiwan Straits Economic Zone, Yangtze River Delta Economic Region and selected first- and second-tier cities in the PRC. The Western Taiwan Straits Economic Zone is an area centering on the coastal areas of Fujian province known for entrepreneurship and economic growth.

Details of the principal activities of the principal subsidiaries of the Group are set out in note 11a to the consolidated financial statements of the Group in this annual report. There were no significant changes in the nature of the Group’s principal activities during the year ended 31 December 2020. As at the date of this annual report, the Board has no intention to significantly change the principal business of the Group.

RESULTS

The results of the Group for the year ended 31 December 2020 are set out in the consolidated statement of comprehensive income of the Group in this annual report. The Group’s business review and future business development are provided in the section headed “Chairman’s Statement” in this annual report. An analysis of the Group’s performance using financial key performance indicators is provided in the section headed “Management Discussion and Analysis” in this annual report.

A five year financial summary of the Group for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 have been set out on page 224 in this annual report.

MATERIAL ACQUISITION AND DISPOSAL

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

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2020 are set out in note 15 to the consolidated financial statements of the Group in this annual report.

BORROWINGS

Details of the borrowings of the Group as at 31 December 2020 are set out in note 26 to the consolidated financial statements of the Group in this annual report.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2020 are set out in the consolidated statement of changes in equity in this annual report. As at 31 December 2020, the distributable reserve of the Company amounted to approximately RMB1,604.6 million.

ANNUAL GENERAL MEETING

The forthcoming annual general meeting of the Company (the “**AGM**”) will be held on Friday, 4 June 2021, a notice of which will be published and despatched to the Shareholders in due course.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK\$0.50 (equivalent to RMB0.46) per Share for the year ended 31 December 2020 (the “**Final Dividend**”) totaling RMB709.16 million, to the Shareholders whose names appear on the register of members of the Company as at the close of business on Wednesday, 16 June 2021 (2019: HK\$0.60 per share). If the resolution for the proposed Final Dividend is passed at the AGM, the proposed Final Dividend will be payable on or before Friday, 27 August 2021.

CLOSURES OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders’ eligibility to attend and vote at the AGM, the register of members of the Company 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 registered. In order to qualify for attending and voting at the AGM, all transfer of share documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 31 May 2021.

For the purpose of determining the entitlement of the Final Dividend, the register of members of the Company will be closed from Thursday, 10 June 2021 to Wednesday, 16 June 2021 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for entitling the Final Dividend, all transfer of share documents accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 9 June 2021.



Report of Directors

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

The Group primarily targets customers from middle to upper-middle income households who are looking to either purchase their first homes or upgrade their living environment. The Group also derived revenue from certain local governments in Fuzhou City for the Group's services under construction contracts. For the year ended 31 December 2020, the five largest customers of the Group accounted for 2.56% of the revenue of the Group, and the single largest customer of the Group accounted for 1.92% of the revenue of the Group during the same period.

All of the five largest customers of the Group (except local governments as counter-parties to the Group's construction contracts) for the year ended 31 December 2020 are individual purchasers of the Group's properties, and all of them are independent third parties. To the best of the knowledge of the Directors, none of the Directors, their respective close associates or any Shareholder who owns more than 5% of the issued share capital of the Company had any interest in any of the five largest customers of the Group during the year ended 31 December 2020.

Major Suppliers

For the year ended 31 December 2020, the five largest suppliers of the Group, primarily comprising construction companies which are the Group's contractors and each an independent third party, accounted for 28.49% of the total purchases of the Group, and the single largest supplier of the Group accounted for 17.57% of the Group's total costs of sales during the same period.

To the best of the knowledge of the Directors, none of the Directors, their respective close associates or any Shareholder who owns more than 5% of the issued share capital of the Company had any interest in any of the five largest suppliers of the Group during the year ended 31 December 2020.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognises that the employees, customers and suppliers are the keys to corporate sustainability and is keen on developing long-term relationships with its stakeholders.

The Company places significant emphasis on human capital and strives to foster an environment in which employees can develop their full potential and to assist their personal and professional growth. The Company provides a fair and safe workplace, promoting diversity to our staff, providing competitive remuneration and benefits and career development opportunities based on their merits and performance.

The Group also puts on-going efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

The Company understands that it is important to maintain good relationship with customers. The Group has established procedures in place for handling customers' complaints and customer satisfaction surveys in order to ensure customers' complaints are dealt with in a prompt and timely manner.

Report of Directors

The Group is also dedicated to developing good relationship with suppliers as long-term business partners to ensure stable supplies of materials and timely delivery of power plants under construction. The Group reinforces business partnerships with suppliers and contractors by recurring communication in proactive and effective manner so as to ensure quality and delivery.

SHARE CAPITAL

During the Year, the Company repurchased an aggregate 33.15 million Shares at a cumulative consideration of approximately HK\$226.99 million. For further details, please refer to the section headed “Report of Directors — Purchase, Sale or Redemption of Listing Securities of the Company” in this annual report.

As at 31 December 2020, the Company had 1,685,261,417 Shares in issue.

Details of the movements in the share capital of the Company are set out in note 24 to the consolidated financial statements of the Group in this annual report.

ISSUANCE OF SENIOR NOTES

Details of the issuance of senior notes of the Company during the year ended 31 December 2020 are set out in the section headed “Management Discussion and Analysis — Financing Activities” in this annual report.

DIRECTORS AND DIRECTORS’ SERVICE CONTRACTS

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

Executive Directors

Mr. Ou Zonghong (*Chairman and Chief Executive Officer*)

Ms. Yu Lijuan

Ms. Zeng Feiyan

Mr. Ruan Youzhi

Mr. Zhang Lixin (*Chief Financial Officer*)

Non-executive Director

Ms. Chen Shucui

Independent Non-executive Directors

Mr. Ren Yunan

Mr. Qu Wenzhou

Mr. Ruan Weifeng



Report of Directors

The biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" in this annual report.

In accordance with Article 84(1) of the articles of association of the Company (the "**Articles of Association**"), one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and be eligible for re-election and re-appointment at every annual general meeting, provided that every Director shall be subject to retirement by rotation at the annual general meeting at least once every three years.

Accordingly, Ms. Zeng Feiyan, Mr. Ruan Youzhi and Ms. Chen Shucui shall retire by rotation as Directors at the AGM according to Article 84(1) of the Articles of Association. Ms. Zeng Feiyan, Mr. Ruan Youzhi and Ms. Chen Shucui, being eligible, have offered themselves for re-election as Directors at the AGM.

Directors' Service Contracts

Mr. Ou Zonghong had entered into a service contract with the Company to act as an executive Director for a term of three years commencing from 13 January 2016 (the "**Listing Date**"). Mr. Ou has renewed his service contract with the Company to act as an executive Director for a term of 3 years commencing from 13 January 2019, which may be terminated pursuant to the terms of his service contract.

Ms. Zeng Feiyan has entered into a service contract with the Company to act as an executive Director for a term of three years commencing from her date of appointment (i.e. 18 June 2016), and may be terminated pursuant to the terms of her service contract. Ms. Zeng has renewed her service contract with the Company to act as an executive Director for a term of 3 years commencing from 5 June 2019, which may be terminated pursuant to the terms of her service contract.

Each of Mr. Ruan Youzhi and Mr. Zhang Lixin has entered into a service contract to act as an executive Director with the Company for a term of three years commencing from their respective date of appointment (i.e. 16 November 2018), and may be terminated pursuant to the respective terms of the service contracts.

Ms. Yu Lijuan has entered into a service contract with the Company to act as an executive Director for a term of three years commencing from her date of appointment (i.e. 22 March 2019) and may be terminated pursuant to the terms of her service contract.

Ms. Chen Shucui entered into a service contract with the Company to act as a non-executive Director for a term of one year commencing from her date of appointment (i.e. 18 June 2018) and may be terminated pursuant to the terms of her service contract. She has renewed her service contract with the Company to act as non-executive Director for a term of 2 years commencing from 18 June 2019, which may be terminated pursuant to the terms of her service contract.

Each of the independent non-executive Directors apart from Mr. Ruan Weifeng entered into an appointment letter with the Company to act as an independent non-executive Director for a term of three years commencing from the Listing Date. Each of the independent non-executive Directors apart from Mr. Ruan Weifeng has renewed their respective appointment letter with the Company, for a term of 3 years commencing from 1 April 2019, which may be terminated pursuant to the terms of the respective terms of the appointment letters.

Report of Directors

Mr. Ruan Weifeng has entered into an appointment letter with the Company to act as an independent non-executive Director for a term of three years commencing from his date of appointment (i.e. 22 March 2019) and may be terminated pursuant to the terms of his appointment letter.

None of the Directors has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received a confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the independent non-executive Directors are considered to be independent pursuant to the Listing Rules.

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2020 are set out in note 8 to the consolidated financial statements of the Group in this annual report.

During the year ended 31 December 2020, Ms. Chen Shucui, a non-executive Director, has waived her emoluments.

Save as disclosed above, none of the Directors waived his/her emoluments nor has agreed to waive his/her emoluments for the year ended 31 December 2020.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Ou Zonghong, the chairman and an executive Director of the Company, through his interests in a family trust, the Ou Family Trust, is interested in 66.69% shareholding of the Company as at 31 December 2020. Apart from holding interests in the Group as a result of the Ou Family Trust, Mr. Ou Zonghong also owns equity interest in certain other companies which are engaging in the businesses of hotel operation and property management, details of which are set out below.

(i) Hotel Operation

Hemei (Zhangzhou) Hotel Investment Company Limited (和美(漳州)酒店投資有限公司) is a member of the Fujian Dingcheng Investment Company Limited, (福建鼎誠投資有限公司) which owns and operates Zhangzhou Rongxin Crowne Plaza Holiday Hotel (漳州融信皇冠假日酒店) ("**Zhangzhou Rongxin Hotel**"). Zhangzhou Rongxin Hotel is a high-end hotel in Zhangzhou, Fujian province and was opened in August 2014. For further details, please refer to the section headed "Relationship with Controlling Shareholders — No Competition and Delineation of Business" on pages 260 to 263 in the Prospectus.

Report of Directors

(ii) Pre-delivery Property Management

Fujian Rongxin Shiou Property Management Company Limited (福建融信世歐物業管理集團有限公司) (“**Fujian Rongxin Shiou Property Management**”) is beneficially owned as to 90% by Mr. Ou Zonghong. Fujian Rongxin Shiou Property Management is engaged in the provision of pre-delivery property management services and it has been providing pre-delivery property management services to certain of the Group’s property projects during the year ended 31 December 2020 and will continue to do so afterward. For further details, please refer to the announcements of the Company dated 8 November 2016 and 23 November 2018 in relation to the renewal, and the paragraph headed “Continuing Connected Transactions — 2. Master Ronshine Property Management and Related Services Agreement” in this section.

Fujian Rongxin Shiou Property Management (formally known as Fujian Shiou Property Management Company Limited) was beneficially owned as to 100% by Mr. Ou Zonghong in 2016 and thereafter has been beneficially owned as to 90% by Mr. Ou Zonghong since 2017, including 54% interests indirectly held by Mr. Ou Zonghong and 36% interests held by an independent third party on trust for and on behalf of Mr. Ou Zonghong. In 2020, subsequent to a series of equity transfers and reorganization, Fujian Rongxin Shiou Property Management became an indirect wholly-owned subsidiary of Ronshine Service Holding Co., Ltd, which is, in turn, held as to 80% by Rongxin Yipin Co., Ltd (“**Rongxin Yipin**”) and 20% by Fumei International Co., Ltd (“**Fumei International**”). Each of Rongxin Yipin and Fumei International is wholly owned by Rongan Juxiang Co., Ltd (“**Rongan Juxiang**”), the special purpose holding vehicle of the family trust established on 18 August 2020 by Mr. Ou Zonghong as the settlor and protector, with HSBC International Trustee Limited as the trustee. Accordingly, Fujian Rongxin Shiou Property Management is beneficially owned as to 100% by Mr. Ou Zonghong by virtue of his indirect interests through Rongxin Yipin and Fumei International in Ronshine Service Holding Co., Ltd. which holds 100% interest indirectly in Fujian Rongxin Shiou Property Management. Fujian Rongxin Shiou Property Management remains to be a connected person of the Company under Chapter 14A of the Listing Rules.

(iii) Property Management

Rongxin (Fujian) Property Management Company Limited (融信(福建)物業管理有限公司) (“**Rongxin Fujian Property Management**”) is beneficially owned as to 52% by Mr. Ou Zonghong by virtue of his indirect interests through Rongxin Yipin and Fumei International in Ronshine Service Holding Co., Ltd. which holds 100% interest indirectly in Fujian Rongxin Shiou Property Management, which, in turn, holds 52% interest in Rongxin Fujian Property Management. Rongxin Fujian Property Management is engaged in the provision of property management services and it has been providing property management services to certain of the Group’s property projects during the year ended 31 December 2020 and will continue to do so afterward. For further details, please refer to the section headed “Relationship with Controlling Shareholders — No Competition and Clear Delineation of Business” on pages 260 to 263 in the Prospectus.

Save as disclosed above, as at 31 December 2020, none of the controlling Shareholders of the Company or the Directors was engaged or had interest in any business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with the Group’s business, which would require disclosure under Rule 8.10 of the Listing Rules.

COMPLIANCE WITH NON-COMPETITION UNDERTAKINGS

Deed of Non-Competition

The Company's controlling Shareholders, namely, Mr. Ou Zonghong, Mr. Ou Guofei, Honesty Global Holdings Limited and Dingxin Company Limited (together, the "**Covenantors**") entered into a deed of non-competition on 22 December 2015 (the "**Deed of Non-Competition**") in favour of the Company, pursuant to which each of the Covenantors has, among other things, irrevocably and unconditionally undertaken, jointly and severally, with the Company that, save for the businesses carried on by them as already disclosed in the Prospectus, the Covenantors shall not, and shall procure that their close associates (other than members of the Group) shall not, directly or indirectly, carry on, engage in, invest in, participate in, attempt to participate in, render any services to, provide any financial support to or otherwise be involved in or interested in, whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person, any business or investment activities in the PRC and Hong Kong which is the same as, similar to or in competition with the business carried on or contemplated to be carried on by any member of the Group from time to time ("**Restricted Business**").

The Deed of Non-Competition shall expire on the earlier of (i) the date when the Covenantors and, as the case may be, any of their close associates, cease to hold, or otherwise be interested in, beneficially in aggregate whether directly or indirectly, 30% or more (or such other percentage of shareholding as stipulated in the Listing Rules to constitute a controlling Shareholder) of the issued share capital of the Company; or (ii) the date on which the Shares cease to be listed on the Stock Exchange (except for temporary suspension of trading of the Shares).

For details of the Deed of Non-Completion, please refer to the section headed "Relationship with Controlling Shareholders — Non-Competition Undertakings" in the Prospectus.

Annual Review

The Covenantors have confirmed that they did not refer, or to procure the referral of, any investment or commercial opportunities relating to the Restricted Business to the Group during the year ended 31 December 2020.

The Company has received a written confirmation from each of the Covenantors in respect of the compliance by them and their close associates with the terms of the Deed of Non-Competition.

The independent non-executive Directors have reviewed the Deed of Non-Competition and assessed whether the Covenantors and their close associates have complied with the terms of the Deed of Non-Competition, and were satisfied that each of the Covenantors has complied with his/its undertakings under the Deed of Non-Competition during the year ended 31 December 2020.



Report of Directors

CONTINUING CONNECTED TRANSACTIONS

Set forth below are the details of the continuing connected transactions of the Group during the year ended 31 December 2020, which were exempted from the requirements of independent Shareholders' approval, but subject to the reporting and annual review requirements under Chapter 14A of the Listing Rules:

1. Landscape Engineering Services Framework Agreement

Reference is made to the announcements of the Company dated 15 September 2017, 29 September 2017, 10 January 2020 and 15 January 2020.

The Company, as service recipient, entered into a landscape engineering services framework agreement (the **"2017 Landscape Engineering Services Framework Agreement"**) with Xiujing (Fujian) Landscape Engineering Company Limited* (秀景(福建)園林工程有限公司) (**"Xiujing Landscape"**), as service provider, on 15 September 2017, pursuant to which Xiujing Landscape has agreed to provide, among others services, (i) landscape engineering design services; (ii) landscape construction; and (iii) sale and nursery of horticultural plants (collectively, the **"Landscape Engineering Services"**) to the property projects of the Group in the PRC, including but not limited to those in Fuzhou, Xiamen, Zhangzhou, Shanghai and Hangzhou, for a term commencing from the date of the 2017 Landscape Engineering Services Framework Agreement and ending on 31 December 2019 (both days inclusive).

On 10 January 2020, Xiujing Landscape and the Company entered into the 2020 Landscape Engineering Services Framework Agreement to renew the 2017 Landscape Engineering Services Framework Agreement for a term of three years commencing from the date of the 2020 Landscape Engineering Services Framework Agreement (i.e. 10 January 2020) to 31 December 2022 (both days inclusive).

Xiujing Landscape was, at the date of entering into the 2020 Landscape Engineering Services Framework Agreement, owned as to 99% by Mr. Ou Zonghong, an executive Director, a controlling Shareholder, the chief executive officer and the chairman of the Company, and 1% by Mr. Ou Guopeng, the son of Mr. Ou Zonghong. As Xiujing Landscape is an associate of Mr. Ou Zonghong, it is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the provision of the Landscape Engineering Services by Xiujing Landscape pursuant to the 2020 Landscape Engineering Services Framework Agreement constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

The annual caps under the 2020 Landscape Engineering Services Framework Agreement for the period from the date of the 2020 Landscape Engineering Services Framework Agreement (i.e. 10 January 2020) and ending on 31 December 2020 (both days inclusive), and each of the two years ending 31 December 2022 are RMB400 million, RMB500 million and RMB600 million, respectively. The actual transaction amount under the 2020 Landscape Engineering Services Framework Agreement for the period from 10 January 2020 till 31 December 2020 was RMB210,753,000.

Report of Directors

The Directors (including the independent non-executive Directors) considered that the terms of the 2020 Landscape Engineering Services Framework Agreement (including the annual caps) and the transactions contemplated thereunder were (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms based on an arm's length basis and on terms no less favourable than terms available to independent third parties of the Group; and (iii) fair and reasonable. The Directors (including independent non-executive Directors) were also of the view that the continuing connected transactions and the annual caps to the 2020 Landscape Engineering Services Framework Agreement were in the interests of the Group and the Shareholders as a whole.

For further details, please refer to the announcements of the Company dated 15 September 2017, 29 September 2017, 10 January 2020 and 15 January 2020.

2. Master Ronshine Property Management and Related Services Agreement

Reference is made to the announcements of the Company dated 8 November 2016, 23 November 2018 and 3 November 2020. The Company as service recipient entered into a master pre-delivery property management agreement (the "**2016 Master Pre-delivery Property Management Agreement**") with Rongxin Shiou Property Management Group Limited ("**Rongxin Shiou Property**") (formerly known as Fujian Shiou Property Management Company Limited) as service provider on 8 November 2016, pursuant to which Rongxin Shiou Property agreed to provide pre-delivery property management services to the Group at the pre-sale and pre-delivery stages including but not limited to security, cleaning, maintenance service and other related pre-delivery property management and maintenance services as well as car park management services (collectively, the "**Pre-delivery Property Management Services**") for a term commencing from the date of the 2016 Master Pre-delivery Property Management Agreement (i.e. 8 November 2016) and ending on 31 December 2018 (both days inclusive).

As Rongxin Shiou Property is indirectly beneficially owned as to 100% by Mr. Ou Zonghong, one of the controlling Shareholders, an executive Director, the chief executive officer and the chairman of the Company, Rongxin Shiou Property is an associate of Mr. Ou Zonghong and is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

On 23 November 2018, the Company as service recipient entered into a supplemental and renewal agreement ("**Supplemental and Renewal Agreement**") with Rongxin Shiou Property as service provider to renew the 2016 Master Pre-delivery Property Management Agreement and to revise the annual cap for the year ended 31 December 2018, due to the expected increases in the demand for the Pre-delivery Property Management Services.

Report of Directors

Under the Supplemental and Renewal Agreement, the parties agreed to renew the transactions contemplated under the 2016 Master Pre-delivery Property Management Agreement for a further term of two years from 1 January 2019 to 31 December 2020. The annual caps for each of the three years ending 31 December 2020 are RMB140 million, RMB220 million and RMB250 million, respectively. The actual transaction amount under the 2016 Master Pre-delivery Property Management Agreement (as amended and supplemented by the Supplemental and Renewal Agreement) for the period from 1 January 2020 till 3 November 2020 was RMB228,694,086.

As the Supplemental and Renewal Agreement is due to expire on 31 December 2020 and to further optimize and unify the Group's business relationship with Rongxin Shiou Property, on 3 November 2020, the Company and Rongxin Shiou Property entered into an agreement to terminate the 2016 Master Pre-delivery Property Management Agreement (as amended and supplemented by the Supplemental and Renewal Agreement), upon which, each of the Company and Rongxin Shiou Property shall be released and discharged from its respective further liabilities and obligations thereunder absolutely; and the Company and Ronshine Service Holding Co., Ltd (which in turn indirectly holds Rongxin Shiou Property) ("**Ronshine Service**") entered into an agreement on 3 November 2020 (the "**2020 Master Ronshine Property Management and Related Services Agreement**"), pursuant to which Ronshine Service agreed to provide property management and related services to the properties owned or used by the Group in the PRC, including but not limited to (i) preliminary planning and design consultancy services and pre-delivery services which primarily include cleaning and inspection, (ii) property sales offices and display units management services which primarily include security, cleaning and customer reception services, (iii) property management services for the properties (including unsold units and car parking spaces) owned or used by the Group, (iv) value-added services which primarily include house and facility repair and maintenance, marketing promotion, property agency services, and (v) commercial operational services (the "**Property Management and Related Services**"). The 2020 Master Ronshine Property Management and Related Services Agreement has a fixed term commencing from 3 November 2020 to 31 December 2022 (both days inclusive).

Ronshine Service is indirectly owned as to 100% by Mr. Ou Zonghong, an executive Director, the chief executive officer and the chairman of the Company. Ronshine Service and its subsidiaries are therefore connected persons of the Company for the purpose of the Listing Rules. Accordingly, the entering into of the 2020 Master Ronshine Property Management and Related Services Agreement by the Company with Ronshine Service constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

The annual caps under the 2020 Master Ronshine Property Management and Related Services Agreement for the period from 3 November 2020 till 31 December 2020 and for each of the two financial years ending 31 December 2022 are RMB62 million, RMB342 million and RMB368 million, respectively. The actual transaction amount under the 2020 Master Ronshine Property Management and Related Services Agreement for the period from 3 November 2020 till 31 December 2020 was RMB40,134,000.

For further details, please refer to the announcements of the Company dated 8 November 2016, 23 November 2018 and 3 November 2020.

Report of Directors

Annual review

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions and have confirmed that the 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 agreement governing them on terms that are fair and reasonable and in the interests of the Company's Shareholders as a whole.

PricewaterhouseCoopers, the Company's independent auditor, was engaged to report on the Group's continuing connected transactions in accordance with *"Hong Kong Standard on Assurance Engagements 3000 (Revised) Assurance Engagements Other Than Audits or Reviews of Historical Financial Information"* and with reference to Practice Note 740 *"Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules"* issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing his findings and conclusions in respect of the aforesaid continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

A copy of the independent auditor's letter has been provided by the auditor to the Company, and has been submitted to the Stock Exchange.

RELATED PARTY TRANSACTIONS

A summary of the related party transactions entered into by the Group during the year ended 31 December 2020 is contained in note 35 to the consolidated financial statements of the Group in this annual report. The transactions summarised in note 35 to the consolidated financial statements of the Group fall under the definition of "connected transactions" under the Listing Rules. The Company has complied with the disclosure requirements set out in Chapter 14A of the Listing Rules.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS

Other than those transactions disclosed in note 35 to the consolidated financial statements of the Group in this annual report and in the paragraphs headed "Directors' Interests in Competing Business" and "Continuing Connected Transactions" in this section, no Director or controlling Shareholder of the Company has any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent companies were a party subsisted at the end of the year or at any time during the year ended 31 December 2020.



Report of Directors

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

Principal risks and uncertainties facing the Group includes, among others, that:

- (i) the Group is and will continue to be dependent on the performance of its PRC property sector;
- (ii) the Group may not be able to identify suitable land or acquire land use rights for future development at commercially reasonable costs;
- (iii) the Group has substantial indebtedness and may incur additional indebtedness in the future, and may not be able to generate sufficient cash to satisfy its outstanding and future debt obligations and to fund its capital expenditures;
- (iv) the results of operations of the Group may fluctuate due to factors such as the schedule of the Group's property development and the timing of property sales;
- (v) the Group may not be able to complete its projects according to schedule;
- (vi) the Group has significant cash outflow from operations and may not be able to timely obtain sufficient financing to fund the Group's land acquisitions or property developments; and
- (vii) the Group is subject to certain restrictive covenants in and risks associated with bank borrowings and trust and other borrowings which may limit or otherwise materially and adversely affect the Group's business, results of operations and financial condition.

For further details of the principal risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" on pages 35 to 70 in the Prospectus.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations which have a significant impact to the Group. As at 31 December 2020, except as disclosed in the Prospectus, the Group complied with, in all material respects, all the relevant and applicable PRC laws and regulations governing the business of property development and management and the Group has obtained all licenses, permits and certificates for the purpose of operating its business.

As at 31 December 2020, the Company's joint ventures and associates companies were not involved in and the Board is not aware of any non-compliance incidents that might adversely affect the value of the Company's interests in them.

SHARE OPTION SCHEME

The Company approved and adopted a share option scheme (the “**Share Option Scheme**”) on 28 December 2015. 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 purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors believe the Share Option Scheme will enable the Group to reward its employees, the Directors and other selected participants for their contributions to the Group. It is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

(2) Participants

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to take up options to subscribe for Shares (collectively the “**Eligible Participants**”):

- (i) any directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any members of the Group; and
- (ii) any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any members of the Group.

(3) The maximum number of Shares available for issue

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the aggregate of the Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, and such 10% limit represents 135,000,000 Shares. 135,000,000 Shares represents approximately 8.01% of the total number of Shares in issue as at 31 December 2020.

(4) The maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

Report of Directors

(5) Time of acceptance and exercise of option

An option may be accepted by a participant to whom the offer is made within 5 business days from the date on which the letter containing the offer is delivered to that participant. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Share Option Scheme. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(6) Subscription price for Shares and consideration for the option

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 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 the offer of grant (provided that in the event that any option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the Global Offering (as defined in the Prospectus) shall be used as the closing price for any business day falling within the period before listing of the Shares on the Stock Exchange); and (iii) the nominal value of a Share on the date of grant.

A nominal consideration of HK\$1 is payable upon acceptance of the grant of an option.

(7) The remaining life of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, i.e. 28 December 2015.

For further details of the Share Option Scheme, please refer to the section headed "Statutory and General Information — Other information — Share Option Scheme" in Appendix V to the Prospectus.

Details of the Share Option Granted

On 5 January 2017, 81,140,880 share options were granted to certain Eligible Participants pursuant to the Share Option Scheme with an exercise price of HK\$5.96 per Share, exercisable from 5 January 2018 to 4 January 2022 in three tranches: (i) 30% of which shall be vested on the first anniversary of the date of grant, i.e. 5 January 2018; (ii) another 30% of which shall be vested on the second anniversary of the date of grant, i.e. 5 January 2019; and (iii) the remaining of which shall be vested on the third anniversary of the date of grant, i.e. 5 January 2020. The closing price per Share immediately before the date on which such share options were granted was HK\$5.98.

On 30 April 2019, a total of 26,571,973 share options were granted to certain Eligible Participants pursuant to the Share Option Scheme with an exercise price of HK\$10.80 per Share, and all the options granted on 30 April 2019 shall be vested on 5 January 2020 and exercisable from 5 January 2020 to 4 January 2022. The closing price per Share immediately before the date on which such share options were granted was HK\$10.82.

Report of Directors

As at 31 December 2020, the Company had 42,669,606 share options outstanding under the Share Option Scheme. Movements in the share options granted under the Share Option Scheme during the year ended 31 December 2020 were as follows:

Name of grantees	Date of grant	Exercise price per share (HK\$)	Exercise periods	Changes during the year ended 31 December 2020					Balance as at 31 December 2020
				Balance as at 1 January 2020	Granted	Exercised	Cancelled	Lapsed	
Directors									
Ms. Yu Lijuan	5 January 2017	5.96	5 January 2018 to 4 January 2022	1,032,756	-	-	-	-	1,032,756
	30 April 2019	10.80	5 January 2020 to 4 January 2022	1,319,380	-	-	-	-	1,319,380
Ms. Zeng Feiyan ^(note 1)	5 January 2017	5.96	5 January 2018 to 4 January 2022	3,901,205	-	80,000	-	-	3,821,205
Mr. Ruan Youzhi	5 January 2017	5.96	5 January 2018 to 4 January 2022	4,624,205	-	-	-	-	4,624,205
Mr. Zhang Lixin (Chief Financial Officer)	5 January 2017	5.96	5 January 2018 to 4 January 2022	1,102,256	-	-	-	-	1,102,256
	30 April 2019	10.80	5 January 2020 to 4 January 2022	1,319,380	-	-	-	-	1,319,380
Others									
Mr. Ou Guofei ^(note 2)	30 April 2019	10.80	5 January 2020 to 4 January 2022	1,244,480	-	-	-	-	1,244,480
Other employees ^(note 3)	5 January 2017	5.96	5 January 2018 to 4 January 2022	15,251,078	-	2,807,655	353,378	-	12,090,045
	30 April 2019	10.80	5 January 2020 to 4 January 2022	18,051,760	-	-	1,935,861	-	16,115,899
Total				47,846,500	-	2,887,655	2,289,239	-	42,669,606

Notes:

- (1) The weighted average closing price of the Shares immediately before the dates on which the share options were exercised by Ms. Zeng Feiyan was approximately HK\$10.22.
- (2) Mr. Ou Guofei, the assistant president, is the son of Mr. Ou Zonghong ("**Mr. Ou**"), an executive Director, the chief executive officer and chairman of the Company, and therefore is an associate of Mr. Ou.
- (3) The weighted average closing price of the Shares immediately before the dates on which the share options were exercised by other employees was HK\$9.52.

Save as disclosed above, no option was granted or agreed to be granted under the Share Option Scheme during the year ended 31 December 2020.

Report of Directors

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year ended 31 December 2020.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share Option Scheme", at no time during the year ended 31 December 2020 were there any rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, nor were there any such rights exercised by them. Also, there was no subsisting arrangement to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries is a party that would enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE AND REDEMPTION OF SHARES OF THE COMPANY

During the year ended 31 December 2020, the Company repurchased a total of 33,152,500 Shares at an aggregate consideration of HK\$226,989,530 (before expenses) on the Stock Exchange funded by internal resources of the Group.

Particulars of the Shares repurchased during the year ended 31 December 2020 are as follows:

Month in which the Shares were repurchased in 2020	Date of cancellation	Aggregate number of Shares repurchased	Highest price paid per Share	Lowest price paid per Share	Total consideration paid
April	29 April 2020	12,440,000	HK\$8.24	HK\$7.82	HK\$99,756,620
May	3 July 2020	3,456,500	HK\$7.51	HK\$7.30	HK\$25,613,720
September	11 November 2020	1,978,000	HK\$5.43	HK\$5.43	HK\$10,740,540
October	11 November 2020	15,278,000	HK\$5.95	HK\$5.68	HK\$90,878,650
Total		33,152,500			HK\$226,989,530

The above share repurchases were made by the Directors with a view to place much emphasis on the Shareholders' interest.

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

Report of Directors

Partial Repurchase of Senior Notes

Reference is made to (i) the announcement of the Company dated 30 March 2020 in relation to the partial repurchase of senior notes, (ii) the announcement of the Company dated 20 December 2018 in relation to the issuance of US\$200 million in aggregate principal amount of 11.5% senior notes due July 2020 (the “**July 2020 Notes**”); (iii) the announcement of the Company dated 18 February 2019 and 19 February 2019 in relation to the issuance of US\$600 million in aggregate principal amount of 11.25% senior notes due August 2021 (the “**August 2021 Notes**”); (iv) the announcement of the Company dated 26 February 2019 and 30 April 2019 in relation to the issuance of US\$500 million in aggregate principal amount of 10.5% senior notes due March 2022 (the “**March 2022 Notes**”); (v) the announcement of the Company dated 17 July 2019 and 18 October 2019 in relation to the issuance of US\$420 million in aggregate principal amount of 8.95% senior notes due January 2023 (the “**January 2023 Notes**”); and (vi) the announcement of the Company dated 4 December 2019 in relation to the issuance of US\$324 million in aggregate principal amount of 8.1% senior notes due June 2023 (the “**June 2023 Notes**”, together with the July 2020 notes, August 2021 Notes, the March 2022 Notes and the January 2023 Notes, collectively the “**Notes**” which are listed on the Singapore Exchange Securities Trading Limited).

During the Year, the Company repurchased part of the Notes in the open market in an aggregated amount of US\$66 million, comprising (i) the July 2020 Notes of US\$1 million in aggregate principal amount; (ii) the August 2021 Notes of US\$40 million in aggregate principal amount; (iii) the March 2022 Notes of US\$12 million in aggregate principal amount; (iv) the January 2023 Notes of US\$5 million in aggregate principal amount; and (v) the June 2023 Notes of US\$8 million in aggregate principal amount.

Partial Repurchase of 2024 Notes

Reference is made to the announcement of the Company dated 12 October 2020.

During the Year, the Company repurchased part of the 2024 Notes in a principal amount of US\$19,000,000, representing 9.5% of the aggregate principal amount of the 2024 Notes outstanding.

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

Report of Directors

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 Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (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 for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the "Model Code"), are set out below:

INTERESTS IN SHARES OF THE COMPANY

Name of Director	Nature of Interest/Capacity	Number of Shares or underlying Shares ^(Note 1)	Approximate percentage of shareholding ^(Note 1)
Mr. Ou Zonghong ^(Note 2)	Beneficiary of a trust	1,123,974,411 (L)	66.69%
Ms. Zeng Feiyan ^(Note 3)	Beneficial owner	3,821,205 (L)	0.23%
Mr. Ruan Youzhi ^(Note 3)	Beneficial owner	5,460,705 (L)	
	Interest of spouse	231,500 (L)	
		Total: 5,692,205 (L)	0.34%
Mr. Zhang Lixin ^(Note 3)	Beneficial owner	2,421,636 (L)	0.14%
Ms. Yu Lijuan ^(Note 3)	Beneficial owner	2,521,554 (L)	0.15%

Notes:

- (1) As at 31 December 2020, the Company issued 1,685,261,417 Shares. The letter (L) denotes the person's long position in the relevant Shares.
- (2) Mr. Ou is a beneficiary of the Ou Family Trust which is a discretionary trust established by Mr. Ou Guofei (the son of Mr. Ou) as the settlor with Mr. Ou being the protector. TMF (Cayman) Ltd., the trustee of Ou Family Trust, through a wholly owned British Virgin Islands ("BVI") company, namely Honesty Global Holdings Limited, which in turn wholly-owned another BVI company, namely Dingxin Company Limited, held 1,123,974,411 Shares as at 31 December 2020.
- (3) The Company adopted the Share Option Scheme on 28 December 2015. As at 31 December 2020, according to the Share Option Scheme, Ms. Zeng Feiyan had 3,821,205 outstanding share options, Mr. Ruan Youzhi had 4,624,205 outstanding share options, Mr. Zhang Lixin had 2,421,636 outstanding share options and Ms. Yu Lijuan had 2,352,136 outstanding share options.

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.

Report of Directors

SUBSTANTIAL SHAREHOLDERS' 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 of the Company:

Name of Shareholder	Nature of Interest/ Capacity	Number of Shares or underlying Shares ^(Note 1)	Approximate percentage of shareholding ^(Note 1)
Dingxin Company Limited ^(Note 2)	Beneficial owner	1,123,974,411 (L)	66.69%
Honesty Global Holdings Limited ^(Note 2)	Interest in controlled corporation	1,123,974,411 (L)	66.69%
TMF (Cayman) Ltd. ^(Note 2)	Trustee of a trust	1,123,974,411 (L)	66.69%
Mr. Ou Guofei ^(Notes 2, 3)	Settlor of a trust	1,123,974,411 (L)	
	Beneficial owner	1,244,480 (L)	
		Total: 1,125,218,891 (L)	66.77%
Ms. Xu Lixiang ^(Note 4)	Beneficiary of a trust/ Interest of spouse	1,123,974,411 (L)	66.69%
Huatai Securities Co., Ltd.	Security interest/Interest in controlled corporation	130,000,000 (L)	7.71%

Notes:

- (1) As at 31 December 2020, the Company issued 1,685,261,417 Shares. The letter (L) denotes the entity's long position in the relevant Shares.
- (2) Dingxin Company Limited is a BVI company wholly owned by Honesty Global Holdings Limited, another BVI company, which is wholly owned by TMF (Cayman) Ltd., the trustee of the Ou Family Trust which is a discretionary trust established by Mr. Ou Guofei (as the settlor) with Mr. Ou Zonghong being the protector. Accordingly, each of Honesty Global Holdings Limited, TMF (Cayman) Ltd. and Mr. Ou Guofei is deemed to be interested in the Shares held by Dingxin Company Limited.
- (3) Mr. Ou Guofei is the son of Mr. Ou Zonghong. As at 31 December 2020, according to the Share Option Scheme, Mr. Ou Guofei had 1,244,480 outstanding share options and therefore is deemed to be interested in 1,244,480 unlisted and physically settled derivatives.
- (4) Ms. Xu Lixiang is the spouse of Mr. Ou Zonghong and is therefore deemed under the SFO to be interested in the Shares held by Mr. Ou Zonghong.

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 of the Company that were recorded in the register required to be kept under section 336 of the SFO.

Report of Directors

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the law of Cayman Islands being the jurisdiction in which the Company was incorporated under which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" in this annual report.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2020, the Group employed a total of 3,390 full-time employees (2019: 3,389 full-time employees). For the year ended 31 December 2020, the staff cost recognised of the Group amounted to RMB1,458.7 million (2019: RMB1,347.0 million).

The remuneration policy of the Group is to provide remuneration packages including salary, bonuses and various allowances, so as to attract and retain top quality staff. In general, the Group determines employee salaries based on each employee's qualifications, position and seniority. The emoluments of the Directors are recommended by the Remuneration Committee and are decided by the Board, having regard to the Group's financial results, individual performance and prevailing market conditions. The Group has designed a periodical review system to assess the performance of its employees, which forms the basis of the determination on salary rises, bonuses and promotions. As required by PRC regulations, the Group makes contributions to mandatory social security funds for the benefit of the Group's PRC employees that provide for pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds.

Furthermore, the Group has implemented systematic, specialty-focused vocational training programs for its employees at different levels on a regular basis to meet different requirements and emphasise individual initiative and responsibility. The Group believes that these initiatives have contributed to increased employee productivity.

The Group's employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. During the year ended 31 December 2020, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on the operations of the Group.

RETIREMENT BENEFITS SCHEME

The Group strictly complies with the requirements of the Mandatory Provident Fund Schemes Ordinance in making mandatory contributions for employees who are required to participate in the Mandatory Provident Fund ("**MPF Scheme**") in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions. Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the prior year employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

There are no provisions under the above schemes whereby forfeited contributions may be used to reduce future contributions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environmental Protection

The Group is subject to a number of environmental-related laws and regulations in the PRC including the PRC Environmental Protection Law, the PRC Prevention and Control of Noise Pollution Law, the PRC Environmental Impact Assessment Law and the Administrative Regulations on Environmental Protection for Development Projects. Pursuant to these laws and regulations, the Group has engaged independent third-party environmental consultants to conduct environmental impact assessments at all of the construction projects of the Group, and such environmental impact assessments were submitted to relevant governmental authorities for approval before commencement of development. Upon completion of construction works, the Group is required to be examined by a third party designated by the relevant governmental authorities and are subject to governmental authorities' acceptance. Only property development projects which have passed such examination and acceptance can be delivered. Under the typical construction contracts of the Group, the Group requires its contractors to strictly comply with relevant environmental-related laws and regulations. The Group inspects the construction sites regularly and require its contractors to immediately rectify any default or non-compliance identified.

During the year ended 31 December 2020, the Group incurred RMB0.8 million as cost for compliance with applicable environmental rules and regulations (2019: RMB0.3 million). The Directors expect that the Group will continue to incur compliance costs with respect to applicable environmental rules and regulations at a similar level. As at 31 December 2020, the Group did not encounter any material issues in passing inspections conducted by the relevant environmental authorities upon completion of the property development projects of the Group. During the year ended 31 December 2020, no material fines or penalties were imposed on the Group for non-compliance of PRC environmental laws and regulations. As at 31 December 2020, the Group had obtained all required approvals in relation to the environmental impact reports, where applicable, for the projects of the Group under development.

Social Responsibility

The Group has entered into employment contracts with its employees in accordance with the applicable PRC laws and regulations.

The Group maintains social welfare insurance for its full-time employees in the PRC, including pension insurance, medical insurance, personal injury insurance, unemployment insurance and maternity insurance, in accordance with the relevant PRC laws and regulations.

Health and Work Safety

The employee's administrative measures adopted by the Group contain policies and procedures regarding work safety and occupational health issues. The Group provides its employees with annual medical checks and safety training, and the construction sites of the Group are equipped with safety equipments including gloves, boots and hats.

The chairman's office of the Group is responsible for recording and handling work accidents as well as maintaining health and work safety compliance records.

During the year ended 31 December 2020, the Group did not encounter any material safety accident, there were no material claims for personal or property damages and no material compensation was paid to employees in respect of claims for personal or property damages related to safety accident.

Report of Directors

INDEMNITY AND INSURANCE PROVISIONS

The Articles of Association provides that every Director shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses as a result of any act or failure to act in carrying out his/her functions. The Company has arranged appropriate directors and officers liability insurance in respect of legal action against Directors during the year ended 31 December 2020.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme as set out in this annual report, no equity-linked agreements were entered into by the Group, or subsisted during the year ended 31 December 2020.

SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08 of the Listing Rules requires there to be an open market in the securities for which listing is sought and a sufficient public float of an issuer's listed securities to be maintained. This normally means that at least 25% of the issuer's total issued share capital must at all times be held by the public.

Based on the information that is publicly available to the Company and to the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient public float as required under the Listing Rules.

CHARITABLE DONATIONS

During the year ended 31 December 2020, the Group made charitable and other donations in a total amount of RMB16.4 million (2019: RMB12.4 million).

AUDITOR

The consolidated financial statements for the year ended 31 December 2020 have been audited by PricewaterhouseCoopers, the auditor of the Company, who shall retire at the AGM.

A resolution will be proposed at the AGM for the re-appointment of PricewaterhouseCoopers as the auditor of the Company. There is no change in the auditor of the Company in the preceding 3 financial years.

PROFESSIONAL TAX ADVICE RECOMMENDED

The Directors are not aware of tax relief exemption available to the Shareholders by reason of their holding in the Company's listed securities.

If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, they are advised to consult an expert.

For and on behalf of the Board
Ronshine China Holdings Limited
Ou Zonghong
Chairman

Hong Kong, 31 March 2021

CORPORATE GOVERNANCE REPORT

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Board is pleased in presenting this Corporate Governance Report for the year ended 31 December 2020.

CORPORATE GOVERNANCE

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability.

The Company has adopted the corporate governance code contained in Appendix 14 to the Listing Rules (the “**Corporate Governance Code**”) as its own code on corporate governance and, to the best knowledge of the Directors, the Company complied with all applicable code provisions under the Corporate Governance Code throughout the year ended 31 December 2020, save and except for the deviation from code provision A.2.1 of the Corporate Governance Code disclosed below.

Code provision A.2.1 of the Corporate Governance Code stipulates that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. The roles of the chairman and chief executive officer of the Company are both performed by Mr. Ou Zonghong, an executive Director. The Board believes that vesting the roles of both chairman and chief executive officer in the same individual enables the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Ou Zonghong’s extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group that Mr. Ou Zonghong continues to act as the chairman and chief executive officer of the Company, and that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors and independent non-executive Directors.

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. Following specific enquiries to each of the Directors, the Directors have confirmed their compliance with the required standards set out in the Model Code throughout the year ended 31 December 2020.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed Director is provided with the necessary induction and information to ensure that he/she has a proper understanding of the Company’s operations and businesses as well as his/her responsibilities under relevant statutes, by-laws, laws, rules and regulations. The Company will continue to arrange regular seminars to provide the Directors with updates on the latest developments 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 his/her duty.

Corporate Governance Report

For the year ended 31 December 2020, each of the Directors has attended training in connection with their responsibilities as a director of the Company, and the attendance of each Director is set out in the table below:

Name of Director	Type of training (Note 1)	Subject of training (Note 2)
Executive Directors		
Mr. Ou Zonghong	1, 2	A, B
Ms. Yu Lijuan	1, 2	A, B
Ms. Zeng Feiyan	1, 2	A, B
Mr. Ruan Youzhi	1, 2	A, B
Mr. Zhang Lixin	1, 2	A, B
Non-Executive Director		
Ms. Chen Shucui	1, 2	A, B
Independent Non-Executive Directors		
Mr. Ren Yunan	1, 2	A, B
Mr. Qu Wenzhou	1, 2	A, B
Mr. Ruan Weifeng	1, 2	A, B

Note 1:

1. Attending in-house briefing/training, seminars, conferences or forums
2. Reading newspapers, journals and updates

Note 2:

- A. Businesses related to the Company
- B. Laws, rules and regulations, accounting standards

THE BOARD

1. Responsibilities

The Board assumes the responsibility of leadership and control of the Company, and supervises and approves significant decisions regarding financial performance, strategic development objectives and operations of the Company. The Board delegates to the management authority and responsibility for the Company's daily operations and businesses management according to the Board's instructions. The Board has established various committees and has delegated to the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**"), and the nomination committee (the "**Nomination Committee**") of the Board (collectively, the "**Board Committees**") various duties. All the Board Committees perform their distinct roles in accordance with their respective written terms of reference.

All Directors shall at all times ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders.

Corporate Governance Report

2. Board Composition

The composition of the Board during the year ended 31 December 2020 and up to the date of this annual report are as follows:

Executive Directors	Mr. Ou Zonghong (<i>Chairman and Chief Executive Officer</i>) Ms. Yu Lijuan Ms. Zeng Feiyan Mr. Ruan Youzhi Mr. Zhang Lixin (<i>Chief Financial Officer</i>)
Non-Executive Director	Ms. Chen Shucui
Independent Non-Executive Directors	Mr. Ren Yunan Mr. Qu Wenzhou Mr. Ruan Weifeng

There is no material financial, business, family or other relationship between any members of the Board. The biographies of the Directors are set out under the section headed "Directors and Senior Management" in this annual report. All the Directors, including the independent non-executive Directors, bring a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

During the year ended 31 December 2020, the Board at all times met the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules by 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 Company also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive Directors representing at least one-third of the Board. The Company has received a confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the independent non-executive Directors are considered to be independent pursuant to the Listing Rules.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of three years.

The non-executive Director, Ms. Chen Shucui, has renewed her service contract with the Company to act as non-executive Director for a term of 2 years commencing from 18 June 2019, which may be terminated pursuant to the terms of her service contract.

Corporate Governance Report

3. Chairman and Chief Executive Officer

The roles of the chairman and the chief executive officer of the Company have not been separated as required by code provision A.2.1 of the Corporate Governance Code. The roles of the chairman and chief executive officer of the Company are both performed by Mr. Ou Zonghong, an executive Director. The Board believes that vesting the roles of both chairman and chief executive officer in the same individual enables the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Ou Zonghong's extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group that Mr. Ou Zonghong continues to act as the chairman and chief executive officer of the Group following the Listing Date, and that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors and independent non-executive Directors.

4. Board Meetings

Code provision A.1.1 of the Corporate Governance Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication.

The Company has adopted the practice of holding Board meetings regularly. Notice of not less than 14 days is given of all regular Board meetings to provide all Directors with the opportunity to attend and include matters in the agenda. For other committee meetings, 14 days notice is given. The agenda and accompanying board papers are despatched to the Directors or committee members at least three days before meetings to ensure that they have sufficient time to review these documents and be adequately prepared. When Directors or committee members are unable to attend a meeting, they are advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting.

Minutes of the Board meetings and committee meetings are recorded in detail and include the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and committee meeting are sent to the Directors within a reasonable time after the date on which the meeting is held so that they have an opportunity to request amendments. Apart from regular Board meetings, the chairman also held a meeting solely with the non-executive Directors (including independent non-executive Directors) during the year ended 31 December 2020.



Corporate Governance Report

The Board convened one annual general meeting and five board meetings during the year ended 31 December 2020. The table below sets forth the details of the attendance at these meetings:

Name of Director	Attend/Number of meetings held	
	Board meetings	Annual general meeting
Executive Directors		
Mr. Ou Zonghong	5/5	1/1
Ms. Yu Lijuan	5/5	1/1
Ms. Zeng Feiyan	5/5	1/1
Mr. Ruan Youzhi	5/5	1/1
Mr. Zhang Lixin	5/5	1/1
Non-Executive Director		
Ms. Chen Shucui	5/5	1/1
Independent Non-Executive Directors		
Mr. Ren Yunan	5/5	1/1
Mr. Qu Wenzhou	5/5	1/1
Mr. Ruan Weifeng	5/5	1/1

BOARD COMMITTEE

The Company has established the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of these committees has specific written terms of reference which deal clearly with their authority and duties. The chairmen of these committees will report their findings and recommendations to the Board after each meeting.

1. Audit Committee

The Board has established the Audit Committee with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Audit Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rongxingroup.com).

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control systems and internal audit function of the Group, oversee the audit process, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board. The Audit Committee currently consists of three members, namely Mr. Qu Wenzhou, Mr. Ren Yunan and Mr. Ruan Weifeng, each of them is an independent non-executive Director. The chairman of the Audit Committee is Mr. Qu Wenzhou who possesses appropriate professional qualifications.

Corporate Governance Report

The Audit Committee convened two meetings during the year ended 31 December 2020. The table below sets forth the details of the attendance at these meetings:

Name of committee member	Number of meetings attended/held
Mr. Qu Wenzhou (<i>Chairman</i>)	2/2
Mr. Ren Yunan	2/2
Mr. Ruan Weifeng	2/2

At the above meetings, members of the Audit Committee have reviewed the audited annual results of the Group for the year ended 31 December 2019 and the unaudited interim results of the Group for the six months ended 30 June 2020. The Audit Committee have also reviewed the significant issues on the financial reporting and compliance procedures, internal control and risk management systems and internal audit function of the Group, connected transactions of the Company, and have discussed with the auditor of the Company about the tasks they performed.

The Audit Committee has reviewed, and has agreed with the auditor of the Company on the annual results of the Group for the year ended 31 December 2020.

The Audit Committee has reviewed the remuneration of the auditor for the year ended 31 December 2020 and has recommended the Board to re-appoint PricewaterhouseCoopers as the auditor of the Company for the year ending 31 December 2021, subject to approval by the Shareholders at the AGM.

The works performed by the Audit Committee during the year ended 31 December 2020 included, among others, the following:

- reviewed the interim and annual consolidated financial statements of the Group;
- reviewed the cash flow projections and monitored the Group's overall financial condition;
- reviewed the appropriateness and effectiveness of the risk management and internal control systems of the Group and made recommendations to the Board on the improvement of the risk management and internal control systems of the Group;
- reviewed the appropriateness and effectiveness of the internal audit function of the Group and made recommendations to the Board on the improvement of the internal audit function of the Group;
- reviewed the adoption of the relevant accounting principles generally accepted and made recommendations to the Board on the adoption of accounting policies; and
- met with external auditor in the absence of executive Directors and senior management to discuss matters in relation to the audit.

Corporate Governance Report

2. Remuneration Committee

The Board has established the Remuneration Committee with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Remuneration Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rongxinggroup.com).

The primary duties of the Remuneration Committee are to establish, review and make recommendations to the Board on the Group's policy and structure concerning remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration, to make recommendation to the Board on the terms of the specific remuneration package of each executive Director and senior management and review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time. The Remuneration Committee currently consists of three members, namely Mr. Ou Zonghong, an executive Director, Mr. Ren Yunan and Mr. Qu Wenzhou, independent non-executive Directors. The chairman of the Remuneration Committee is Mr. Ren Yunan.

The Remuneration Committee convened two meetings during the year ended 31 December 2020. The table below sets forth the details of the attendance at these meetings:

Name of committee member	Number of meetings attended/held
Mr. Ren Yunan (<i>Chairman</i>)	2/2
Mr. Ou Zonghong	2/2
Mr. Qu Wenzhou	2/2

The major work performed by the Remuneration Committee during the year ended 31 December 2020 included, among others reviewing and making recommendation to the Board of the remuneration of the Directors and the senior management of the Group for the year ended 31 December 2020.

The senior management of the Group also act as executive Directors. Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2020 are set out in note 8 to the consolidated financial statements of the Group in this annual report.

Corporate Governance Report

3. Nomination Committee

The Board has established the Nomination Committee with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Nomination Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rongxingroup.com).

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes, identify, select or make recommendations to the Board on the selection of individuals nominated for directorship, assess the independence of the independent non-executive Directors and make recommendations to the Board on relevant matters relating to the appointment, reappointment and removal of the Directors and succession planning for the Directors.

As set out in the nomination policy adopted by the Board pursuant to the Corporate Governance Code, in assessing the suitability of a proposed candidate, the following factors would be considered:

- Reputation for integrity
- Accomplishment and experience
- Compliance with legal and regulatory requirements
- Commitment in respect of available time and relevant interest
- Diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service

In assessing the Board composition, the Nomination Committee will take into account various aspects set out in the Board diversity policy, for identifying individuals suitably qualified to become members of the Board and selecting, or making recommendations to the Board on the selection of, individuals nominated for directorships to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance.

As set out in the nomination policy, the nomination procedure is as follows:

- (1) The secretary of the Nomination Committee shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also put forward candidates who are not nominated by Board members.
- (2) For filling a casual vacancy, the Nomination Committee shall make recommendations for the Board's consideration and approval. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation.

Corporate Governance Report

- (3) Pursuant to the Articles of Association, a Shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting who wish to recommend a candidate for election to the office of Director at any general meeting must submit a signed written notice, for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office of the Company, provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.
- (4) A candidate is allowed to withdraw his candidature at any time before the general meeting by serving a notice in writing to the company secretary of the Company.
- (5) The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting of the Company.

The Nomination Committee currently consists of three members, namely Mr. Ou Zonghong, an executive Director, Mr. Qu Wenzhou and Mr. Ruan Weifeng, independent non-executive Directors. The chairman of the Nomination Committee is Mr. Ou Zonghong.

The Nomination Committee convened two meetings during the year ended 31 December 2020. The table below sets forth the details of the attendance at these meetings:

Name of committee member	Number of meetings attended/held
Mr. Ou Zonghong (<i>Chairman</i>)	2/2
Mr. Qu Wenzhou	2/2
Mr. Ruan Weifeng	2/2

The works performed by the Nomination Committee during the year ended 31 December 2020 included, among others, the following:

- reviewed the structure, size and composition of the Board;
- assessed the independence of the independent non-executive Directors; and
- made recommendations to the Board on the appointment and re-appointment of Directors.

Corporate Governance Report

The Company has adopted the board diversity policy (the “**Board Diversity Policy**”) to assess the composition of the Board. The Nomination Committee would take into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. In assessing the Board composition, the Nomination Committee takes into account various aspects as well as factors concerning Board diversity as set out in the Company’s Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate’s character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity before making recommendation to the Board.

In 2020, pursuant to Rule 13.92 of the Listing Rules, the Board amended the Board Diversity Policy at a board meeting. A summary of the amended Board Diversity Policy is set out below.

The Nomination Committee has primary responsibility for identifying individuals suitably qualified to become members of the Board and selecting, or making recommendations to the Board on the selection of, individuals nominated for directorships while taking into account diversity. The selection of board candidates shall be based on a range of diversity perspectives with reference to the Company’s business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience. The Nomination Committee will consider the diversity perspectives set out in the Board Diversity Policy to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance.

With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. As a measurable objective for the implementation of the Board Diversity Policy, all Board appointments shall be based on meritocracy, and candidates will be considered against appropriate criteria, having due regard for the benefits of diversity on the Board without focusing on a single diversity aspect.

As at 31 December 2020, Board diversification in terms of gender and age group is set out below:

Gender



Age Group



Corporate Governance Report

DIVIDEND POLICY

According to the dividend policy of the Company, the Company may, subject to the Cayman Companies Law, from time to time in general meetings declare dividends in any currency to be paid to the Shareholders but no dividend shall be declared in excess of the amount recommended by the Board.

The Board has the discretion to declare dividends to the Shareholders, subject to the Articles of Association and all applicable laws and regulations and taking into consideration factors set out below:

- (i) financial results;
- (ii) cash flow situation;
- (iii) business conditions and strategies;
- (iv) future operations and earnings;
- (v) capital requirements and expenditure plans;
- (vi) shareholders' interest;
- (vii) any restrictions on payment of dividends; and
- (viii) any other factors that the Board may deem relevant.

Such declaration and payment of the dividend by the Company is also subject to any restrictions under the Cayman Companies Laws, any applicable laws, rules and regulations and the Articles of Association.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in the code provision D.3.1 of the Corporate Governance Code.

During the year ended 31 December 2020, the Board met twice to review the Company's corporate governance policies and practices, training and continuous professional development of the Directors and the senior management of the Group, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

Corporate Governance Report

AUDITOR'S REMUNERATION

For the year ended 31 December 2020, the fee paid/payable to the external auditor of the Company in respect of audit services and non-audit services is set out as follows:

	Year ended 31 December 2020
	RMB million
Audit and related service:	7.71
Non-audit service:	
– services rendered in respect of senior notes	2.20

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for preparing all information and representations contained in the consolidated financial statements of the Group for the year ended 31 December 2020 which give a true and fair view of the state of affairs of the Group and of the results and cash flow for the relevant period. The Directors consider that the consolidated financial statements of the Group for the year ended 31 December 2020 have been prepared in conformity with all applicable accounting standards and requirements and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and the management. 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 financial statements of the Company on a going concern basis. The statements of the auditor of the Group about its reporting responsibility on the consolidated financial statements of the Group is set out in the section headed "Independent Auditor's Report" in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the risk management and internal control systems of the Group and for reviewing their effectiveness.

The Company continues to adopt best practices and industry standards for risk management and internal control. The Group's risk management and internal control systems include a well-established organisational structure with clearly defined lines of responsibility and authority. Such system is 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.

Day-to-day departmental operations are entrusted to individual departments, which are accountable for their own conduct and performance and are required to operate their own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. Each department is also required to keep the Board informed of material developments in the department's business and of the implementation of the policies and strategies set by the Board on a regular basis.

Corporate Governance Report

Systems and procedures are also in place in the Group to identify, control and report on the major types of risks the Group encounters. Each department is responsible for the assessment of individual types of risk arising under their areas of responsibility. Relevant risks identified are reported to the Board for oversight and monitoring. The Group's risk management systems are monitored and reviewed regularly by the Board.

The Audit Committee and the Board oversee the Group's risk management and internal control systems on an ongoing basis, and have reviewed the internal audit findings of the Group's from financial, operational, compliance and risk management controls perspectives for the year ended 31 December 2020. The Board is satisfied that the internal control and risk management systems are effective and adequate. In addition, the Board has reviewed and is satisfied with the adequacy of resources, the qualifications and experience of the staff of the Company's accounting, internal audit and financial reporting functions, and their training programmes and budget. The Board expects that a review of the internal control and risk management systems will be reviewed annually.

INFORMATION DISCLOSURE

The Company discloses information in compliance with the Listing Rules and other applicable laws, and publishes periodic reports and announcements to the public in accordance with relevant laws and regulations. In particular, the Group has put in place a robust framework for the disclosure of inside information in compliance with the SFO. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner so as to allow all the stakeholders to apprehend the latest position of the Group. The framework and its effectiveness are subject to review by the Board on a regular basis.

INTERNAL AUDIT

The Group has an internal audit function. The primary role of the internal audit function is to help the Board and the senior management of the Group to protect the assets, reputation and sustainability of the Group. The internal audit function provides independent and objective assurance as to whether the design and operational effectiveness of the Group's framework of risk management, control and governance processes, as designed and represented by the Company's management, is adequate. The internal audit function of the Group is independent of the risk management and internal control systems of the Group.

Results of audit work together with an assessment of the overall risk management and control framework are reported to the Audit Committee as appropriate. The internal audit function also reviews the Company's management's action plans in relation to audit findings and verifies the adequacy and effectiveness of the mitigating controls before formally closing the issue.



Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to pursue active dialogue with Shareholders as well as to provide timely disclosure of information concerning the Company's material developments to its Shareholders, investors and other stakeholders. Annual general meeting of the Company serves as an effective forum for communication between the Shareholders and the Board. Notice of annual general meeting together with the meeting materials will be despatched to all Shareholders not less than 21 clear days and not less than 20 clear business days before the annual general meeting. As one of the measures to safeguard the Shareholders' interests and rights, separate resolutions will be proposed at general meetings on each substantial issue, including the election of individual Directors, for Shareholders' consideration and voting. In addition, the Company regards annual general meeting as an important event, and all Directors, the chairmen of all Board Committees, senior management and external auditor will attend the annual general meeting of the Company to address Shareholders' inquiries. If the chairmen of the Board or each Board Committee fail to attend the meeting, then other members of each Board Committee will be invited to attend the annual general meeting and answer Shareholders' inquiries thereat. All resolutions proposed at general meetings will be voted by poll. The voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rongxingroup.com) on the same day of the relevant general meetings.

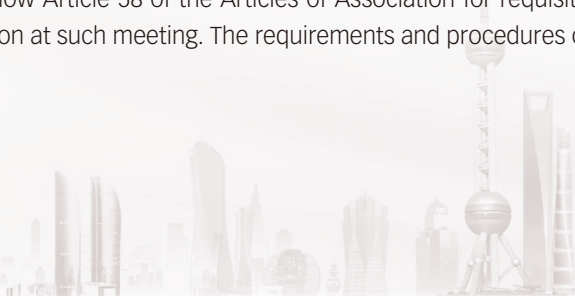
To promote effective communication, the Company maintains a website (www.rongxingroup.com), where the latest information and updates on its business operation and development, corporate governance practice, contact information of investor relations and other information are published for the public's access.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

In accordance with Article 58 of the Articles of Association, any 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 the general meetings of the Company shall at all times have the rights, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and 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 process 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.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Articles of Association and the Cayman Islands Companies Law. However, Shareholders who wish to propose resolutions may follow Article 58 of the Articles of Association for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of Article 58 are set out above.



Corporate Governance Report

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing through the investor relations which contact details are as follows:

Strategic Financial Relations (China) Limited

Address: 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong

Tel: (852) 2527 1628

Fax: (852) 2527 1271

Email: sprg-ronshine@sprg.com.hk

JOINT COMPANY SECRETARIES

Mr. Yu Zuoyi and Ms. Ng Wing Shan are the joint company secretaries of the Company. Ms. Ng Wing Shan is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited and is not an employee of the Company. The current primary contact person of the Company with Ms. Ng Wing Shan is Mr. Yu Zuoyi, the joint company secretary of the Company.

In compliance with Rule 3.29 of the Listing Rules, each of them has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2020.

For further details of Mr. Yu Zuoyi and Ms. Ng Wing Shan, please refer to the biographical details disclosed in the section headed "Directors and Senior Management" in this annual report.

AMENDMENT TO THE ARTICLES OF ASSOCIATIONS

During the year ended 31 December 2020, the Company has not made any amendments to the Articles of Associations.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THIS REPORT

This is the fifth Environmental, Social and Governance Report (the “**Report**”) released by Ronshine China Holdings Limited (the “**Company**”, “**Ronshine**” or “**we/us**”) and its subsidiaries (collectively, the “**Group**”), which focuses on disclosing its ideologies, significant progress and achievements in environment protection, social welfare and corporate governance, aiming to demonstrate its commitment to sustainable development and corporate social responsibility during the Reporting Period in adherence with the principles of materiality, balance, quantification and consistency.

Scope of the Report

The Report covers the Group’s business operations from 1 January 2020 to 31 December 2020 (the “**Reporting Period**” or the “**Year**”). The environmental key performance indicators (KPIs) in the Report focus on the places of our core business operations, including our headquarters and regional office in Shanghai, regional offices in Fuzhou and Hangzhou, while the social KPIs cover the entire Group. Further details about our performance in sustainable development can be found in the Sustainability Data Statements.

Criteria of the Report

The Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**Guide**”) as set out in Appendix 27 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”). The contents covered herein comply with the disclosing requirements and reporting principles known as “comply or explain” as required in the Guide. The Report has been reviewed and confirmed by the Board of Directors.

Language of the Report

The Report is available in two languages, i.e. Traditional Chinese and English. In case of any discrepancy between the two versions, the Traditional Chinese version shall prevail.

Feedback on the Report

The Group highly values your feedback on the Report. Should you have any queries or suggestions, please do not hesitate to contact us through the following email address (IR@rxgcn.com).



Environmental, Social and Governance Report

2. OUR BELIEFS IN SUSTAINABLE DEVELOPMENT

Ronshine establishes its status in the industry with integrity and honesty, and possesses market share with superior product and service quality with focus on its principal business of real estate development in adherence with its vision known as “A Leader in Quality Real Estate and A Service Provider for Better Life”. We truly believe that the desire of cities and communities for sustainable development is on the rise and will be increasingly valued. Looking forward, we will continue to pursue sustainable development as our primary goal and strive to provide our clients and users of our projects and communities with a sustainable lifestyle by dint of planning, design, construction and operation.

The Group’s Performance in Sustainable Development in 2020

During the Year, the Group earned widespread acknowledgement from the public for its achievements in sustainable development.

Performance in Environmental, Social and Governance Reporting:

Awarded the Best ESG Award at the 5th “Golden Hong Kong Stock (金港股)” co-organized by Zhitong Caijing (智通財經) and 10JQKA.com (同花順財經)



Eco-friendly Building:

Ronshine Sunkwan Center, jointly developed with Sunkwan Properties Group Limited, received the WELL Gold rating Pre-certification from the International WELL Building Institute



Environmental, Social and Governance Report

Charity and Public Welfare:

Awarded the “Enterprise of Innovation in Public Welfare 2020 (2020年度公益創新企業)” organized and granted by the International Financial News



Awarded the “Charity Case of the Year of China’s Top 10 Real Estate Brands 2020” organized and presented by Leju Finance











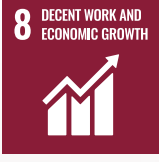

Awarded the “China’s Socially Responsibility Real Estate Developer 2020” presented by guandian.cn



Environmental, Social and Governance Report

2.1 United Nations Sustainable Development Goals

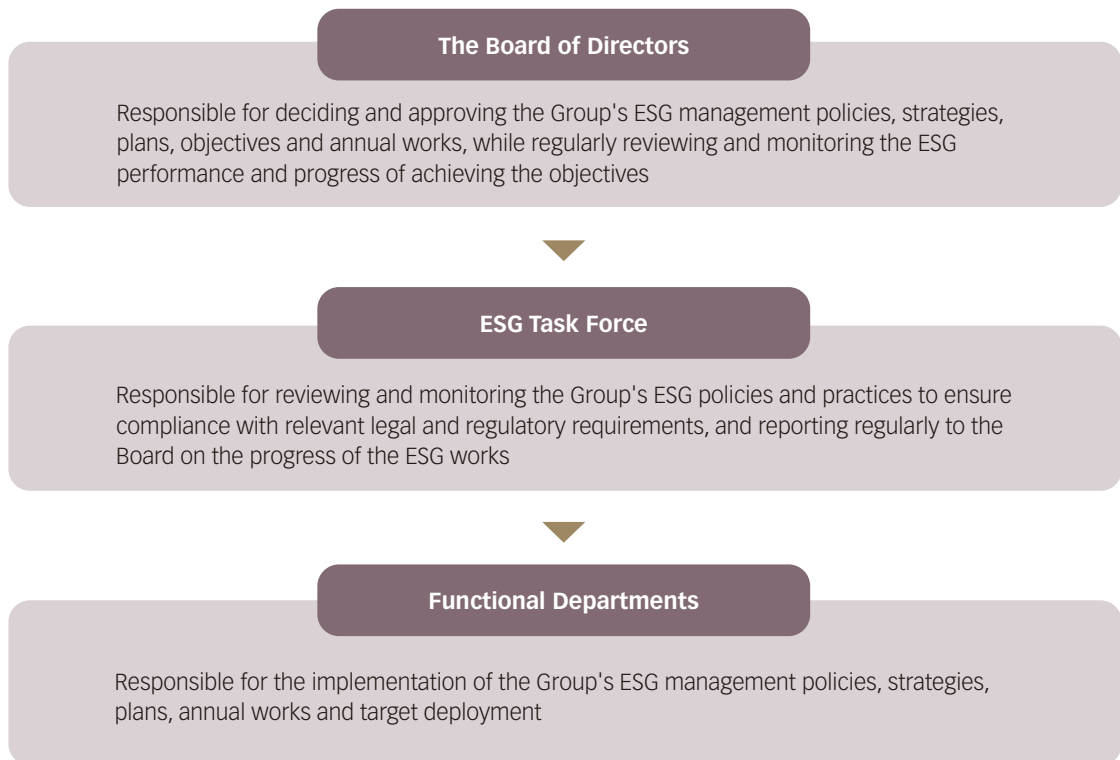
During the Year, the Group adopted and identified the United Nations Sustainable Development Goals (SDGs) that are relevant to its business, with a view to further integrating them into its corporate policies and day-to-day basis, so as to perform its social responsibilities and strive for sustainable development.

Scope	Sustainable Development Goals (SDGs)	Our Actions
Products	 	We strengthened construction management and conducted pre-delivery risk checks for our products. To cater for the needs of our customers, we launched the “CARE+ Healthy Home (CARE+ 全心健康家)” product series during the Year, which was first applied in “Haina Xinchao (海納新潮)” and “Lianyungang Mansion (連雲港學院府)”.
Environment	  	We are actively constructing green buildings and increasing the coverage of green building certification. In construction design and building, we continue to strengthen our efforts in energy, water and material conservation and reduce air and noise pollution. We have developed energy conservation and emission reduction measures to reduce the carbon footprint of our office operations.
Society	 	Since the establishment of Ronshine Public Welfare Foundation, it has donated more than RMB300 million in five major areas, i.e. children’s education, children’s aids, children’s health, social welfare and targeted poverty alleviation. During the Year, we organized donation activities to fight COVID-19 and help the children in the underdeveloped areas in their study and development.
Employment	  	We remained “people-oriented” and strove to protect the legitimate rights and interests of our employees with a commitment to developing our talent echelon. We launched the “Project Xinxing (信星工程)” training program during the Year to provide comprehensive training for our core talent teams. At the same time, we provide health checks, medical insurance, and safety training to our employees, and set up safe construction requirements to protect their health and safety.

Environmental, Social and Governance Report

2.2 ESG Task Force

The Group is committed to integrating the awareness of sustainable development with the Group's overall strategies, policies and business plans. Accordingly, an Environmental, Social and Governance (ESG) Task Force was established in 2020 to manage the ESG-related risks and ensure implementation of the relevant policies across the Group. The Task Force is coordinated by the Chief Executive Officer and the Company Secretary, and reports regularly to the Board to help assess the appropriateness and effectiveness of the Group's ESG risk management and internal control systems.



Environmental, Social and Governance Report

2.3 Communication with Stakeholders

Our stakeholders' views and expectations are the important parts of our sustainable development. We identify external and internal stakeholders, including shareholders, investors, employees, customers, media, community/non-government organizations and suppliers, to listen and understand their concerns in a proactive and open manner so as to better manage the risks and opportunities. The following are the main channels between Ronshine and stakeholders:

Major stakeholders	Communication methods
Shareholders and Investors	<ul style="list-style-type: none"> • Annual general meetings and other general meetings • Interim reports and annual reports • Results announcements • Investor meetings
Customers	<ul style="list-style-type: none"> • Customer satisfaction surveys and opinion forms • Customer consultation groups and customer service centers • Customer loyalty enhancing campaigns • Daily operation/communication and telephone/mailbox
Employees	<ul style="list-style-type: none"> • Employee opinion surveys • Performance appraisals • Special advisory committees/symposiums • Seminars/workshops/lectures • Publications (such as employee communications), staff communication conferences • Volunteer activities • Staff intranet
Suppliers	<ul style="list-style-type: none"> • Supplier management procedure, conferences • Supplier/contractor evaluation system and onsite inspections
Partners	<ul style="list-style-type: none"> • Strategic cooperation projects • Exchange activities • Meetings and visits
Government/Industry Associations	<ul style="list-style-type: none"> • Organize industrial events, seminars and inspections
Regulatory Authorities	<ul style="list-style-type: none"> • Meetings • Responses to public consultations • Compliance reports
Green Groups	<ul style="list-style-type: none"> • Environmental protection groups
Communities/Non-government Organizations	<ul style="list-style-type: none"> • Volunteer activities, donations • Community investment plans • Community activities as well as seminars/workshops/lectures
Media	<ul style="list-style-type: none"> • Press releases • Senior management interviews • Results announcements
Public	<ul style="list-style-type: none"> • Media information • Our website • Group activities

Environmental, Social and Governance Report

Materiality Assessment

During the Reporting Period, we used questionnaires to interview our stakeholders on issues of their concern in relation to the Group’s sustainability practices, which provided valuable reference for the development of sustainability strategies and determination of the key areas of disclosure in the Report, with details set out as follows:

I. Identifying ESG Issues

We have identified 32 ESG issues based on the Group’s operation and development, the disclosure requirements of the Guidelines and the peers’ analysis.

II. Survey on Stakeholders

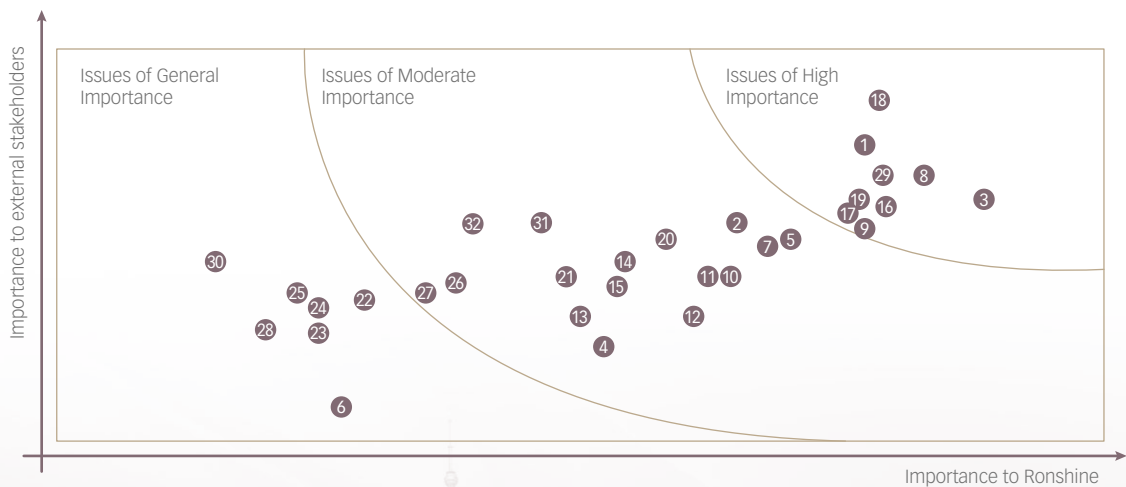
By inviting different stakeholders and the Group’s management to participate in an online survey, we collected their ratings on the importance of the 32 ESG issues, as well as their views and expectations on the Group’s sustainable development efforts.

III. Determining Importance

The matrix of important issues for the Year was created by analyzing the degree of their influences on the Group’s strategic operations and the stakeholders in combination with the ranking of issues according to their importance.

The Group’s management has reviewed the results of the materiality assessment and confirmed the highlights for the Report.

Materiality Matrix



Environmental, Social and Governance Report

Importance Issues		
Highly important	1	Economic performance
	3	Compliance with laws and regulations
	8	Health and safety of products/services
	9	Anti-fraud and anti-corruption
	16	Occupational health and safety
	17	Employee diversity, non-discrimination and equal opportunity
	18	Prevention of child labor and forced labor
	19	Staff training and development
	29	Green building opportunities
Moderately important	2	Market competitiveness
	4	Responsible procurement (including assessment of suppliers' environmental and social performance)
	5	Quality control
	7	Customer privacy protection
	10	Whistleblowing mechanism
	11	Complaint handling and responding mechanism
	12	Protecting intellectual property
	13	Publicity and product service labels
	14	Employment benefits (e.g., work hours, vacation, benefits, promotions)
	15	Relationship between employers and employees
	20	Qualifications and professional conduct
	21	Energy consumption and efficiency
	26	Waste discharge and treatment
	27	Use of material/resource
31	Concerning the community	
32	Community investment and involvement	
Generally important	6	Technology development and application
	22	Greenhouse gas emissions
	23	Water consumption and benefits
	24	Exhaust emissions
	25	Wastewater discharge and treatment
	28	Climate change
	30	Awareness of environmental protection of employees

Environmental, Social and Governance Report

3. PREMIUM QUALITY

Ronshine has been renowned in the real estate industry for its high-end premium products. Persistent pursuit of superior products has been the core element of our development philosophy. In terms of quality, Ronshine upholds “Superior product is vitality, superior product is core competitiveness” as the doctrine of its design and development, while insisting on the strategy of building medium and high-end products, and maintaining the itself-requirements of high quality, high added value and high comfort in product development. While constantly improving our products through high quality engineering control and unique and creative design, we stay abreast of the time by developing new products and continuously exploring market demands, which fall into five major product series.

Century Series	Haiyue Series	Haina Series	Lan Sky Series	Center Series
With the series, we selected high-value and high-potential districts of a city and joined hands with top-notch design teams to create a modern artistic community with a distinctive taste from the perspectives of architectural aesthetics, intelligent technology and artistic community.	With this series, we explored the aesthetics of oriental humanistic architecture from the heights of history and humanistic values, and completely renewed the urban fabric and revolutionized the traditional way of living with the spirit of cultural confidence and cultural return.	With liberalism, vitalism and Polychromatism as the origin of design, our Haina Series combines Ronshine’s 18 years of experience in human habitat construction with the global trend of human settlement, delivering a whole new upgrade in the type of flat, and the ideas of healthy living and artistic pleasure.	Always appearing in the best part of the city, our Lan Sky Series integrates natural resources such as mountains, rivers, lakes and seas to create a new lifestyle supported by fine quality and garden-like communities.	This series targets the location in the center of a city and aims at becoming the landmarks surrounded by offices, five-star hotels and commercial complexes to converge the values of the location, people and industries and power the development of the whole area.



Environmental, Social and Governance Report

3.1 Customer Relationship

Ronshine built up its customer relationship team under the theme of “Ronshine Falcon (融客獵鷹)”. During the Reporting Period, the Group helped project developers in holding 225 customer events with a total of 24,375 participants. We provide our customers with high quality services throughout their lifecycle, and our pre-delivery risk checks fall into 4 major categories (sales commitment, engineering design, customer sensitivity and regulatory risk), 9 stages and 91 detailed work standards, fully demonstrating our dedication to product quality. During the Year, our overall product delivery rate reached 89.25%.

Ronshine cooperates with third-party research and consultation institutions to interview its customers and seek their opinions in respect of housing quality, design, services, community planning and other aspects, and to systematically and rigorously output customer experience data and analysis reports on products and services in the form of customer satisfaction surveys. The results of the survey in recent years show that customers’ satisfaction with Ronshine’s engineering projects has reached the average level of the industry, while the customer satisfaction has been well above the average level of the industry.

We have a standard process for handling customer complaints to improve the quality of our products or customer services, aiming to hear the customers’ opinions and resolve their problems in a timely manner. In addition, we actively disseminated our corporate news, latest events, product promotions and other information through our official website and online platforms such as WeChat, aiming to provide a highly transparent platform for the public. Our Brand Operation Department will confirm the accuracy of information before publication and adopt a zero-tolerance attitude towards the use of false and misleading information to deceive customers in accordance with the Advertising Law of the People’s Republic of China, the Law on the Protection of Consumer Rights and Interests and other relevant laws and regulations.

3.2 Catering to Customer Needs

In line with the changing market demand, Ronshine upgraded its products this year to meet the needs of its customers in the new environment. With the spread of COVID-19, Ronshine launched online sales centers for all its projects nationwide in response to the government’s call for not gathering and not going out, so that its customers can choose their preferred houses and apartments comfortably at home. We also have a “Refund for No Reason” policy, which allows our customers to cancel their purchase and get full refund for no reason within 30 days from the date of deposit payment. Furthermore, if a customer has paid a certain percentage of price within the stipulated period, the time for no-reason refund can be extended, up to the day before the property delivery date. During the Reporting Period, we had no product recalls due to product quality and safety defects.

Environmental, Social and Governance Report

Case Study I: Comfortable Living Environment with “CARE + Healthy Home”

In March 2020, our Customer Relationship Center collected feedback and opinions from more than 10,000 households on their needs for improving their living conditions. The results showed that 78% of the households were most concerned about “health and comfort”, while approximately 67% of the households considered indoor air quality, indoor light environment, sound environment, indoor temperature, humidity and drinking water quality as the benchmarks for “measuring the healthiness of the living conditions”. Following a thorough analysis of the pain points in the living conditions and the changes of family needs, we launched the “CARE+ Healthy Home” product series, which for the first time increased the weight of “health” in the design of human habitat from multiple perspectives. In the future, we will gradually apply it in our product series.



Environmental, Social and Governance Report

Case Study II: “Ronshine – Parallel Impression” Friendly Garden Design

With the promotion and popularity of children-friendly cities around the world, sound city-friendly development and management can benefit all the children in their daily lives. The construction of children-friendly cities is positively significant in improving people’s living conditions, modernizing urban management and promoting the coordination of economic and social development. In order to extend the children-friendly innovation practice to all sectors of the society, Ronshine’s newly launched residential project “Ronshine – Parallel Impression” has not only taken into account the needs of children for space, but also proposed a concept of “children-friendly model community” in the garden design, which coexists with multiple safety concepts such as safety protection system, botanic system and signage system, aims to further protect the safety of children.

3.3 Adhering to Business Ethics

The Group complies with the Company Law of the People’s Republic of China, the Anti-Money Laundering Law of the People’s Republic of China, and the Interim Provision on Banning Commercial Bribery while adhering to the principle of “zero tolerance” for fraudulent acts, aiming to foster an atmosphere of fair competition, honesty and integrity in the industry. In order to strengthen integrity management within the Company, we offer online training courses known as “Professional Integrity of Ronshiners”, which clearly requires our employees to decline all kinds of bribery and corrupt practices, on our online learning platform.

Our employees are required to sign an Employee Integrity Agreement when they join us, which is intended to regulate their behavior and maintain integrity and efficiency by means of prohibiting corruption and fraud, maintaining confidentiality of business information, declaring conflicts of interest, and eliminating improper transactions. We will continue to strengthen education on integrity for our employees and suppliers and foster a culture of integrity internally. We use the Group’s online learning platform to promote integrity while organizing training courses to enhance our employees’ awareness of integrity and resistance against corruption. For suspicious misconducts, we have established a channel for reporting and complaining about such behaviors, aiming to further strengthen the defense line against corruption with the supervision of internal and external parties.

During the project development process, law compliance is a prerequisite for all the work. Taking project opening as an example, a project can only be offered for sale after a pre-sale license has been granted and the information provided to the customers and various documents have been examined by the relevant departments to ensure legal and compliance with the laws and regulations. Ronshine has set up a list of items for inspection before project opening, with focus on implementation details and compliance with the laws and regulations, so as to create the best opening environment to customers.

The Group strictly complies with the requirements of the Trademark Law of the People’s Republic of China and the Patent Law of the People’s Republic of China and other relevant laws and regulations in regulating and strengthening the management of intellectual property rights while actively promoting the development, protection and utilization of its products and making due efforts to avoid infringement of existing intellectual property rights of others.

Environmental, Social and Governance Report

3.4 Protecting Information Security

It is our responsibility and obligation to protect the privacy of customers and business information. We strictly comply with the Cybersecurity Law of the People's Republic of China and other laws and regulations in the places where we operate to protect the private information. We take data security seriously and handle all data provided by our customers, employees and business partners appropriately. We use the Office Automation System (OA system) for daily office communication as well as storing customer information and company documents in an orderly manner. Internal documents in the OA system are required to be approved by supervisors before disclosure, while confidential documents must not be downloaded or printed at all. Only employees authorized by the nature of their work can access customer information.

We require the relevant departments to regularly maintain the infrastructure required for providing services, such as the software and hardware, communication equipment, and information systems, and to ensure website security by conducting regular security checks and penetration tests to reinforce vulnerabilities and improve operational capacity.

The Group is committed to protecting the customer data and strictly prohibits the disclosure of customer data or information relating to the external parties. In the event of a request from a third party for accessing the customer data, we will seek the customer's consent before taking any further action. Our employees are required to handle information in accordance with the guidelines, and we offer regular training to them to enhance their awareness of information security. Our information system has been preliminarily established, with the basic corporate data inputted to help us reach the customers accurately.

3.5 Supply Chain Management

Sound supply chain management is conducive to the enhancement of the quality of our products and services. In addition to complying with the laws and regulations such as the Bidding Law of the People's Republic of China, the Government Procurement Law of the People's Republic of China and the Anti-unfair Competition Law of the People's Republic of China, the Group has established its own Supplier Management System to strictly regulate the process of supplier identification, registration, evaluation, shortlisting and selection, so as to protect the economic interests of customers, partners and enterprises and help maintain a good business environment.

We are highly concerned about the environmental and social compliance performance of our suppliers. The Group promotes its green supply chain management through strict material selection and other measures, and conducts inspections for construction contractors to protect the workers' rights and interests and prevent and mitigate social risks. We regularly review the performance of our suppliers, and classify them into four categories, i.e. "excellent, qualified, unqualified and blacklisted", based on the results, which will directly affect their opportunities for future cooperation. In addition, we improve our quality standards and maintain good relationships through sampling inspections, centralized management and meeting with our suppliers. All the engineering suppliers are required to construct and deliver the project in accordance with the current national regulations and norms, industry standards and blueprints approved by the construction department.

Environmental, Social and Governance Report

4. PEOPLE-ORIENTED

Ronshine always adheres to the philosophy of “people-oriented”, protects the legal rights of employees and strives to build a fair, health and safe working environment with development potential in compliance with labor and social insurance regulations including the Labor Law of the People’s Republic of China, the Labor Contract Law of the People’s Republic of China and the Social Insurance Law of the People’s Republic of China. We provide a series of clear management systems in terms of employment, benefits, talent development and occupational health and safety to enable employees to develop in harmony with Ronshine.

During the Year, the Group did not experience any non-compliance with the laws and regulations relating to recruitment and labor rights. As at 31 December 2020, the Group had a total of 3,390 employees engaged at the operating sites within the reporting scope.

4.1 Safeguarding Employees’ Rights and Interests

We do never treat our employees with unethical employment practices, including child labor and forced labor. We follow the regulations of the Provisions on the Prohibition of Using Child Labor and verify the identity documents of each employee during recruitment and induction to ensure that employees below the legal working age and forced labor are not employed. We respect and abide by the internationally recognized human rights norm of the Constitution of the International Labor Organization, prohibit discrimination for the reasons of nationality, religions, age, gender, family, health and other factors. We further optimized the recruitment process during the Reporting Period to attract more outstanding talents to join Ronshine through a combination of social and campus recruitment channels.

Meanwhile, the Group has formulated a comprehensive Echelon Talent Cultivation Management System to guide, supervise and regulate the implementation of talent cultivation, and evaluate and assess the effectiveness of the cultivation, so as to provide human resources support for the sustainable development of the Group. Our compensation policy aims to provide compensation packages, including wages, bonuses and various allowances, to attract and retain outstanding staffs. The Group determines employee salaries based on each employee’s qualifications, position and seniority. The Group has designed a periodical review system to assess the performance of its employees, which forms the basis of the determination on salary rises, bonuses and promotions.



Environmental, Social and Governance Report

- | | |
|--|--|
| National
Statutory
Benefits | <ul style="list-style-type: none"> • “Five Insurances and One Fund” (including basic pension insurance, basic medical insurance, work injury insurance, maternity insurance and unemployment insurance and contributions to housing provident fund) • Statutory holidays and other leave, such as personal leave, sick leave, annual leave, marriage leave, maternity leave, work injury leave and bereavement leave |
| Company
Extra
Benefits | <ul style="list-style-type: none"> • Stock options, share award plans and long-term incentive awards etc. • Free breakfast and lunch on working day • Staff interest groups • Library & staff club |

We have formulated the New Employees Induction Handbook to manage the attendance of our employees under the principle of an 8-hour workday. The employee handbook stipulates the management of termination employment, and the Group has the right to terminate the labor contract with the employee if any violation of workplace discipline or professional conduct is found. We recognize the importance of our relationship with our resigned employee and strictly adhere to applicable laws and regulations in handling the resignation of our employees.

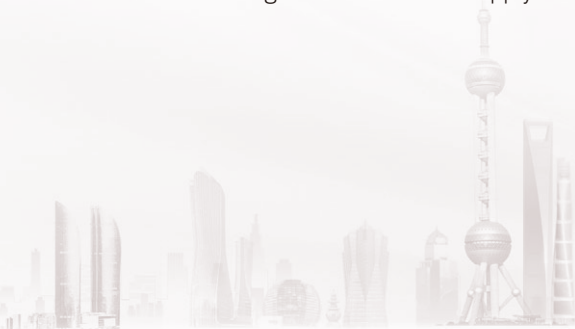
4.2 Training and Development of Employees

Systematic and specialized vocational training programs are regularly organized by Ronshine for its employees to meet different functional requirements. In order to help new employees get familiar with the working environment and quickly embrace the corporate culture of Ronshine, we provide basic trainings such as “Basic Knowledge Training”, “Intensive Outdoor Training” and “Power of Ronshine Members Training”, the contents of which cover work ethics training, corporate culture training and general skills training etc.

We are committed to the core principles of education and training, self-development, mentorship and action learning in the cultivation of our talent pipeline. Multiple-level and three-dimensional training according to the 80/20 rule: namely, 80% through work practice and work assignment, and 20% through new knowledge and theories learned from training, and actively applied to work practice.

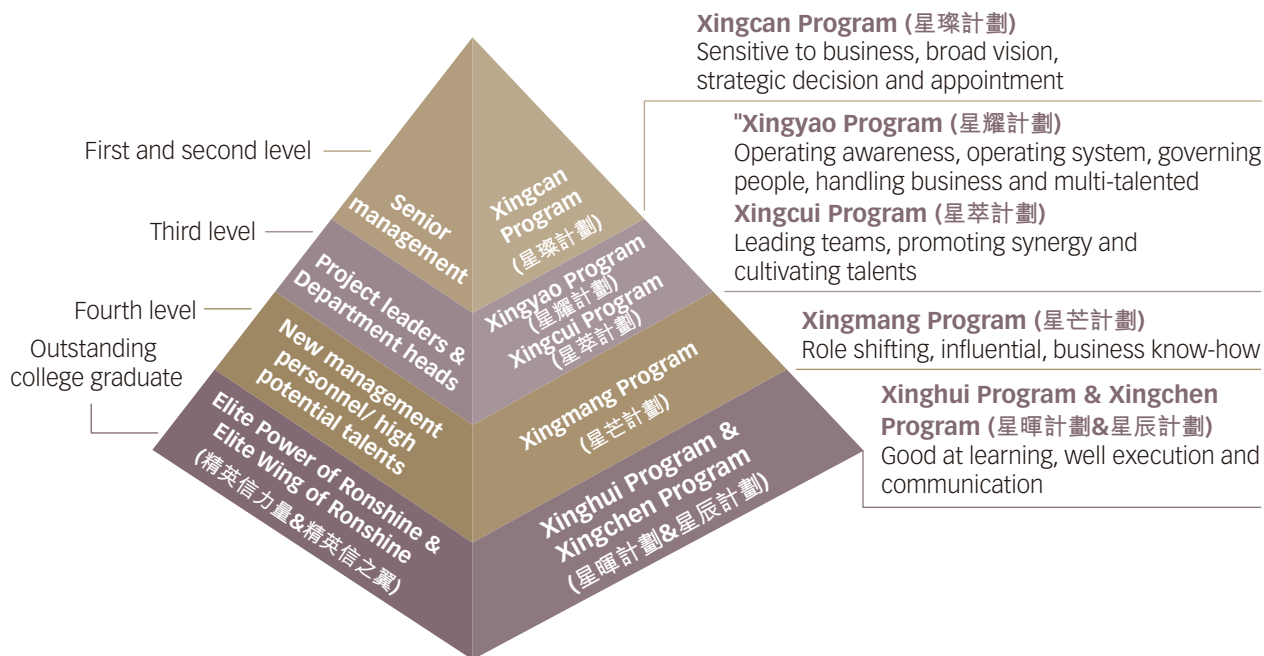
Ronshine Star Program (信星工程)

During the Year, we formally launched a talent training project named “Ronshine Star Program (信星工程)” to build a systematic and comprehensive talent development chart, targeting the core groups of the Group’s echelons at all levels. Relevant training programs will be launched successively, which will lay a solid foundation for building an internal talent supply chain to drive sustainable business development.



Environmental, Social and Governance Report

Talent development chart of Ronshine Star Program



Case study: Ronshine Star Project – “Xingyao Program (星耀計劃)”

The first “Xingyao Program (星耀計劃)”, which lasted for half a year, came to a successful conclusion in December 2020. Such a training program is jointly organized by Ronshine College (融信學院) and the Group’s operation management center, with the target of “know operate, familiar with management, be professional and good at leadership”. To strengthen the project leaders’ key knowledge and skills, enhance their comprehensive ability, and help them achieve their indicators, over 30 selected outstanding project leaders successfully graduated from this program by means of face-to-face training, project review, tutoring, simulation games, practicing and topic debates etc.



Graduates of “Xingyao Program (星耀計劃)”



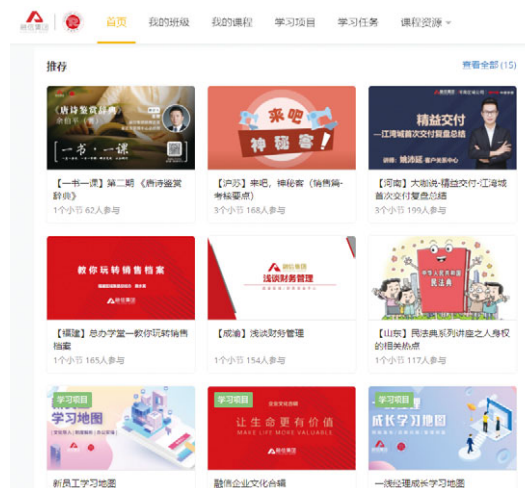
Awards

Environmental, Social and Governance Report

Online Learning Platform

Since launched in 2019, the online learning platform of Ronshine College has developed more than 2,000 internal courses. As a result of the COVID-19 pandemic, online learning has become the new normal for us, and therefore the number of courses in the Year has increased by 60% compared to that of the previous year.

1,262 new courses (with 244 exquisite courses) were developed in 2020 with 2,990 active students and 82 hours per capita learning time. In the future, the learning platform will continue to be optimized and upgraded in combination with current trends, market needs, and the latest professional achievements etc., to develop study plans for each business line and launch more high-quality courses, allowing our employees to continuously pursue personal growth to embrace the changes and challenges ahead.



Ronshine College Online Learning Platform

Offline Exquisite Courses

Opportunities are provided to develop various employees to become our internal trainers. The internal trainers are the guides and practitioners for Ronshine to cultivate talents and bring energy to the Company. As of the end of 2020, the managers and key officers participated in the program have refined their knowledge and experience into courses, assisting others and achieving self-realization, empowering the organization and contributing to the sustainable development of talents. During the Reporting Period, the Group has cultivated more than 280 internal trainers, delivered various online and offline courses, and compiled hundreds of lecture cases.

In addition, our Customer Relationship Management Center has designed a junior, middle and senior level capability development program for various employees at different levels, with 54 training courses held throughout the year and 49 typical cases extracted, which effectively improve the general business skills of the team and stimulate the employees' precipitation of excellent management models and advanced technical standards.

Environmental, Social and Governance Report

4.3 Health and Safety of Employees

For the protection of the physical and mental health of our employees, the Group organizes regular medical check-ups for our employees every year to encourage them to pay attention to their health conditions. We also proactively protect the safety of our employees through various measures such as safety and civilized construction inspections, safety education and training, and fire drills. No major liability accident on construction safety and quality in the Year.

Construction Safety

The Group strictly complies with the Work Safety Law of the People's Republic of China and the Law of the People's Republic of China on Prevention and Control of Occupational Diseases, and has formulated the Standard Atlas on Safety and Civilization of Project (項目安全文明標準圖集) in accordance with the relevant national laws and regulations and standards, for the purpose of regulating the on-site management behavior and enhance the safety and civilization image for the enterprise and project. The standards and practices of the Standard Atlas on Safety and Civilization of Project must be followed at the construction site. The Group has strict requirements on contractor's safe and civilized construction, and implements the following measures to protect employees:

1. Purchasing insurance;
2. Adding safe devices (such as fire-fighting facilities, safety belts, protective measures, safety warning signs);
3. Updating civilized construction billboards (major hazardous source, work-related casualties, safety education and goals and other information);
4. Regular supervising and inspecting by safety personnel, ensuring that construction personnel carry out works in accordance with the safety code and identifying the issues to be improved and rectifying in a timely manner for the purpose of reducing accidents;
5. Arranging safety education training; and
6. Establishing notification mechanisms for major casualties and other safety incidents, ensuring individual cases are properly handled etc.

Environmental, Social and Governance Report

Healthy at Office

During the outbreak of COVID-19, the Group took precautionary measures and required its employees to comply with work arrangements and precautionary practices. To safeguard the health of our employees, we have provided protective materials such as masks and disinfectants in our office premises, meanwhile, the Group conducted regular disinfection of the office environment and body temperature checks in and out to ensure the health and safety of all employees.

Ronshine deeply convinces the office environment is particularly important to employee health. Our office headquarters in Shanghai Hongqiao World Center incorporates green elements and provides comfortable leisure facilities for our employees. The office is also designed in the concept of commodious and open with the purpose of effectively reducing the sense of pressure and providing spare room for employees to conduct discussion. Not only do we use green building materials in the interior decoration of the office, such as high quality green paint, but also have green elements in the interior design. Green plants can be found everywhere, so as to improve the indoor air quality by absorbing harmful substances and thus enhance working efficiency. A reading area and a gymnasium are also available at the headquarters to enable employees to expand their knowledge through reading and to protect their physical and mental health.

We organize various kinds of staff activities from time to time to help employees to relieve their work pressure and take care of their physical and mental health in all aspects. For example, we hold staff family day activities to strengthen staff cohesion, stimulate their vitality and appreciate their family members' support to Ronshine; and we organize sports activities to allow a group of energetic and lively employees to take the opportunity to sweat on the sports field and even demonstrate the teamwork spirit among them.

5. CONCERN ON THE ENVIRONMENT

The Group ensures that the project complies with the national emission standards on air, sewage and noise during construction and operation, and is committed to complying with environmental laws and regulations such as the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China and the Law of the People's Republic of China on Prevention and Control from Environmental Noise. We will also fully leverage on green building opportunities to enhance the sustainability of our business. During the Year, we experienced no environmental violations.



Environmental, Social and Governance Report

Carbon Emission Performance

As the Group's construction projects are mainly carried out by professional contractors, the environmental KPIs only involve the resources and energy used in the daily operations of our headquarters in Shanghai and regional offices in Shanghai, Fuzhou and Hangzhou. With a view of minimizing environmental impact, the Group has formulated several environmental policies and measures in response to the green office policy to promote awareness of energy saving and emission reduction, water conservation and waste reduction among employees.

We transparently disclose and compare greenhouse gas emissions and energy consumption in the report and strive to reduce our carbon footprint during operations and achieve a low-carbon economy. As for gauging the environmental KPIs performance of greenhouse gas (GHG) emissions, we have made reference to the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development and the ISO14064-1 standards set by the International Standards Organization so as to ensure consistent reporting principles. Our emissions profile for the Year is as follows:

GHG Emissions Performance	Unit	2019	2020
GHG emissions			
Direct GHG emissions (Scope 1)	tonnes of carbon dioxide equivalent (CO ₂ e)	169.46	129.23
Indirect GHG emissions (Scope 2)	tonnes CO ₂ e	332.55	282.09
Total GHG emissions (Scope 1 & 2)	tonnes CO ₂ e	502.01	411.33¹
GHG Emissions Intensity			
GHG emissions per square meter of floor area (Scope 1 & 2)	tonnes CO ₂ e/square meter	0.048	0.045

Scope 1: Direct GHG emissions generated from sources owned and controlled by the Group.

Scope 2: GHG emissions indirectly generated from electricity generation, heating and cooling or steam purchased by the Group.

GHGs are divided into direct emissions (Scope 1) and indirect emissions (Scope 2). The categories in each scope include fuel consumption by fixed equipment, and vehicles under the Group (Scope 1) and electricity consumption during operation (Scope 2).

¹ The total greenhouse gas volume is 411.325 tonnes CO₂e. Due to rounding, this data is presented as 411.33 tonnes CO₂e.

Environmental, Social and Governance Report

5.1 Green Design Concept

In response to China's promotion of green building development, Ronshine actively upholds green design concepts, takes into account the use of resources and the impact on the environment, and strives to construct green spaces while considering the functions and quality of buildings. We are committed to realizing the green building concept for the Group's residential and commercial development projects under five major design standards including land conservation and outdoor environment, energy conservation and utilization, water conservation and utilization, material conservation and utilization, as well as indoor environment quality.

Green building case study I: Ronshine Sunkwan Center 融信·上坤中心

During the Year, Ronshine Sunkwan Center, located at the premium location of Qibao Ecology Commercial Zone, Minhang District, Shanghai, won the US WELL Gold rating Pre-certification. Following the Two-star Certification of National Green Building Design Label and the LEED Gold rating Pre-certification of the United States Green Building Council (USGBC) in 2019, this is another WELL Building pre-certification awarded to such project.



- Surface and roof rainwater flow is reasonably designed, and the total annual flow control rate of the site reaches 55%;
- Green ecological design is used to optimize the drainage system of the site and reduce the risk of waterlogging;
- Rainwater recycling system is set up: treated rainwater is used for basement washing, road sprinkling and green irrigation;
- High efficiency heating and cooling sources reduce the energy consumption of heating, ventilation and air conditioning systems by 11.26% compared to reference buildings;
- Engineering units of the project adopt a heat recovery system for sensible heat, fresh air and exhaust air, with a heat recovery efficiency of 60%;
- The usage proportion of local construction materials is not less than 70% to reduce the impact of transportation on the environment

Environmental, Social and Governance Report

Green building case study II: Rongxin Xuhui Century One Mile Development Project

融信·旭輝世紀古美發展項目

Such residential development project is located in the center of the eastern block of Qibao Jiuxing Region, Minhang district, Shanghai, and is situated in the area that has been awarded the “Shanghai Three Star Green Ecological Districts (上海三星級綠色生態城區)” this year. Century One Mile has successfully passed the Shanghai Municipal Management Commission of Housing and Urban-Rural Development ultra-low energy consumption program, which demonstrated the significances of both technology-oriented and policy-oriented, and is the first project achieved high standard of ultra-low energy consumption by integrating exterior wall with thermal insulation, a model for the future development of ultra-low energy consumption buildings in Shanghai.

In terms of improving the thermal insulation performance of the exterior walls of the project, 65mm thick high-performance thermal insulation materials are used between the building materials and 150mm thick building materials are installed at the roof to reduce the thermal transfer between the exterior walls and the roof. The fresh air system has a total heat recovery efficiency of 70%, which effectively maintains a stable indoor temperature. More features of the green building include:



Architectural Rendering of the Century One Mile Development Project

- Energy consumption is reduced by more than 50% compared to the current Shanghai energy-saving standards and relevant guidelines for reasonable building energy consumption;
- Decoration materials, furniture products and so on are selected reasonably, as well as such factors as indoor decoration, fresh air volume and environment temperature are taken into consideration, to ensure that the indoor hazardous substance concentration meets the relevant provisions of the national Indoor Air Quality Standards;
- Fresh air system that can efficiently filter PM2.5 and windows and doors reaching class 8 airtightness are adopted

Environmental, Social and Governance Report

Green building case study III: Xiaoshan Residence 蕭山公館

This residential project has been awarded the Two-star Certification of Green Building Label and Good Building Certification by the UK Building Research Establishment's Environment Assessment Methodology (BREEAM), with a comprehensive assessment from eight criteria including visual amenity, air quality, water quality, noise and privacy. The main features of the green building include:



- Energy-saving control measures are set up for lighting system in public portions of residential buildings, and indoor lighting is controlled by zones and groups;
- Water-saving appliances conforming with national standards are adopted;
- Indoor domestic water, fire-fighting water, outdoor green irrigation, basement washing water, etc. are measured separately, and water meters are installed on the branch pipes of water supply;
- Ready-mixed concrete and ready-mixed mortar is used;
- The effective ventilation areas and floor areas of certain main functional rooms of each flat type are greater than 8%, and the larger effective ventilation areas are beneficial to indoor air quality

Environmental, Social and Governance Report

Green building case study IV: Nantong Lan Chen 南通瀾宸

This development project has been awarded the Two-star Certification of Green Building Design Label, and the main features of the green building technology application include:



- Separated solar water heaters are installed on the top 6 floors of the project, with gas as the secondary heat source;
- All hygiene appliances and accessories are water-saving, energy-saving and high quality products, water-saving efficiency reaches Level 2;
- Technical measures of rainwater storage and utilization are used to collect rainwater from roofs and roads, and the treated water can be used for green irrigation and road washing;
- The proportion of recyclable materials used in the design of the project is more than 6% of the total volume of all construction materials;
- Carbon Monoxide monitoring devices are equipped in each underground garage and intelligently controlled in conjunction with the ventilation system

Environmental, Social and Governance Report

Green building case study V: Hangzhou Century 杭州世紀

This development project has been awarded the Two-star Certification of Green Building Label, and the main features of the green building technology application include:



- More than 70% of the road surface and building roofs have a solar radiation reflection coefficient of not less than 0.4;
- Surface and roof rainwater flow is reasonably designed to control the discharge of rainwater from the site;
- Infra-red sensor lighting system installed in some locations. Centralized control is used in public areas, and control measures are implemented in zones and groups according to the conditions of buildings and natural lighting status;
- Sanitary ware are water-saving appliances conforming with national standards;
- Indoor domestic water, fire-fighting water, outdoor greening irrigation etc. are measured separately, and water meters are installed on the branch pipes of water supply;
- Ready-mixed concrete and ready-mixed mortar is used

Environmental, Social and Governance Report

5.2 Green Construction Management

We have adhered to the belief in protecting the environment in the project construction and operation stage. In accordance with the requirements of the Environmental Impact Assessment Law of the People's Republic of China, the Construction Law of the People's Republic of China, the Technical Specifications for Urban Fugitive Dust Pollution Prevention and Control, the Regulation on the Administration of Construction Project Environmental Protection, the Law on the Management of the Environmental Inspection of Completed Construction Projects and other laws and regulations, we have formulated the Standard Atlas on Safety and Civilization of Project, and actively implemented various environmental protection measures, so as to avoid project delays and suspensions due to environmental violations, or affect the reputation of the Group.

In terms of pollutant control, all construction sites of the Group have strict standards on air pollutants from construction to operation, and have been in compliance with the Atmospheric Pollution Prevention and Control Law of the People's Republic of China. We implemented coordinated control of atmospheric pollutants such as particulate matter, sulfur dioxide, nitrogen oxides, volatile organic compounds and ammonia as well as greenhouse gases, so as to ensure that emissions and air quality meet relevant requirements. We understand that environmental protection measures need to be implemented from the sources. Therefore, we required the construction contractors we cooperate with to prioritize the selection of low-emission construction machinery and equipment, as well as the construction model with low pollution and noise to reduce the impact on the surrounding environment in project construction.

In terms of sewage treatment, the requirements of the Integrated Wastewater Discharge Standard (GB8978-1996) and the Standard for Design of Building Water Supply and Drainage (GB50015-2019) were complied with during project construction. The drainage of all projects strictly complied with the requirements of rain and sewage diversion, and the septic tanks of the corresponding scale were built according to the amount of sewage generated to ensure that the projects would not be delivered before the domestic sewage is connected to the sewage treatment plant for centralized treatment.

In terms of noise management and waste management, the Group has complied with the Law of the People's Republic of China on Prevention and Control from Environmental Noise, the Law of the People's Republic of China on Prevention and Control of Environmental Pollution Caused by Solid Waste and other regulations, and implemented the Emission Standard of Environmental Noise for Boundary of Construction Site (GB12523-2011) in respect of noise emissions during the construction period, and the Acoustic Environmental Quality Standards in respect of environmental noises in the project area during the operation period.



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The following are the environmental protection measures taken by the Group to reduce the impact of project construction on the surrounding ecological environment.

Pollutants Control

- The person in charge, the fugitive dust supervisory and management authority and other departments regularly monitored the effectiveness of the fugitive dust pollution management;
- Continuously used various measures such as spraying water to inhibit dust, and washing the ground and vehicles to prevent and reduce dust;
- Regularly cleaned up the dust and materials scattered on the site;
- Installed a dust-proof net that can effectively inhibit the spread of dust on the periphery of the scaffold;
- In the formal construction phase, set up a concrete car washing lane/platform at the entrance and exit of a site, and equipped it with a sedimentation tank, high-pressure water guns and high-pressure water pumps;
- Set up drainage ditches and dust-proof facilities around a site and ash troughs at the discharge port, and neatly stacked the surrounding materials

Sewage Treatment

- Constructed a septic tank of corresponding scale according to the amount of sewage generated, and conducted pre-treatments in the septic tank;
- Implemented rain and sewage diversion to ensure that sewage are connected to municipal pipelines only after being treated in septic tanks;
- Domestic sewage cannot be delivered for use before it is connected to the sewage treatment plant for centralized treatment

Waste Management

- Treated engineering mucks and construction wastes as resources;
- Set up waste pools or movable waste hoppers;
- Separated the areas for disposal of different types of wastes on the construction site;
- Put in place strict supervision, clear storage guidelines and safety considerations for hazardous wastes in a construction site

Noise control

- Prioritized the selection of low-noise machinery and construction model;
- Reasonably used the equipment which can produce high noise



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5.3 Green Operation Mode

In addition to managing the environmental protection factors of site projects, we have also effectively controlled the use of resources across the office. We encouraged employees to practice conservation behaviors and formulated the corresponding supervision and inspection systems based on the actual situation of the Group. We regularly publicized energy-saving ideas and measures to employees to cultivate and improve their awareness of environmental protection and encouraged them to contribute to waste and emission reduction during operation. The following lists the environmental protection measures taken by the Group in the course of office services during the Year:

Energy-saving Measures

During the Year, the total electricity consumption of the four offices of the Group was 462,374 kWh, a decrease of approximately 2% from the previous year, and the electricity consumption density was 50.86 kWh per square meter. Our Shanghai headquarters office and various regional offices used energy-saving lamps and set appropriate air-conditioning temperatures to reduce power consumption. We also put up environmental protection labels and posters in public office areas to raise employees' awareness of energy saving and carbon reduction. All employees used the lighting system rationally and minimized the consumption of unnecessary energy other than the power consumption of the necessary equipment after getting off work.

Waste Management

In the current year, the total amount of non-hazardous waste generated by the Group was 14,833 kg, while the total amount of hazardous waste generated was 82 kg, both of which were lower than the previous year. We have adopted the following waste reduction measures to reduce the amount of waste generated and avoid negative impacts on the environment during disposal.

- Use an electronic office automation system (OA system) to replace the office administration system based on paper records;
- Except for the paper printed with confidential information, all used paper was sent to a recycling company for recycling;
- Use electronic communications instead of paper;
- Set up sorted recycling bins to cultivate the habit of recycling;
- Purchased only after evaluating remaining materials to avoid excessive inventory;
- Reduced the use of disposable and non-recyclable products, such as purchasing rechargeable batteries to replace the use of disposable batteries;
- Put hazardous wastes in a special collection box or hand over to a qualified processing company for further processing

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Water Resources Management

The sources of water consumption in the offices of the Group are municipal tap water, and we have encountered no problems in obtaining suitable water sources. During the Year, the Group's total water consumption within the environmental data collection scope was 1,490 cubic meters, and the total water consumption density was 0.16 cubic meters per square meter. In terms of water-saving measures taken in the offices, we used recycled wash water or rainwater for irrigation, carried out regular leak tests on hidden water pipes, and inspected meter readings and overflowing water tanks, so as to reduce water leakage and wastewater sources.

Vehicles Management

Since the scope of environmental data collection involves vehicle emissions, the Group's emissions during the Reporting Period are as follows:

Type of emissions	Unit	2020
Nitrogen oxides (NO _x)	kilogram	402.00
Sulfur oxidex (SO _x)	kilogram	0.70
Particulate matter (PM)	kilogram	23.99

We carried out maintenance for the Group's fleet on a regular basis. We repaired and replaced mechanical components after detecting low efficiency on a timely basis. We also regularly inflated the tires to maintain the correct tire air. In addition, the Group provided drivers with driving training to teach employees the correct use of vehicles. The Group also regularly collected fuel receipts and mileage for monitoring purposes in an effort to reduce the impact on the environment.

6. GIVING BACK TO THE SOCIETY

Ronshine always adheres to both development and responsibility and actively practises corporate social responsibilities while pursuing excellence. Ronshine Public Welfare Foundation was established in 2014. It was issued a "Foundation Registration Certificate" by the Provincial Department of Civil Affairs of Fujian, and was recognized as a charitable organization in December 2017. Ronshine Public Welfare Foundation has been established for six years, with its charity footprints spreading across China. It currently covers five major areas: children's education, child supporting, child health, social welfare and targeted poverty alleviation. Donations for charity undertakings such as disaster relief, school construction, scholarships for teaching and learning, community charity and the fight against the pandemic exceeded RMB300 million.



Environmental, Social and Governance Report

In early 2020, facing the sudden COVID-19 pandemic, the Group actively responded and acted quickly to coordinate the prevention and control of the pandemic. We have made great achievements on the path of charity innovation. The following table lists the key reviews of Ronshine Public Welfare Foundation this year:

Time	Events	Photos of related events
The 2020 Spring Festival	Ronshine donated approximately RMB5 million in materials including masks, reagents, disinfectants and other urgently needed supplies to Wuhan. A few days later, the second batch of supplies was also delivered to Huanggang, Jingzhou, Xiaogan and other severely affected areas.	
In May	Ronshine donated 100 caring gift packages to anti-pandemic volunteers, medical workers and quarantine personnel at the centralized isolation medical observation station in Xinhong Street, Minhang District, Shanghai, including nut gift packages, washing suits, pillows, umbrellas and steam eye masks, hoping that they would have a more comfortable living environment at the isolation station and take care of their own health while caring for others.	 



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Time	Events	Photos of related events
<p>In September</p>	<p>Ronshine Public Welfare Foundation was invited to participate in the 8th China Charity Exhibition, exhibiting the works of students sponsored by the Hope projects (希望工程), charity cultural and creative derivatives, charity audiobooks, etc., and conducted charity sales.</p> <p>In addition, the Foundation participated in the “Tencent 99 Public Welfare Day ” for four consecutive years, and received online donations from tens of thousands of caring individuals within 3 days.</p>	
<p>In October</p>	<p>The first “Small Donations Warm China - Ronshine Charity Tour (微光暖中国—融信公益行)” was officially launched in Daocheng County, Ganzi Prefecture, Sichuan Province, which has an altitude of over 4,000 meters. The Ronshine Public Welfare Tour team raised more than RMB100,000 in the form of employee pledges and matching donations from Ronshine Public Welfare Foundation, which was used to purchase down jackets and school bags, stationeries for poor Tibetan children, hoping that with these small donations, the poor children could also learn and grow in the warmth.</p>	

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Time	Events	Photos of related events
<p>In November</p>	<p>Volunteers of the Group went to Minqin, Gansu Province in the “Power of Knowledge and Action (知行的力量)” Desert Charity Season activity to plant saplings of haloxylon ammodendron with a caring heart. We hoped that through a sapling of Haloxylon ammodendron, it would help local residents protect their homes by reducing the sand and dust brought to the local downstream by strong winds.</p>	
<p>In December</p>	<p>Ronshine Public Welfare Foundation conducted a charity tour in Tingtang Village, and carried out the Sangzi charity activity in Tingtang Primary School. Through on-site visits to the previously donated families in need, we got a real understanding of the living conditions of these families and continuously followed up their living status.</p>	

Environmental, Social and Governance Report

Time	Events	Photos of related events
<p>In December</p>	<p>Ronshine Public Welfare Foundation held a charity exhibition with the theme of “Small Donations Warm China”, namely the release of Specified Photo Album of Ronshine’s 6th Anniversary Public Welfare activity in Shanghai Hongqiao Hub Center, together with Ronshine Party Building (融信党建), Xinhong Community Development Foundation and Ronshine Service. Through the exhibition, Ronshine Public Welfare Foundation’s footprints in the past 6 years was innovatively presented, covering the fruitful results of disaster relief, school construction, scholarships for teaching and learning, community public welfare and the fight against the pandemic. The charity exhibition was divided into four chapters of “Meaning of Love”, “Memory of Love”, “Feedback of Love” and “Expression of Love”.</p>	
<p>From January to December</p>	<p>Ronshine Public Welfare Foundation provided 30 pieces of equipment for the “Youth China” public welfare unmanned book station in 16 communities in 2020 to provide owners with children’s book lending services, and at the same time carried out book crossing, organized a reading community for owners’ children, and created the “Humanities and Arts Community” of Ronshine.</p>	



Environmental, Social and Governance Report

Appendix I: Sustainability Data Statements

Environmental KPIs	Unit	2020
Air Emissions⁴		
Nitrogen oxides (NO _x)	kilogram	402.00
Sulfur oxides (SO _x)	kilogram	0.70
Particulate matter (PM)	kilogram	23.99
GHG Emissions		
Direct GHG emissions (Scope 1)	tonnes of carbon dioxide equivalent (CO ₂ e)	129.23
Indirect GHG emissions (Scope 2)	tonnes CO ₂ e	282.09
Total GHG emissions (Scopes 1 & 2)	tonnes CO ₂ e	411.33 ⁵
GHG Emissions Intensity		
Per square meter of floor area (Scopes 1 & 2)	tonnes CO ₂ e/square meter	0.045
Each employee (Scopes 1 & 2)	tonnes CO ₂ e/employee	0.65
Fuel Consumption		
Fuel consumption by fleets of vehicles	Liter	47,733.27
Energy Consumption		
Total energy consumption	kWh	901,893.31
Total energy consumption intensity (per square meter)	kWh/square meter	99.20
Electricity consumption	kWh	462,374.00
Electricity consumption intensity (per square meter)	kWh/square meter	50.86
Water Consumption		
Total water consumption	cubic meter	1,490.00
Total water consumption intensity (per square meter)	cubic meter/square meter	0.16
Hazardous Waste		
Total amount of hazardous waste	kilogram	82.00
Hazardous waste intensity	kilogram/employee	0.13
Waste ink cartridges and waste toner boxes	Piece	10.00
Computers	Piece	5.00
Batteries	Piece	101.00
Non-hazardous Waste		
Total amount of non-hazardous waste	kilogram	14,833.00
Non-hazardous waste intensity (each employee)	kilogram/employee	23.51
Paper Consumption		
Total paper consumption	Ream	5,306.00
Total paper consumption intensity	Ream/employee	8.41

⁴ Air emissions from the Group's vehicles.

⁵ The total amount of GHG emissions is 411.325 tonnes of CO₂e. This data is presented as 411.33 tonnes of CO₂e due to rounding.

Environmental, Social and Governance Report

Social KPIs	Unit	2020
Number of Employees		
Total number of employees	Number of people	3,390
By gender		
Number of female employees	Number of people	1,398
Number of male employees	Number of people	1,992
By geographical regions		
Number of employees in North China	Number of people	510
Number of employees in East China	Number of people	1,921
Number of employees in South China	Number of people	737
Number of other employees (including those in Hong Kong, Macao and Taiwan)	Number of people	222



Environmental, Social and Governance Report

Appendix II: HKEX ESG Reporting Guide Index

Content of Indicators		Related Section(s)
A. Environmental		
A1 Emissions	General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.
	A1.1	The types of emissions and respective emissions data.
	A1.2	Greenhouse gas emissions in total and, where appropriate, intensity.
	A1.3	Total hazardous waste produced and, where appropriate, intensity.
	A1.4	Total non-hazardous waste produced and, where appropriate, intensity.
	A1.5	Description of measures to mitigate emissions and results achieved.
	A1.6	Description of how hazardous and nonhazardous wastes are handled, reduction initiatives and results achieved.
A2 Use of Resources	General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.
	A2.1	Direct and/or indirect energy consumption by type (i.e. electricity, gas or oil) in total and intensity.
	A2.2	Water consumption in total and intensity.
	A2.3	Description of energy use efficiency initiatives and results achieved.
	A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.
	A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced.
		Concern on the Environment
		Green Operation Mode, Appendix I: Sustainability Data Statements
		Concern on the Environment
		Appendix I: Sustainability Data Statements
		Appendix I: Sustainability Data Statements
		Concern on the Environment
		Green Operation Mode
		Green Operation Mode
		Appendix I: Sustainability Data Statements
		Green Operation Model, Appendix I: Sustainability Data Statements
		Green Operation Mode
		Green Operation Mode
		Not applicable; the Group's business does not involve packaging materials

Environmental, Social and Governance Report

Content of Indicators			Related Section(s)
A3 Environment and Natural Resources	General Disclosure	Policies that reduce the issuer's significant impact on the environment and natural resources.	Concern on the Environment
	A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Concern on the Environment
B. Social			
B1 Employment	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	People-oriented
	B1.1	Total workforce by gender, employment type, age group and geographical region.	Appendix I: Sustainability Data Statements
	B1.2	Employee turnover rate by gender, age group and geographical region.	Intend to disclose in the future
B2 Health and Safety	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety of Employees
	B2.1	Number and rate of work-related fatalities.	Health and Safety of Employees
	B2.2	Lost days due to work injury.	Health and Safety of Employees
	B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Health and Safety of Employees
B3 Development and Training	General Disclosure	Policies on improving employees' knowledge and skills in performing job duties. Describe training activities.	Training and Development of Employees
	B3.1	The percentage of employees trained by gender and employee category.	Intend to disclose in the future
	B3.2	The average training hours completed per employee by gender and employee category.	Intend to disclose in the future

Environmental, Social and Governance Report

Content of Indicators			Related Section(s)
B4 Labor Standards	General Disclosure	Information on (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child labor or forced labor.	Safeguarding Employees' Rights and Interests
	B4.1	Describe the measures to review recruitment practices to avoid child labor and forced labor.	Safeguarding Employees' Rights and Interests
	B4.2	Description of steps taken to eliminate such practices when discovered.	Safeguarding Employees' Rights and Interests
B5 Supply Chain Management	General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
	B5.1	The number of suppliers by geographical region.	Intend to disclose in the future
	B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
B6 Product Liability	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Premium Quality
	B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Premium Quality
	B6.2	Number of products and service related complaints received and how they are dealt with.	Catering to Customer Needs
	B6.3	Description of practices relating to observing and protecting intellectual property rights.	Adhering to Business Ethics
	B6.4	Description of quality assurance process and recall procedures.	Premium Quality
	B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Protecting Information Security

Environmental, Social and Governance Report

Content of Indicators			Related Section(s)
B7 Anti-corruption	General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Adhering to Business Ethics
	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Intend to disclose in the future
	B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Adhering to Business Ethics
B8 Community Investment	General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Giving Back to the Society
	B8.1	Focused areas of contribution.	Giving Back to the Society
	B8.2	Resources used in the focused areas of contribution.	Giving Back to the Society



INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

To the Shareholders of Ronshine China Holdings Limited

(incorporated in the Cayman Islands with limited liability)

Opinion

What we have audited

The consolidated financial statements of Ronshine China Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 128 to 223, which comprise:

- the consolidated balance sheet as at 31 December 2020;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

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 Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Independent Auditor's Report

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

Key audit matters identified in our audit are summarised as follows:

- Provisions for properties under development ("PUD") and completed properties held for sale ("PHS")
- Classification of investment in subsidiaries, joint ventures and associates

Independent Auditor's Report

Key Audit Matters (continued)

Provisions for properties under development ("PUD") and completed properties held for sale ("PHS")	How our audit addressed the Key Audit Matter
<p>Refer to Note 4 (a) and Note 20 to the consolidated financial statements.</p> <p>The total of PUD and PHS of the Group amounted to approximately RMB134,165 million as at 31 December 2020, accounting for approximately 57.5% of the total assets of the Group. The carrying amounts of PUD and PHS are stated at the lower of cost or net realisable value ("NRV").</p> <p>The Group assessed the NRV of PUD and PHS based on the realisable value of these properties. As a result, provisions for PUD and PHS involve critical accounting estimates on the future selling prices and direct related selling expenses for the properties, as well as the costs to completion for PUD. The judgements and estimations are subject to high degree of estimation uncertainty. The inherent risk in relation to the assessment of net realisable value of PUD and PHS is considered relatively higher due to uncertainty of significant assumptions used.</p> <p>We focused on this area due to the significance of the PUD and PHS balances and the involvement of critical accounting estimates.</p>	<p>Our key procedures in relation to management's assessment on the provision for PUD and PHS included:</p> <ol style="list-style-type: none"> 1. We obtained an understanding of management's internal control and assessment process of the NRV of PUD and PHS, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity of assessment and subjectivity of significant assumptions and data used. 2. We evaluated and tested management's key internal controls over the Group's process in determining the costs to completion of PUD and the net realisable values of PUD and PHS based on prevailing market conditions. 3. We assessed management's key estimates for: <ul style="list-style-type: none"> • Selling prices which were estimated based on the prevailing market conditions. We selected PUD and PHS on a sample basis to compare their estimated selling prices to the recent market transactions, making reference to the Group's selling prices of the sold units in the same project or the prevailing market prices of comparable properties with similar sizes, usages and locations, after considering future market development; • Direct related selling expenses were estimated based on certain percentages of selling prices. We compared the above estimated percentages with the actual average selling expenses to revenue ratio of the Group in recent years, and reviewed the sales commission contracts on a sample basis; and • For the estimated costs to completion for PUD, we reconciled them to the budgets approved by management, examined the signed construction contracts on a sample basis, and compared the anticipated completion costs to the actual costs of comparable properties with similar sizes, usages and locations of the Group in recent years. <p>We found that the key estimates used in management's assessment on the provision for PUD and PHS were properly supported by the available evidence.</p>

Independent Auditor's Report

Key Audit Matters (continued)

Classification of investments in subsidiaries, joint ventures and associates	How our audit addressed the Key Audit Matter
<p>Refer to Note 4 (b), Note 11 and Note 12 to the consolidated financial statements.</p> <p>The Group co-operated with other parties to invest in a large number of property development projects, which were classified as subsidiaries, joint ventures or associates.</p> <p>We focused on the classification of investments as subsidiaries, joint ventures or associates as it is determined based on whether the Group has control, joint control or significant influence over the investee. The assessment involves significant judgements through the analysis of various factors, including constitution of decision making authorities of an investee, such as shareholders' meetings and board of directors' meetings, decision making process, the Group's representation on the decision making authorities of an investee, as well as other facts and circumstances.</p>	<p>In assessing the classification of new investments or changes to existing investments during the year, we have performed the following key procedures:</p> <ol style="list-style-type: none"> 1. We obtained and examined the legal documents in relation to the investments ("Investment Documents"), including the cooperation agreements amongst co-developers and articles of associations of the investees, with particular focuses on, including but not limited to the terms and conditions in relation to the rights of investors, cooperation arrangements, termination provisions, management structures and profit-sharing arrangements, and assessed management's judgement by analysing these key terms against accounting standards. Where there have been subsequent changes to the co-developers' agreements, articles of association, and/or management structures, we critically assessed management's re-assessment on whether those changes would affect the initial classification. 2. We examined the documents related to decision making of property development, including minutes of shareholders' meetings and board of directors' meetings of the investees, and evaluated the detailed project management and approval processes on a sample basis, including but not limited to the authorities in determination and approval of project budgets, selection of main constructors and vendors of the projects and the determination of sales and marketing plan. <p>Based on the procedures performed, we found that management's judgements applied in determining the classification of the Group's investments in subsidiaries, joint ventures and associates were supported by available evidences.</p>

Independent Auditor's Report

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of 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 Directors and Those Charged with Governance 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 HKFRSs issued by the HKICPA 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 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



Independent Auditor's Report

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. We report our opinion 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 HKSA's 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.

As part of an audit in accordance with HKSA's, we exercise professional judgment 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.



Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 those charged with governance 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 those charged with governance 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.

From the matters communicated with those charged with governance, 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 Pang, Ho Yin.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 31 March 2021



CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December	
		2020 RMB'000	2019 RMB'000
Revenue	6	48,302,505	51,462,502
Cost of sales	7	(42,990,475)	(38,987,328)
Gross profit		5,312,030	12,475,174
Selling and marketing costs	7	(1,259,041)	(1,199,042)
Administrative expenses	7	(1,603,550)	(1,479,244)
Fair value (losses)/gains on investment properties	17	(184,332)	49,682
Other income	9	302,867	248,785
Other gains — net	9	373,158	49,367
Operating profit		2,941,132	10,144,722
Finance income	10	1,808,259	249,911
Finance costs	10	(459,476)	(629,483)
Finance income/(costs) — net	10	1,348,783	(379,572)
Share of net profit of investment accounted for using the equity method	12(a)(ii)	611,458	895,660
Profit before income tax		4,901,373	10,660,810
Income tax expenses	13	(1,406,874)	(4,767,017)
Profit for the year		3,494,499	5,893,793
Profit for the year is attributable to:			
— Owners of the Company		2,428,123	3,154,064
— Non-controlling interests		1,066,376	2,729,121
— Holders of Perpetual Capital Instruments		—	10,608
		3,494,499	5,893,793
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)			
— Basic earnings per share	14	1.43	1.87
— Diluted earnings per share	14	1.42	1.85

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Profit for the year	3,494,499	5,893,793
Other comprehensive income	—	—
Total comprehensive income for the year	3,494,499	5,893,793
Total comprehensive income for the year is attributable to:		
— Owners of the Company	2,428,123	3,154,064
— Non-controlling interests	1,066,376	2,729,121
— Holders of Perpetual Capital Instruments	—	10,608
	3,494,499	5,893,793

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.



CONSOLIDATED BALANCE SHEET

		As at 31 December	
	Note	2020 RMB'000	2019 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	1,424,939	1,567,616
Investment properties	17	14,487,730	13,224,100
Right-of-use assets	16	444,183	463,555
Intangible assets		5,365	5,580
Investments accounted for using the equity method	12	10,862,379	6,256,491
Financial assets at fair value through profit or loss	18	996,855	755,773
Deferred tax assets	27	668,200	444,954
Total non-current assets		28,889,651	22,718,069
Current assets			
Properties under development	20	120,098,735	115,299,354
Completed properties held for sale	20	14,065,964	7,673,170
Contract assets	22	1,098,664	999,576
Trade and other receivables and prepayments	23	29,518,185	25,015,169
Amounts due from related parties	35	5,984,288	5,654,598
Prepaid taxation		3,329,274	2,539,535
Financial assets at fair value through profit or loss	18	362,248	—
Term deposits	21	6,989,416	15,671,771
Restricted cash	21	3,057,486	3,291,991
Cash and cash equivalents	21	19,854,876	15,344,805
Total current assets		204,359,136	191,489,969
Total assets		233,248,787	214,208,038
EQUITY			
Share capital	24	15	15
Share premium	24	3,786,195	4,902,013
Other reserves	25	13,926,853	11,503,837
Capital and reserves attributable to owners of the Company		17,713,063	16,405,865
Non-controlling interests		32,945,940	24,882,365
Total equity		50,659,003	41,288,230

Consolidated Balance Sheet

	Note	As at 31 December	
		2020 RMB'000	2019 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	26	46,921,115	44,471,364
Lease liabilities	16	15,431	13,814
Deferred tax liabilities	27	1,915,527	2,027,669
Total non-current liabilities		48,852,073	46,512,847
Current liabilities			
Borrowings	26	24,938,617	18,706,447
Lease liabilities	16	9,900	16,982
Contract liabilities	22	65,076,080	60,265,275
Trade and other payables	29	31,476,801	33,070,355
Amounts due to related parties	35	5,291,322	7,293,888
Derivative financial instruments		—	85,250
Current tax liabilities		6,944,991	6,968,764
Total current liabilities		133,737,711	126,406,961
Total liabilities		182,589,784	172,919,808
Total equity and liabilities		233,248,787	214,208,038

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The financial statements on pages 128 to 223 were approved by the Board of Directors of the Company (the "Board") on 31 March 2021 and were signed on its behalf.

Ou Zonghong

Zhang Lixin

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital RMB'000 (Note 24)	Share premium RMB'000 (Note 24)	Capital reserves RMB'000 (Note 25(a))	Statutory reserves RMB'000 (Note 25(b))	Share-based compensation reserves RMB'000 (Note 25(c))	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2020	15	4,902,013	851,583	1,661,304	87,183	8,903,767	16,405,865	24,882,365	41,288,230
Comprehensive income									
— Profit for the year	—	—	—	—	—	2,428,123	2,428,123	1,066,376	3,494,499
— Other comprehensive income	—	—	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	—	2,428,123	2,428,123	1,066,376	3,494,499
Buy-back and cancellation of shares (Note 24)	—	(202,908)	—	—	—	—	(202,908)	—	(202,908)
Disposal of subsidiaries	—	—	—	—	—	—	—	(468,800)	(468,800)
Acquisition of subsidiaries	—	—	—	—	—	—	—	508,800	508,800
Capital injections from non-controlling interests	—	—	—	—	—	—	—	8,844,399	8,844,399
Capital reduction of the subsidiaries	—	—	—	—	—	—	—	(1,541,400)	(1,541,400)
Dividends distribution to non-controlling interests	—	—	—	—	—	—	—	(345,800)	(345,800)
Final dividend of 2019 (Note 28)	—	(935,157)	—	—	—	—	(935,157)	—	(935,157)
Share option scheme									
— Exercise of share options (Note 24)	—	22,247	—	—	(5,107)	—	17,140	—	17,140
Transfer to statutory reserves	—	—	—	260,542	—	(260,542)	—	—	—
Balance at 31 December 2020	15	3,786,195	851,583	1,921,846	82,076	11,071,348	17,713,063	32,945,940	50,659,003

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company									
	Share capital RMB'000 (Note 24)	Share premium RMB'000 (Note 24)	Capital reserves RMB'000 (Note 25(a))	Statutory reserves RMB'000 (Note 25(b))	Share-based compensation reserves RMB'000 (Note 25(c))	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Perpetual Capital Instruments RMB'000	Total equity RMB'000
Balance at 1 January 2019	14	4,423,556	851,583	1,261,235	68,668	6,149,772	12,754,828	21,915,398	948,132	35,618,358
Comprehensive income										
— Profit for the year	—	—	—	—	—	3,154,064	3,154,064	2,729,121	10,608	5,893,793
— Other comprehensive income	—	—	—	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	—	3,154,064	3,154,064	2,729,121	10,608	5,893,793
Issuance of ordinary shares in connection with private placement (Note 24)	1	1,002,617	—	—	—	—	1,002,618	—	—	1,002,618
Buy-back and cancellation of shares (Note 24)	—	(87,905)	—	—	—	—	(87,905)	—	—	(87,905)
Redemption of Perpetual Capital Instruments	—	—	—	—	—	—	—	—	(900,000)	(900,000)
Distributions made to holders of Perpetual Capital Instruments	—	—	—	—	—	—	—	—	(58,740)	(58,740)
Capital injections from non-controlling interests	—	—	—	—	—	—	—	894,894	—	894,894
Dividends distribution to non-controlling interests	—	—	—	—	—	—	—	(657,048)	—	(657,048)
Final dividend of 2018 (Note 28)	—	(552,645)	—	—	—	—	(552,645)	—	—	(552,645)
Share option scheme										
— Exercise of share options (Note 24)	—	116,390	—	—	(29,424)	—	86,966	—	—	86,966
— Value of employee services	—	—	—	—	47,939	—	47,939	—	—	47,939
Transfer to statutory reserves	—	—	—	400,069	—	(400,069)	—	—	—	—
Balance at 31 December 2019	15	4,902,013	851,583	1,661,304	87,183	8,903,767	16,405,865	24,882,365	—	41,288,230

The above consolidated statement of changes of equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2020 RMB'000	2019 RMB'000
Cash flows from operating activities			
Cash (used in)/generated from operations	30(a)	(4,040,276)	9,096,467
PRC corporate income tax paid		(1,865,831)	(1,544,752)
PRC land appreciation tax paid		(1,042,285)	(1,581,836)
Net cash (used in)/generated from operating activities		(6,948,392)	5,969,879
Cash flows from investing activities			
Payments for purchase of property, plant and equipment and investment properties		(1,257,242)	(1,116,072)
Payments for purchase of intangible assets		(2,130)	(451)
Proceeds from disposal of equipment		8,901	2,555
Capital injections to joint ventures and associates		(4,556,840)	(662,678)
Dividends from a joint venture	12	—	1,994,799
Disposal of a joint venture	12	—	1,005,000
Payments for acquisition of financial assets at fair value through profit and loss		(503,922)	(4,000)
Proceeds from disposal of financial assets at fair value through profit and loss		85,093	156,684
Interest received		754,565	386,426
Cash advances to related parties		(4,848,869)	(2,922,792)
Repayments from related parties		4,519,179	5,627,740
Decrease/(Increase) in term deposits		8,526,646	(14,782,866)
Proceeds from disposal of an associate		13,100	—
Payments for acquisition of subsidiaries, net of cash acquired		(136,749)	—
Net cash outflow from disposal of a subsidiary		(19,579)	—
Cash outflow for settlement of derivative financial instruments		(93,330)	—
Net cash generated from/(used in) investing activities		2,488,823	(10,315,655)

Consolidated Statement of Cash Flows

	Note	Year ended 31 December	
		2020 RMB'000	2019 RMB'000
Cash flows from financing activities			
Proceeds from borrowings	30(b)	34,460,927	54,273,850
Repayments of borrowings	30(b)	(24,233,466)	(53,960,344)
Redemption of Perpetual Capital Instruments		—	(900,000)
Distribution to holders of Perpetual Capital Instruments		—	(58,740)
Cash advances from related parties	30(b)	2,868,050	3,816,467
Repayments to related parties	30(b)	(4,798,033)	(2,098,847)
Payments for buy-back and cancellation of shares	24	(202,908)	(87,905)
Issuance of ordinary shares in connection with private placement	24	—	1,002,618
Issuance of ordinary shares in connection with exercise of share options		17,140	86,966
Capital injection from non-controlling interests		8,139,502	894,894
Capital reduction of the subsidiaries		(896,400)	—
Interest paid		(5,372,290)	(5,091,594)
Dividends paid to the Company's shareholders		(1,106,581)	(381,221)
Dividends paid to non-controlling interests in subsidiaries		(99,200)	(657,048)
Principal elements of lease payments		(19,905)	(20,075)
Restricted cash pledged for borrowings		260,008	1,024,180
Net cash generated from/(used in) financing activities		9,016,844	(2,156,799)
Net increase/(decrease) in cash and cash equivalents		4,557,275	(6,502,575)
Cash and cash equivalents at beginning of the year		15,344,805	21,848,572
Exchange losses on cash and cash equivalents		(47,204)	(1,192)
Cash and cash equivalents at end of the year		19,854,876	15,344,805

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Ronshine China Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 11 September 2014 as an exempted company with limited liability under the Companies Act, Cap.22 of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The Company’s principal activity is investment holding. The Company and its subsidiaries (together the “Group”) are principally engaged in property development business in the People’s Republic of China (the “PRC”).

The Company’s shares were listed on the The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 13 January 2016.

The outbreak of the 2019 Novel Coronavirus (“COVID-19”) had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the Group, including the delay in construction and delivery of properties, decrease in rental and service revenue and occupancy rate of investment properties and hotels, fair value of investment properties, allowance for expected credit losses on trade and other receivables and so on. Since the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and reacted actively to its impact on the financial position and operating results of the Group.

These consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors (the “Board”) on 31 March 2021.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Compliance with HKFRSs and HKCO

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

(b) Historical cost convention

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



Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(c) New amendments to standards adopted by the Group

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

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest Rate Benchmark Reform
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting

(d) New standards, amendments and interpretations not yet adopted

The following new standards and amendments to standards and interpretations have been issued but are not mandatory for the year ended 31 December 2020 and have not been early adopted:

		Effective for annual periods beginning on or after
Amendments to HKFRS 16	Covid-19-Related Rent Concessions	1 June 2020
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKFRS 3	Update Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 16	Proceeds before Intended Use	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Costs of Fulfilling a Contract	1 January 2022
Annual Improvements	Annual Improvements to HKFRS Standards 2018-2020 Cycle	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Combination	1 January 2022
HKFRS 17	Insurance Contract	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Hong Kong Interpretation 2 (2020)	Presentation of Financial Statements – Classification by Borrower of a Term Loan	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined

The above standards are not expected to have a material impact on the consolidated financial statements of the Group.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

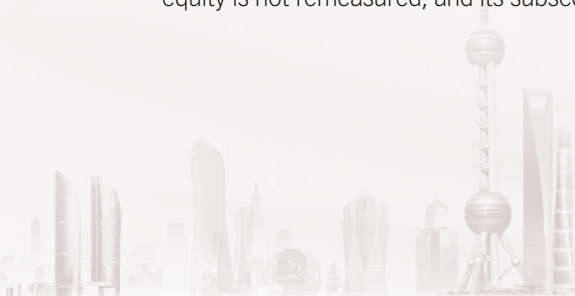
(a) *Business combinations*

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interest and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.



Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) *Business combinations (continued)*

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.



Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.2 Separate financial statement

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Equity method, associates and joint arrangements

(a) Equity method

Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of the profit or loss of the investee after the date of acquisition. The Group's investments in an associate or joint venture include goodwill identified on acquisitions. Upon the acquisitions of the ownership interests in an associate or joint ventures, any differences between the costs of the associate or joint ventures and the Group's share of the net fair value of the associate's or joint ventures' identifiable assets and liabilities are accounted for as goodwill.

If the ownership interests in the associate or joint ventures are reduced but significant influence or joint control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investments. When the Group's share of losses in the associate or joint ventures equals or exceeds its interests in the associate or joint ventures, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint ventures.

The Group determines at each balance sheet date whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amounts of the associate or joint ventures and their carrying values and recognises the amounts adjacent to "share of net profit of associates and joint ventures accounted for using the equity method" in the consolidated income statement.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.3 Equity method, associates and joint arrangements (continued)

(a) Equity method (continued)

Profits and losses resulting from upstream and downstream transactions between the Group and its associate or joint ventures are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associate or joint ventures. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the associate or joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains and losses on dilution of equity interests in the associate or joint ventures are recognised in the consolidated income statement.

(b) Associate

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting.

(c) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control and over which none of the participating parties has unilateral control. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint venture is accounted for using the equity method.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company.



Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements 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"). These consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the Functional Currency using the exchange rates prevailing at the dates of the transactions or valuations when items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to cash and bank balances and borrowings are presented in the consolidated income statement, within "finance costs – net". All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within "other gains – net".

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives as follows:

Buildings	20 years
Office equipment	3-5 years
Motor vehicles	4 years
Leasehold improvements and furniture, fitting and equipment	2-13 years

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.6 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in consolidated income statement.

2.7 Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 4 to 10 years.

2.8 Investment property

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement within "fair value gains on investment properties".

2.9 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets ("Cash-generating Units"). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.10 Investments and other financial assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in consolidated income statement.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gain-net together with foreign exchange gains and losses. Impairment losses are presented as separated line item in the statement of profit or loss.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.10 Investments and other financial assets (continued)

Debt instruments (continued)

- Financial assets at fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains – net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains – net. Impairment losses are presented as separated line item in the statement of profit or loss.
- Financial assets at fair value through profit or loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains – net in the period in which it arises.

Equity investments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of comprehensive income. Dividends from such investments continue to be recognised in the consolidated income statement when the Group's right to receive payments is established.

Changes in the fair value of FVPL are recognised in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVPL are not reported separately from other changes in fair value.

Impairment of financial assets

The Group assesses on a forward looking basis the ECL associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

The Group applies the simplified approach permitted by HKFRS 9, which uses expected lifetime losses to be recognised from initial recognition of the assets for trade receivables and contract assets.

Impairment on other receivables and amounts due from related parties is measured as either 12-month ECL or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.11 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates derivatives as either:

- hedges of the fair value of recognised assets or liabilities (fair value hedges).
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).
- hedges of a net investment in a foreign operation (net investment hedges).

At the inception of the hedging, The Group documents the economic, relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Derivatives held by the Group are only used for economic hedging purposes and not as speculative investments. If the derivative instruments do not qualify for hedge accounting, Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses).

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 3.3(a).

2.13 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group.

The Group leases only offices for long-term contracts. Rental contracts are typically made for fixed periods of 2 to 4 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.13 Leases (continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.13 Leases (continued)

Right-of-use assets consist of properties and land use rights.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.14 Land use rights

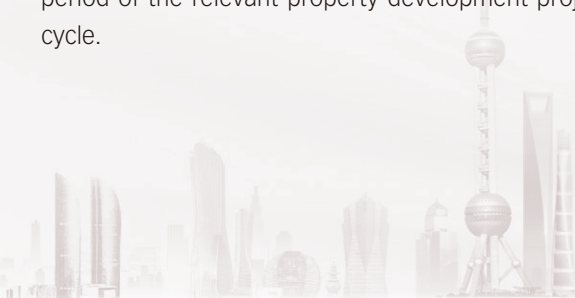
All land in the PRC is state-owned or collectively-owned and no individual ownership right exists. Land use rights are acquired by the Group for development of properties. Land use rights held for development for sale are inventories and included in properties under development or completed properties held for sale and measured at lower of cost and net realisable value, of which those within normal operating cycle are classified as current assets, while those out of the normal operating cycle are classified as non-current assets. Land use rights to be developed for hotel properties and self-use buildings, are non-current assets, which are stated at cost and subsequently amortised in the consolidated income statement on a straight-line basis over the operating lease periods. Land use rights to be developed for investment properties are accounted for as part of investment properties.

2.15 Properties under development and completed properties held for sale

Properties under development and held for sale are stated at the lower of cost and net realisable value. Development cost of properties comprises cost of land use rights, construction costs and borrowing costs incurred during the construction period. Upon completion, the properties are transferred to completed properties held for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

Properties under development and held for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.



Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.16 Trade and other receivables and amounts due from related parties

Trade receivables are amounts due from customers for properties sold and services provided in the ordinary course of business. If collection of trade and other receivables and amounts due from related parties is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables and amounts due from related parties are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.17 Cash and bank balances

Cash and bank balances includes cash and equivalents, term deposits and restricted cash. Cash and cash equivalents includes cash on hand and deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Term deposits mainly refers to the bank deposits with initial term of over three months but within one year. Restricted cash is the bank deposits which are restricted to use. Restricted cash are excluded from cash and cash equivalents in consolidated statement of cash flow.

2.18 Perpetual Capital Instruments

Perpetual Capital Instruments with no contracted obligation to repay its principal or to pay any distribution are classified as part of equity.

2.19 Trade and other payables and amounts due to related parties

Trade payables are obligations to pay for construction costs or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables and amounts due to related parties are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables and amounts due to related parties are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.



Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.20 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, like properties under development, assets under construction and investment properties under construction, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as 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 eligible for capitalisation.

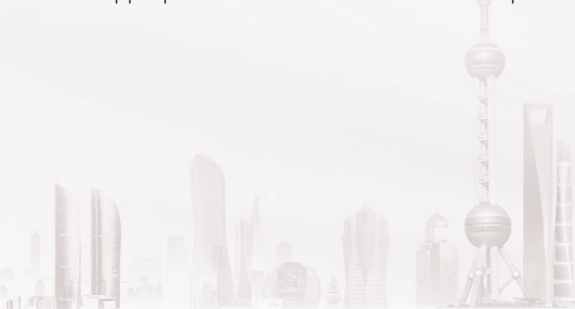
Other borrowing costs are expensed in the period in which they are incurred.

2.21 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.



Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.21 Current and deferred income tax (continued)

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associate and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for its associate, only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised. Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.22 Employee benefits

(a) Pension obligations

The Group companies incorporated in the PRC contribute based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan organised by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made.

Contributions to these defined contribution plans are expensed as incurred.

(b) Housing benefits

PRC employees of the Group are entitled to participate in government-sponsored housing funds. The Group contributes to these funds based on certain percentages of the salaries of these employees on a monthly basis. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the housing funds are expensed as incurred.

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

2.23 Share-based payments

Share-based compensation benefits are provided to directors and employees via the Group. Information relating to these schemes is set out in Note 25(c).

Share options

The fair value of options granted by the Group is recognised as a director and employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.24 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.25 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the Group companies. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

(a) 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.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.25 Revenue recognition (continued)

(b) Construction services

For construction services, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over time based on the progress towards complete satisfaction of construction services, by reference to the Group's efforts or inputs to the satisfaction of construction services relative to the total expected efforts or input.

(c) Rental income

Rental income from investment property is recognised in the consolidated income statement on a straight-line basis over the term of the lease.

(d) Service income

Service income is recognised when the related services are rendered.

(e) Financing component

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(f) Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

2.26 Interest income

Interest income is presented as finance income where it is earned from bank deposits and is recognised using the effective interest method.

2.27 Dividend income

Dividends are received from FVPL. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. However, the investment may need to be tested for impairment as a consequence.

Notes to the Consolidated Financial Statements

2 Summary of significant accounting policies (continued)

2.28 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.29 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates and joint ventures are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2.30 Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.



Notes to the Consolidated Financial Statements

3 Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (include foreign exchange risk and interest rate risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1 Financial risk factors

(a) Market risk

(i) Foreign exchange risk

The Group operates in the PRC with most transactions being settled in RMB, which is the functional currency of the Group companies, except for certain transactions which are settled in foreign currencies. As at 31 December 2020, major non-RMB assets and liabilities are cash and bank balances, senior notes and bank borrowings denominated in United State Dollars or HK\$. Fluctuation of the exchange rates of RMB against foreign currency could affect the Group's results of operations. As at 31 December 2020, the Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

The Group's foreign currency denominated monetary assets and liabilities as at 31 December 2020 amounted to approximately RMB3,014,747,000 and RMB24,455,076,000, respectively (31 December 2019: RMB12,426,790,000 and RMB22,548,709,000).

The following table shows the sensitivity analysis in RMB against relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% appreciation/depreciation in RMB against the relevant currencies, respectively, the effect of increase/(decrease) on the profit for the year is:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
5% appreciation in RMB against:		
— US\$	1,016,645	453,561
— HK\$	55,372	52,535
5% depreciation in RMB against:		
— US\$	(1,016,645)	(453,561)
— HK\$	(55,372)	(52,535)

Notes to the Consolidated Financial Statements

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(ii) Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group closely monitors the trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

As at 31 December 2020, if interest rates on borrowings at floating rates had been 100 basis points higher or lower with all other variables held constant, interest charges for the year ended 31 December 2020 would increase/decrease RMB156,751,000 (2019: RMB142,894,000), most of which would have been capitalised in qualified assets.

(b) Credit risk

The Group is exposed to credit risk in relation to its contract assets, trade and other receivables and cash deposits with banks. The Group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of cash and bank balances, trade and other receivable, amounts due from related parties and contract assets shown in the consolidated balance sheet.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the financial situation of individual property owner or the debtor
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor and individual property owner.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company.

Notes to the Consolidated Financial Statements

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Cash deposits at banks

As at 31 December 2020, substantially all the Group's bank deposits included in cash and bank balances were deposited with major financial institutions incorporated in the PRC, which management believes are of high credit quality without significant credit risk. The Group's bank deposits as at 31 December 2020 were as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Big four commercial banks of the PRC (Note (i))	9,216,451	7,390,602
Other listed banks in the PRC	13,185,260	19,467,348
Other non-listed banks in the PRC	7,499,840	7,450,521
	29,901,551	34,308,471

Note (i): Big four commercial banks include Industrial and Commercial Bank of China, China Construction Bank, Agricultural Bank of China and Bank of China.

(ii) Trade receivables and contract assets

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days of initial recognition.

Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default; it also has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of such guarantees is made in Note 31. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced and immaterial.

Notes to the Consolidated Financial Statements

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(iii) Other receivables

Other financial assets at amortised cost include other receivables from third parties and related parties. The Group uses the expected credit loss model to determine the expected loss provision for other receivables. The Group has assessed that there is no significant increase of credit risk for other receivables since initial recognition. Thus the Group used the 12 months expected credit losses model to assess credit loss of other receivables.

For other receivables and amounts due from related parties, the Group assessed the credit quality of the counter parties by taking into account their financial position, credit history and other factors. The other receivables are mainly due from minority interests, deposits for acquisition of the land use rights and property development projects and others. Management considered these receivables to be low credit risk as they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. Besides, management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any. Therefore, the Group considered them to have low credit risk.

(c) Liquidity risk

Management of the Group aims to maintain sufficient cash and bank balances or have available funding through proceeds from pre-sale of properties and an adequate amount of available financing including short-term and long-term borrowings and obtaining additional funding from shareholders. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and bank balances and through having available sources of financing.

The table below sets out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Notes to the Consolidated Financial Statements

3 Financial risk management (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2020					
Non-derivatives					
Borrowings	28,970,820	27,180,355	21,162,743	3,317,913	80,631,831
Trade and other payables, excluding accrual for staff costs and other taxes payable	25,068,600	—	—	—	25,068,600
Lease liabilities	11,368	7,080	6,940	4,544	29,932
Amounts due to related parties	5,291,322	—	—	—	5,291,322
	59,342,110	27,187,435	21,169,683	3,322,457	111,021,685
As at 31 December 2019					
Non-derivatives					
Borrowings	23,015,879	20,700,547	27,827,998	685,834	72,230,258
Trade and other payables, excluding accrual for staff costs and other taxes payable	29,272,335	—	—	—	29,272,335
Lease liabilities	18,527	6,855	4,486	5,553	35,421
Amounts due to related parties	7,293,888	—	—	—	7,293,888
	59,600,629	20,707,402	27,832,484	691,387	108,831,902
Derivatives					
Forward foreign exchange contracts	85,250	—	—	—	85,250

Note: Interests on borrowings were calculated on borrowings held as at 31 December 2020 (2019: same). Floating-rate interests were estimated using the current interest rate as at 31 December 2020 (2019: same).

The Group also provides guarantees to secure repayment obligations of certain purchasers of the Group's property units and the principal of borrowings of the joint ventures and associates, which will have contractual cash flows only if the guaranteed purchasers, joint ventures or associates default the repayment (Note 31).

Notes to the Consolidated Financial Statements

3 Financial risk management (continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the owners, issue new shares or sell assets to reduce debts.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net borrowings divided by total equity as shown in the consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and bank balances.

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Total borrowings (Note 26)	71,859,732	63,177,811
Less: Cash and bank balances (Note 21)	(29,901,778)	(34,308,567)
Net borrowings	41,957,954	28,869,244
Total equity	50,659,003	41,288,230
Gearing ratio	0.83	0.70

Notes to the Consolidated Financial Statements

3 Financial risk management (continued)

3.3 Fair value estimation

(a) Financial assets and liabilities

(i) Fair value hierarchy

The Group's financial assets include cash and bank balances, trade and other receivables, amounts due from related parties, FVPL. The Group's financial liabilities include trade and other payables, amounts due to related parties, derivative financial instruments and borrowings. The fair value for financial assets and liabilities with maturities of less than one year are assumed to approximate their carrying amounts due to their short term maturities.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determined fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of foreign currency forwards is determined using forward exchange rates at the balance sheet date.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.



Notes to the Consolidated Financial Statements

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(a) Financial assets and liabilities (continued)

(ii) Valuation techniques used to determined fair values (continued)

The following table presents the Group's FVPL were measured at fair value at 31 December 2020.

Recurring fair value measurements	Notes	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at fair value through profit or loss	18	1,007,135	351,968	1,359,103

The following table presents the Group's FVPL were measured at fair value at 31 December 2019.

Recurring fair value measurements	Notes	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets				
Financial assets at fair value through profit or loss	18	581,828	173,945	755,773
Financial liabilities				
Derivative financial instruments				
— Forward foreign exchange contracts		85,250	—	85,250

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 items for the periods ended 31 December 2020.

	Year end 31 December	
	2020	2019
Financial assets at fair value through profit or loss		
Opening balance	173,945	104,110
Additions	362,248	—
Gains recognised in profit or loss	116,023	69,835
Closing balance	652,216	173,945
Unrealised gain recognised for the year	116,023	69,835

Notes to the Consolidated Financial Statements

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(a) Financial assets and liabilities (continued)

(iii) Fair value measurements using significant unobservable inputs (level 3) (continued)

The FVPL were measured at fair value, which was grouped into level 3 fair value measurements, subsequent to initial recognition. Techniques, such as discounted cash flow analysis, were used to determine fair value for the financial assets.

The Group's policy was to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers among levels 1, 2 and 3 for recurring fair value measurements.

(b) Non-financial assets

The non-financial assets of the Group are mainly investment properties measured at fair value.

(i) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair values of the non-financial assets that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets into the three levels prescribed under the accounting standards. An explanation of each level is provided in Note 3.3(a).

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers among levels 1, 2 and 3 for recurring fair value measurements during the year.



Notes to the Consolidated Financial Statements

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(b) Non-financial assets (continued)

(ii) *Valuation techniques used to determine level 3 fair values*

The directors determine a property's value within a range of reasonable fair value estimates. Fair values of the Group's completed investment properties are derived using the income capitalisation approach. This valuation method takes into account the net rental income of a property derived from its 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.

Fair values of the Group's investment properties under development are derived using the direct comparison approach and residual approach. The direct comparison approach involves the analysis of recent market sales evidence of similar properties to compare with the premises under valuation. Each comparable is analysed on the basis of its unit rate; each attribute of the comparable is then compared with the subject and where there is a difference, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. The residual approach takes into account the residual value on the completed gross development value ("GDV") after deduction of the outstanding construction costs and expenses as well as profit element. It first assesses the GDV or estimated value of the proposed developments as if completed at the date of valuation. Estimated cost of the development includes construction costs, marketing, professional fees, finance charges, and associated costs, plus an allowance for the developer's risk and profit. The development costs are deducted from the GDV. The resultant figure is the residual value of the subject property.

All resulting fair value estimates for investment properties are included in level 3.

(iii) *Fair value measurements using significant unobservable inputs (level 3)*

Detailed disclosures of the changes in level 3 items for the years ended 31 December 2020 and 31 December 2019 for recurring fair value measurements are disclosed in Note 17.



Notes to the Consolidated Financial Statements

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(b) Non-financial assets (continued)

(iv) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See (ii) above for the valuation techniques adopted.

Properties status	Fair value at 31 December		Unobservable inputs	Range of inputs in	
	2020 RMB'000	2019 RMB'000		2020	2019
Completed	8,451,600	6,073,800	Capitalisation rate ¹	1%-5.3%	2.5%-5.25%
			Market rents ² (RMB/square meter/month)	13-1,499	18-1,000
Under development	6,036,130	7,150,300	Market prices ² (RMB/square meter)	274-8,933	7,715-67,380
			Market rents ² (RMB/square meter/month)	40-509	N/A
			Anticipated developer's profit margins ³	5%-20%	25%
Total	14,487,730	13,224,100			

Notes to the Consolidated Financial Statements

3 Financial risk management (continued)

3.3 Fair value estimation (continued)

(b) Non-financial assets (continued)

(iv) Valuation inputs and relationships to fair value (continued)

Relationship of unobservable inputs to fair value:

- 1 The higher the capitalisation rate, the lower the fair value;
- 2 The higher the market rents and market prices, the higher the fair value;
- 3 The higher the anticipated developer's profit margins, the lower the fair value.

(v) Valuation processes

The Group's investment properties were valued at 31 December 2020 by independent professionally qualified valuer, Savills Real Estate Valuation (Guangzhou) Ltd. Beijing Branch, who has recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the executive directors. Discussion of valuation processes and results are held amongst the executive directors, the valuation team and valuer at least once every six months, in line with the Group's interim and annual reporting process.

At each reporting period end, the finance department:

- Verifies all major inputs to the independent valuation report;
- Assess property valuations movements when compared to the prior period valuation report; and
- Holds discussions with the independent valuer.

As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

Notes to the Consolidated Financial Statements

4 Critical estimates and judgments

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Provisions for properties under development, completed properties held for sale and prepayment for acquisition of land use rights

The Group assesses the carrying amounts of properties under development, completed properties held for sale and prepayments for acquisition of land use rights according to their net realisable values based on the reliability of these properties and prepayments. As a result, provisions for properties under development, completed properties held for sale and prepayment for acquisition of land use rights involve critical accounting estimates on the future selling prices and variable selling expenses for the properties, as well as the costs to completion for properties under development and prepayments for acquisition of land use rights.

(b) 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 board of directors' meetings and shareholders' meetings, as well as other facts and circumstances.

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 on the consolidated balance sheet.

Accordingly, any inappropriate classification as a result of recognition or derecognition of the investments could have a material and pervasive impact on the consolidated financial statements.



Notes to the Consolidated Financial Statements

4 Critical estimates and judgments (continued)

(c) Corporate income tax, land appreciation tax and deferred taxation

The Group is subject to corporate income tax and land appreciation tax ("LAT") in the PRC. Judgment is required in determining the provision for corporate income tax and LAT. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. The Group has not finalised its corporate income tax and LAT calculations and payments with certain local tax authorities in charge of certain of the Group's projects in the PRC. The Group recognised the corporate income tax and LAT based on management's best estimates according to the interpretation of the applicable tax rules. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the corporate income tax and LAT provision in the year in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

Deferred income tax liabilities are provided to the taxable temporary differences arising from the Group's investments in subsidiaries, joint ventures and associates unless the Group can control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Provisions for deferred land appreciation tax liabilities relating to the taxable temporary difference of investment properties are provided unless management determines that the expected manner of recovery of the properties is through rental income from the lease of the properties only. All these involve management's judgments and estimations and the actual outcome may be different.



Notes to the Consolidated Financial Statements

5 Segment information

The executive directors have been identified as the CODM. Management has determined the operating segments based on the reports reviewed by the executive directors, which are used to allocate resources and assess performance.

The Group is principally engaged in the property development in the PRC. Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the executive directors regard that there is only one segment which is used to make strategic decisions. Revenue and profit after income tax are the measures reported to the executive directors for the purpose of resources allocation and performance assessment.

The major operating entities of the Group are domiciled in the PRC. All of the Group's revenue are derived in the PRC for the year ended 31 December 2020 (2019: same).

- (a) As at 31 December 2020, except for parts of term deposits and financial assets at fair value through profit or loss, other assets of the Group were located in the PRC (2019: same).
- (b) There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenue for the year ended 31 December 2020 (2019: same).

6 Revenue

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Revenue from contracts with customers:		
Revenue from sales of properties		
— Recognised at point in time	46,577,900	50,253,131
Revenue from construction services, hotel operations and others:		
— Recognised at a point in time	267,976	326,050
— Recognised over time	1,322,943	725,974
Revenue from other sources-rental income	133,686	157,347
	48,302,505	51,462,502

Notes to the Consolidated Financial Statements

7 Expenses by nature

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Cost of properties sold (excluding staff costs)	42,414,039	38,600,677
Staff costs (including directors' emoluments) (Note 8)	1,458,742	1,346,966
Advertising costs	489,930	464,377
Taxes and other levies	298,991	294,469
Consulting fees	246,496	214,342
Property management fees	293,312	195,937
Depreciation of property, plant and equipment (Note 15)	124,391	131,249
Office and travelling expenses	98,653	111,661
Office lease payments	48,819	68,600
Entertainment expenses	58,992	62,393
Amortisation of intangible assets and right-of-use assets	38,545	38,613
Auditors' remuneration	9,906	10,433
Others	272,250	125,897
Total	45,853,066	41,665,614

8 Staff costs — including directors' emoluments

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Fees, salaries and other benefits	1,439,691	1,222,038
Pension costs	19,051	76,989
Value of employee services under share option scheme	—	47,939
	1,458,742	1,346,966

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the prior year employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

Notes to the Consolidated Financial Statements

8 Staff costs — including directors' emoluments (continued)

(a) Directors' emoluments

The directors' emoluments paid/payable by the Group are as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Fees, salaries and other benefits	13,834	13,006
Pension costs	20	245
Value of employee services under share option scheme	—	13,892
	13,854	27,143

(i) For the year ended 31 December 2020

Name of directors	Fees RMB'000	Salaries and other benefits RMB'000	Pension costs RMB'000	Value of employee services under share option scheme RMB'000	Total RMB'000
Executive directors:					
— Mr. Ou Zonghong ("Mr. Ou")	—	3,137	4	—	3,141
— Ms. Yu Lijuan	—	3,024	4	—	3,028
— Ms. Zeng Feiyan	—	2,424	4	—	2,428
— Mr. Ruan Youzhi	—	2,424	4	—	2,428
— Mr. Zhang Lixin	—	2,024	4	—	2,028
Non-executive director:					
— Ms. Chen Shucui	—	—	—	—	—
Independent non-executive directors:					
— Mr. Ren Yunan	267	—	—	—	267
— Mr. Qu Wenzhou	267	—	—	—	267
— Mr. Ruan Weifeng	267	—	—	—	267
	801	13,033	20	—	13,854

Notes to the Consolidated Financial Statements

8 Staff costs — including directors' emoluments (continued)

(a) Directors' emoluments (continued)

(ii) For the year ended 31 December 2019

Name of directors	Fees RMB'000	Salaries and other benefits RMB'000	Pension costs RMB'000	Value of employee services under share option scheme RMB'000	Total RMB'000
Executive directors:					
— Mr. Ou Zonghong ("Mr. Ou")	—	3,134	49	—	3,183
— Ms. Yu Lijuan	—	2,512	49	3,669	6,230
— Ms. Zeng Feiyan	—	2,272	49	3,333	5,654
— Mr. Ruan Youzhi	—	2,272	49	3,221	5,542
— Mr. Zhang Lixin	—	1,852	49	3,669	5,570
Non-executive director:					
— Ms. Chen Shucui	—	—	—	—	—
Independent non-executive directors:					
— Mr. Lo, Wing Yan William (note (iii))	211	—	—	—	211
— Mr. Ren Yunan	251	—	—	—	251
— Mr. Qu Wenzhou	251	—	—	—	251
— Mr. Ruan Weifeng	251	—	—	—	251
	964	12,042	245	13,892	27,143

During the year ended 31 December 2020, one of the directors of the Company, Ms. Chen Shucui has waived her emoluments (2019: same). Other directors of the Company did not waive their emolument nor agreed to waive their emoluments.

During the year, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors, nor are any payable (2019: same). No consideration was provided to or receivable by third parties for making available directors' services (2019: same).

Notes to the Consolidated Financial Statements

8 Staff costs — including directors' emoluments (continued)

(a) Directors' emoluments (continued)

(ii) For the year ended 31 December 2019 (continued)

There were no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities as at 31 December 2020 (2019: same).

Other than those disclosed in Note 35(e), there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2019: same).

(iii) Mr. Lo, Wing Yan William has resigned the independent non-executive directors position in June 2019.

(b) Five highest paid individuals

For the year ended 31 December 2020, the five individuals whose emoluments were the highest in the Group included four (2019: four) directors, whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one (2019: one) individual during the year are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Fees, salaries and other benefits	2,064	1,852
Pension costs	4	49
Value of employee services under share option scheme	—	3,820
	2,068	5,721

The emoluments payable to the remaining one (2019: one) individual falls within the following band:

	Year ended 31 December	
	2020	2019
Annual emolument band:		
— HK\$2,000,000 — HK\$2,500,000	1	—
— HK\$6,000,000 — HK\$6,500,000	—	1

During the year ended 31 December 2020, no emolument was paid by the Group to any of the above directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2019: none).

Notes to the Consolidated Financial Statements

9 Other income and other gains — net

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Other income:		
Interest income	248,568	184,119
Forfeited deposits from customer	30,049	44,771
Government grants	18,468	13,210
Miscellaneous	5,782	6,685
	302,867	248,785
Other gains — net		
Gain from bond repurchase	91,143	—
Fair value loss on derivative financial instruments (note i)	(8,080)	(85,250)
Disposal gain of subsidiaries	68,803	—
Fair value gains on financial assets at FVPL	184,502	134,617
Gain from disposal of an associate	32,207	—
Gain from disposal of property, plant and equipment	4,583	—
	373,158	49,367

- (i) The fair value loss on derivative financial instruments was primarily attributable to the fair value change of the forward exchange contracts. The derivative financial instruments have been disposed during the year ended 31 December 2020.

Notes to the Consolidated Financial Statements

10 Finance income/(costs) — net

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Finance income		
— Interest income from bank deposits	630,470	249,911
— Net foreign exchange gain	1,177,789	—
	1,808,259	249,911
Finance costs		
— Net foreign exchange losses	—	(76,869)
— Interest expenses of borrowings	(5,390,830)	(5,302,069)
— Less: capitalised interest (Note (i))	4,931,354	4,749,455
	(459,476)	(629,483)
Finance income/(costs) — net	1,348,783	(379,572)

- (i) The capitalisation rate used to determine the amount of borrowing costs to be capitalised, which is the weighted average interest rate applicable to the Group's borrowings for the year ended 31 December 2020, was 6.75% (2019: 7.60%).



Notes to the Consolidated Financial Statements

11 Subsidiaries

(a) The Group's principal subsidiaries

The Group's principal subsidiaries at 31 December 2020 are set out below. The proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of companies	Type of legal status	Place of operation/establishment	Principal activities	Authorised/registered/paid up capital and debt securities	Ownership interest held by the Group %	Ownership interest held by non-controlling interests %	
Indirectly held by the Company:							
融信(福建)投資集團有限公司	Rongxin (Fujian) Investment Group Co., Ltd.	Limited liability company	PRC	Property development	Registered and paid up capital of RMB4,025,000,000	100	—
福州融信雙杭投資發展有限公司	Fuzhou Rongxin Shuanghang Investment Development Co., Ltd	Limited liability company	PRC	Property development	Registered capital of RMB200,000,000 and paid up capital of RMB100,000,000	100	—
福建世歐投資發展有限公司	Fujian Shiou Investment Development Co., Ltd	Limited liability company	PRC	Investment holdings	Registered and paid up capital of RMB500,000,000	50	50
杭州融信壹昇房地產開發有限公司	Hangzhou Rongxin Kaisheng Real Estate Development Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB1,000,000,000	100	—
上海壹冠臻房地產開發有限公司	Shanghai Kaiguanzhen Real Estate Development Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB5,500,000,000	50	50
上海壹珩房地產開發有限公司	Shanghai Kaiheng Real Estate Development Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB1,000,000,000	50	50
昆山融信壹庭房地產開發有限公司	Kunshan Rongxin Kaiting Real Estate Development Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB1,000,000,000	50	50
浙江德盛置業有限公司	Zhejiang Desheng Property Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB50,000,000	22 (i)	78
杭州金昇房地產開發有限公司	Hangzhou Jinsheng Real Estate Development Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB700,000,000	24 (i)	76
鄭州融信明悅置業有限公司	Zhengzhou Rongxin Langyue Property Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB910,000,000	47 (i)	53
天台楊帆龍悅房地產開發有限公司	Tiantai Yangfan Longyue Real Estate Development Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB200,000,000	25 (i)	75
廣州市融佳企業管理有限公司	Guangzhou Rongjia Enterprise Management Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB100,000,000	51	49
福建融光錦置業有限公司	Fujian Rongguangjin Real Estate Co., Ltd	Limited liability company	PRC	Property development	Registered capital of RMB2,000,000,000 and paid up capital of RMB4,000,000,000	51	49
安徽海亮房地產有限公司	Anhui Hailiang Real Estate Co., Ltd	Limited liability company	PRC	Property development	Registered capital of RMB3,150,000,000 and paid up capital of RMB2,162,500,000	55	45
寧波海亮房地產投資有限公司	Ningbo Hailiang Real Estate Investment Co., Ltd	Limited liability company	PRC	Property development	Registered and paid up capital of RMB300,000,000	55	45

* The English names of PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

Notes to the Consolidated Financial Statements

11 Subsidiaries (continued)

(a) The Group's principal subsidiaries (continued)

(i) In accordance with the cooperation agreements with co-developers and articles of associations of these companies, the Group has controlling power in the shareholders' meetings and board of directors' meetings in decision on the relevant operational activities. Accordingly, the Group has exposure or rights to variable returns from its involvement with these companies, and has the ability to affect those returns through its majority voting position and the existing rights to direct the relevant activities. Thus these companies are accounted for as subsidiaries of the Group.

(ii) Significant restriction

The conversion of RMB denominated balances of cash and bank balances into foreign currencies and the remittance of such foreign currencies out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government. These regulations provide for restrictions on exporting capital from the PRC, other than through normal dividends. As at 31 December 2020, the carrying amount of the cash and bank balances included within the consolidated financial statements to which these restrictions applied was denominated in RMB(2019: same).

Certain equity interests in the subsidiaries of the Company were pledged for financing arrangements of the Group as at 31 December 2020 and 2019 (Note 33).

(b) Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the combined summarised financial information for Hailiang Group that has non-controlling interests that are material to the Group. Hailiang Group was acquired from a third party on 31 July 2017 (the "Acquisition Date"). The amounts disclosed for each subsidiary are before inter-company eliminations.

Summarised balance sheets as at 31 December

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Non-current assets	846,992	698,886
Non-current liabilities	(764,241)	(481,681)
Non-current net assets	82,751	217,205
Current assets	15,144,654	23,275,012
Current liabilities	(4,928,136)	(13,988,207)
Current net assets	10,216,518	9,286,805
Net assets	10,299,269	9,504,010
Proportionate share of the net assets attributable to non-controlling interests	4,943,199	4,497,967

Notes to the Consolidated Financial Statements

11 Subsidiaries (continued)

(b) Summarised financial information on subsidiaries with material non-controlling interests (continued)

Summarised income statement and statement of comprehensive income for the year ended 31 December 2020 and 2019

	Year ended 31 December 2020	Year ended 31 December 2019
	RMB'000	RMB'000
Profit before income tax	946,773	2,561,931
Income tax expense	(227,412)	(837,175)
Profit for the year	719,361	1,724,756
Total comprehensive income for the year	719,361	1,724,756
Total profit and comprehensive income for the year allocated to non-controlling interests	424,124	839,499

Summarised statement of cash flows for the year ended 31 December 2020 and 2019

	Year ended 31 December 2020	Year ended 31 December 2019
	RMB'000	RMB'000
Net cash (used in)/generated from operating activities	(1,915,521)	1,509,914
Net cash (used in)/generated from investing activities	(802,803)	381,536
Net cash generated from/(used in) financing activities	112,886	(182,202)
Net (decrease)/increase in cash and cash equivalents	(2,605,438)	1,709,248
Cash and cash equivalents at beginning of the year	5,918,573	4,209,325
Cash and cash equivalents at end of the year	3,313,135	5,918,573

Notes to the Consolidated Financial Statements

12 Investments accounted for using the equity method

(a) Investments accounted for using the equity method

The Group consider that none of the joint ventures or associates as at 31 December 2020 was significant to the Group and thus the individual financial information of the joint ventures or associates was not disclosed. The summarised financial information of individually immaterial joint ventures and associates on an aggregate basis is as follows:

(i) Amounts recognised in the consolidated balance sheet are as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Investments accounted for using the equity method:		
— Joint ventures	5,018,613	4,812,537
— Associates	5,843,766	1,443,954
	10,862,379	6,256,491

(ii) The amounts recognised in the consolidated income statement are as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Share of net profit/(loss) of associates and joint ventures accounted for using the equity method:		
— Joint ventures	479,950	920,662
— Associates	131,508	(25,002)
	611,458	895,660

(iii) The Group made equity investments in certain real estate project companies where the Group has significant influence or jointly controls, with total consideration of RMB4,703,359,000 in 2020 (2019: RMB662,678,000). The Group accounted for these equity investments using equity method.

Notes to the Consolidated Financial Statements

12 Investments accounted for using the equity method (continued)

(b) Set out below are major joint ventures and associates of the Group as at 31 December 2020. The place of incorporation or registration is also their principal place of business.

Name of entity		Place of business/ place of incorporation and business	% of ownership interest	Measurement method	Principal activities
Joint ventures					
福州利博順泰房地產開發有限公司	Fuzhou Liboshuntai Property Development Co., Ltd. ("Fuzhou Liboshuntai")	PRC	50%	Equity	Property development
海融(漳州)房地產有限公司	Hairong (Zhangzhou) Property Co., Ltd.	PRC	50%	Equity	Property development
杭州信辰置業有限公司	Hangzhou Xincheng Property Co., Ltd.	PRC	34%	Equity	Property development
福州裕百川房地產開發有限公司	Fuzhou Yubaichuan Real Estate Development Co., Ltd.	PRC	34%	Equity	Property development
杭州眾旭置業有限公司	Hangzhou Zhongxu Property Co., Ltd.	PRC	30%	Equity	Property development
東台市新碧房地產開發有限公司	Dongtai Xinbi Real Estate Development Co., Ltd.	PRC	11%	Equity	Property development
阜陽綠地置業有限公司	Fuyang Lvdi Property Co., Ltd.	PRC	15%	Equity	Property development
合肥海亮置業有限公司	Hefei Hai Liang Property Co., Ltd.	PRC	20%	Equity	Property development
寧波奉化和都房地產開發有限公司	Ningbo Fenghua Hedu Property Development Co., Ltd.	PRC	22%	Equity	Property development
金華市瑞盈房地產有限公司	Jinhua Ruiying Real Estate Co., Ltd.	PRC	44%	Equity	Property development
慈溪市金桂置業有限公司	Cixi Jingui Property Co., Ltd.	PRC	18%	Equity	Property development

Notes to the Consolidated Financial Statements

12 Investments accounted for using the equity method (continued)

(b) Set out below are major joint ventures and associates of the Group as at 31 December 2020. The place of incorporation or registration is also their principal place of business. (continued)

Name of entity		Place of business/ place of incorporation and business	% of ownership interest	Measurement method	Principal activities
Associates					
銀川海茂房地產有限公司	Yinchuan Hai Mao Real Estate Co., Ltd.	PRC	27%	Equity	Property development
陝西海和房地產開發有限公司	Shaanxi Haihe Property Development Co., Ltd.	PRC	26%	Equity	Property development
義烏市聯宏置業有限公司	Yiwu Lianhong Property Co., Ltd.	PRC	26%	Equity	Property development
義烏市聯盛置業有限公司	Yiwu Liansheng Property Co., Ltd.	PRC	26%	Equity	Property development
鎮江億騰房地產開發有限公司	Zhenjiang Yiteng Real Estate Development Co., Ltd.	PRC	16%	Equity	Property development
海寧嘉華房地產開發有限公司	Haining Jiahua Real Estate Development Co., Ltd.	PRC	26%	Equity	Property development
海寧華澤房地產開發有限公司	Haining Huaze Real Estate Development Co., Ltd.	PRC	26%	Equity	Property development
德清華景川房地產開發有限公司	Deqing Huajingchuan Real Estate Development Co., Ltd.	PRC	26%	Equity	Property development
漳州市萬科濱江置業有限公司	Zhangzhou City Wankebinjiang Property Co., Ltd.	PRC	20%	Equity	Property development
銀川世海房地產有限公司	Yinchuan Shihai Real Estate Co., Ltd.	PRC	27%	Equity	Property development

Notes to the Consolidated Financial Statements

13 Income tax expenses

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Current income tax:		
PRC corporate income tax	1,801,850	2,808,172
PRC LAT	124,051	2,282,274
	1,925,901	5,090,446
Deferred income tax:		
PRC corporate income tax (note 27)	(519,027)	(323,429)
Income tax expenses	1,406,874	4,767,017

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate applicable to profit/loss of the consolidated entities as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Profit before income tax	4,901,373	10,660,810
Less: share of net profits of associates and joint ventures	(611,458)	(895,660)
	4,289,915	9,765,150
Tax calculated at applicable corporate income tax rates	1,033,997	2,584,154
Income not subject to tax	(228,424)	—
Effect of expenses not deductible for income tax	379,508	369,997
Effect of tax losses not recognised as deferred tax assets	128,755	101,161
PRC LAT deductible for income tax purpose	(31,013)	(570,569)
PRC corporate income tax	1,282,823	2,484,743
PRC LAT	124,051	2,282,274
	1,406,874	4,767,017

Deferred tax liabilities of RMB1,671,937,000 (2019: RMB1,537,807,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings of certain subsidiaries amounting to RMB16,719,370,000 as at 31 December 2020 (31 December 2019: RMB15,378,070,000). The Group does not have a plan to distribute these earnings out of the PRC in the foreseeable future.

Notes to the Consolidated Financial Statements

13 Income tax expense (continued)

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2019 and 2020, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the Group entities located in Mainland China is 25% according to the Corporate Income Tax Law of the PRC (the "CIT Law") effective on 1 January 2008.

PRC LAT

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rates.

PRC dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the CIT Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding income tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for these undistributed earnings of its PRC subsidiaries as the Group does not have a plan to distribute these earnings from its PRC subsidiaries.

Hong Kong profits tax

The applicable Hong Kong profits tax rate was 16.5% for the year ended 31 December 2020 (2019: 16.5%). Hong Kong profits tax was not been provided as the Group did not have any assessable profit subject to Hong Kong profits tax for the year ended 31 December 2020 (2019: Nil).

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act CAP.22 of the Cayman Islands and, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the British Virgin Islands (the "BVI") was incorporated under the Business Companies Act of the British Virgin Islands and is exempted from British Virgin Islands income tax.

Notes to the Consolidated Financial Statements

14 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Year ended 31 December	
	2020	2019
Profit attributable to owners of the Company (RMB'000)	2,428,123	3,154,064
Weighted average number of ordinary shares in issue	1,703,181,000	1,689,067,000
Basic earnings per share (RMB per share)	1.43	1.87

(b) Diluted earnings per share

Diluted earnings per share was calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company's dilutive potential ordinary shares consist of share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options.

	Year ended 31 December	
	2020	2019
Profit attributable to owners of the Company (RMB'000)	2,428,123	3,154,064
Weighted average number of ordinary shares in issue	1,703,181,000	1,689,067,000
Adjustments — share options and awarded shares	3,659,000	12,823,000
Weighted average number of ordinary shares for diluted earnings per share	1,706,840,000	1,701,890,000
Diluted earnings per share (RMB per share)	1.42	1.85

Notes to the Consolidated Financial Statements

15 Property, plant and equipment

	Buildings RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Leasehold improvements and furniture, fitting and equipment RMB'000	Total RMB'000
As at 1 January 2019					
Cost	1,464,186	46,478	55,668	100,224	1,666,556
Accumulated depreciation	(112,956)	(23,021)	(31,322)	(51,609)	(218,908)
Net book amount	1,351,230	23,457	24,346	48,615	1,447,648
Year ended 31 December 2019					
Opening net book amount	1,351,230	23,457	24,346	48,615	1,447,648
Additions	227,984	5,533	4,879	15,159	253,555
Disposals	—	(1,141)	(1,158)	(39)	(2,338)
Depreciation charges	(82,556)	(10,998)	(7,664)	(30,031)	(131,249)
Closing net book amount	1,496,658	16,851	20,403	33,704	1,567,616
At 31 December 2019					
Cost	1,692,170	50,870	59,389	115,344	1,917,773
Accumulated depreciation	(195,512)	(34,019)	(38,986)	(81,640)	(350,157)
Net book amount	1,496,658	16,851	20,403	33,704	1,567,616
Year ended 31 December 2020					
Opening net book amount	1,496,658	16,851	20,403	33,704	1,567,616
Acquisition of subsidiaries	—	6	126	1,367	1,499
Disposal of subsidiaries	(32,356)	—	—	—	(32,356)
Additions	—	2,900	1,941	12,892	17,733
Disposals	(3,484)	(499)	(1,092)	(87)	(5,162)
Depreciation charges	(82,371)	(8,842)	(6,238)	(26,940)	(124,391)
Closing net book amount	1,378,447	10,416	15,140	20,936	1,424,939
At 31 December 2020					
Cost	1,656,330	53,277	60,364	129,516	1,899,487
Accumulated depreciation	(277,883)	(42,861)	(45,224)	(108,580)	(474,548)
Net book amount	1,378,447	10,416	15,140	20,936	1,424,939

Notes to the Consolidated Financial Statements

15 Property, plant and equipment (continued)

As at 31 December 2020, certain properties, plant and equipment of the Group are pledged as security for the borrowings of the Group (Note 33).

16 Leases

(i) Amounts recognised in the balance sheet:

	31 December 2020	31 December 2019
	RMB'000	RMB'000
Right-of-use assets		
Land use rights (a)	419,074	434,185
Properties	25,109	29,370
	444,183	463,555
Lease liabilities		
Current	9,900	16,982
Non-current	15,431	13,814
	25,331	30,796

Additions to the right-of-use assets during the 2020 financial year were RMB16,827,000 (2019: RMB12,709,000).

- (a) As at 31 December 2020, certain land use rights of the Group are pledged as security for the borrowings of the Group (Note 33).

Notes to the Consolidated Financial Statements

16 Leases (continued)

(ii) Amounts recognised in the statement of profit or loss

	Year ended 31 December 2020	Year ended 31 December 2019
	RMB'000	RMB'000
Depreciation charge of right-of-use assets:		
Land use rights	15,111	15,111
Properties	21,088	21,115
	36,199	36,226
Interest expense (included in finance cost)	2,386	2,554
Expense relating to short-term leases (included in administrative expenses) (Note 7)	48,819	68,600
	51,205	71,154
Cash outflow for leases payments	74,998	90,842

(iii) The Group's leasing activities and how these are accounted for

The Group mainly leases various offices. Rental contracts are typically made for fixed periods of 2 to 4 years, but may have extension options as described below.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.



Notes to the Consolidated Financial Statements

17 Investment properties

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Non-current assets — at fair value:		
Opening balance at 1 January	13,224,100	12,031,700
Addition	2,695,162	1,142,718
Disposal of subsidiaries	(1,247,200)	—
Fair value (loss)/gain	(184,332)	49,682
Closing balance at 31 December	14,487,730	13,224,100
Total (loss)/gain for the year recognised in profit or loss and included in “fair value gains on investment properties” of the consolidated income statement — unrealised	(184,332)	49,682
Rental income (Note 6)	133,686	157,347

- (a) As at 31 December 2020, the Group had no contractual obligations for repairs, maintenance or enhancements (2019: same).
- (b) As at 31 December 2020, certain investment properties of the Group are pledged as security for the borrowings of the Group (Note 33).
- (c) The capitalisation rate of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's borrowings during the year ended 31 December 2020, 6.75% (2019: 7.60%).
- (d) The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include no variable lease payments that depend on a rate. Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.
- (e) The future aggregate minimum rental receivables under non-cancellable operating lease are as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
— Not later than one year	149,570	173,292
— Later than one year and not later than five years	394,217	500,972
— Later than five years	410,582	558,574
	954,369	1,232,838

Notes to the Consolidated Financial Statements

18 Financial assets at fair value through profit or loss

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Non-current assets		
— Unlisted equity securities	996,855	755,773
Current assets		
— Trusts and wealth management products	362,248	—
	1,359,103	755,773

The investments represented mainly unlisted equity investments in various real estate entities which the Group holds less than 20% equity interest and various fund, trust and wealth management products. These investments were not traded in active markets. The fair value of investment funds and trusts were determined in accordance with observable market data, which were categorised within level 2 of the fair value hierarchy. The fair value of the equity of unlisted real estate companies and wealth management products were determined based on unobservable market data, which were categorised within level 3 of the fair value hierarchy. Fair value gain on equity investment at FVPL recognised in "other gains – net" was RMB184,502,000 (2019: RMB134,617,000) (Note 9).



Notes to the Consolidated Financial Statements

19 Financial instruments by category

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Financial assets:		
Financial assets at amortised cost		
— Trade receivable and other receivables	17,938,044	11,814,660
— Amounts due from related parties	5,984,288	5,654,598
— Cash and bank balances	29,901,778	34,308,567
Financial assets at fair value through profit or loss	1,359,103	755,773
	55,183,213	52,533,598
Financial liabilities:		
Liabilities at amortised cost		
— Trade and other payables, excluding accrual for staff costs and allowances and other taxes payable	25,068,600	29,272,335
— Amounts due to related parties	5,291,322	7,293,888
— Borrowings	71,859,732	63,177,811
Derivative financial instruments	—	85,250
	102,219,654	99,829,284

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Notes to the Consolidated Financial Statements

20 Properties under development and completed properties held for sale

Properties under development and completed properties held for sale of the Group are all located in the PRC and expected to be completed and available for sale within one operating cycle. The relevant land use rights are on leases of 40 to 70 years.

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Properties under development expected to be completed		
— Within normal operating cycle included under current assets	120,098,735	115,299,354

The normal operating cycle of the Group's property development generally ranges from one to three years.

The amounts of RMB73,412,699,000 as at 31 December 2020 (2019: RMB77,294,219,000) under normal operating cycle classified as current assets were expected to be completed and delivered beyond one year.

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Properties under development:		
— Construction costs	21,010,102	20,677,296
— Capitalised interests	15,584,003	13,846,033
— Land use rights	83,504,630	80,776,025
	120,098,735	115,299,354
Completed properties held for sale:		
— Construction costs	7,194,348	4,476,461
— Capitalised interests	1,766,523	800,098
— Land use rights	5,105,093	2,396,611
	14,065,964	7,673,170

Notes to the Consolidated Financial Statements

20 Properties under development and completed properties held for sale (continued)

(a) Assigning costs to properties under development and completed properties held for sale

The costs of individual items of properties under development are determined where costs are assigned by specific identification and include the cost of acquisition, development and borrowing costs incurred during the development. See Note 2.15 for the Group's accounting policies for properties under development and completed properties held for sale.

The capitalisation rate of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's borrowings during the year ended 31 December 2020, 6.75% (2019: 7.60%).

(b) Amounts recognised in profit or loss

Completed properties held for sale recognised as costs of sales during the year ended 31 December 2020 amounted to RMB38,494,658,000 (2019: RMB36,546,997,000).

Write-downs of the properties under development and completed properties held for sale to net realisable value amounted to RMB481,707,000 (2019: Nil), which were recognised as costs of sales during the year ended 31 December 2020.

(c) Pledge information

As at 31 December 2020, certain properties under development and completed properties held for sale of the Group are pledged as security for the borrowings of the Group (Note 33).



Notes to the Consolidated Financial Statements

21 Cash and bank balances

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Cash and cash equivalents	19,854,876	15,344,805
Term deposits (Note (a))	6,989,416	15,671,771
Restricted cash (Note (b))	3,057,486	3,291,991
	29,901,778	34,308,567

- (a) The weighted average effective interest rate of the Group's term deposits as at 31 December 2020 was 3.27% per annum (31 December 2019: 3.17% per annum). The carrying amounts of the Group's term deposits approximate their fair values, as the impact of discounting is not significant.
- (b) Amounts mainly represent cash deposits with designated banks as guarantee deposits for construction of properties, securities for borrowings and for issuance of commercial bills.

In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain property development companies of the Group were required to place certain amount of properties presale proceeds at designated bank accounts as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant property projects when approval from the PRC local State-Owned Land and Resource Bureau is obtained. The remaining balances of the deposits will be released after completion of related pre-sold properties or issuance of the real estate ownership certificate of the properties, whichever is the earlier.



Notes to the Consolidated Financial Statements

22 Contract assets and liabilities

The Group has recognised following assets and liabilities related to contracts with customer:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Current contract assets:		
Contract cost — sales commission	864,862	757,844
Contract assets — provision of construction service	233,802	241,732
	1,098,664	999,576
Current contract liabilities — sales of properties	65,076,080	60,265,275

(i) Revenue recognised in relation to contract liabilities

- (a) The following table set out the amount of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the period		
— sales of properties	35,181,850	38,028,231

- (b) The amount of unsatisfied performance obligation is approximately the same as the balance of contract liabilities, which are expected to be recognised in 1 to 3 years as of 31 December 2020 and 31 December 2019.

Notes to the Consolidated Financial Statements

23 Trade and other receivables and prepayments

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Trade receivables (Note (a))	158,346	73,991
Other receivables:		
— Amounts due from minority interests	11,517,665	8,199,973
— Deposits for acquisition of land use rights and property development projects	1,023,719	1,307,931
— Other amounts due from third parties	3,815,765	694,074
— Deposits for construction contracts	145,840	405,460
— Others	1,306,588	1,133,231
Less: loss allowance	(29,879)	—
	17,779,698	11,740,669
Prepayments:		
— Prepayments for acquisition of land use rights	6,240,560	6,887,697
— Prepaid value added tax and other taxes	5,166,163	6,000,101
— Others	173,418	312,711
	11,580,141	13,200,509
Current portion of trade and other receivables and prepayments	29,518,185	25,015,169



Notes to the Consolidated Financial Statements

23 Trade and other receivables and prepayments (continued)

- (a) Trade receivables mainly arose from sales of properties. Proceeds in respect of sale of properties is settled in accordance with the terms stipulated in the sale and purchase agreements.

Ageing analysis of the trade receivables is as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Within one year	158,280	69,087
Over one year	66	4,904
	158,346	73,991

These trade receivables relate to a number of independent customers for whom there is no significant financial difficulty. Management does not expect any credit loss for these receivables.

- (b) As at 31 December 2020, the Group's trade and other receivables were mainly denominated in RMB(2019: same). As at 31 December 2020, the Group's maximum exposure to credit risk was the carrying value of each class of receivables mentioned above (2019: same).

Notes to the Consolidated Financial Statements

24 Share capital and share premium

	Number of ordinary shares	Nominal value of ordinary shares HK\$	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
At 1 January 2019	1,601,260,500	15,983	14	4,423,556	4,423,570
Issue of ordinary shares in connection with private placement (Note (b))	108,000,000	1,080	1	1,002,617	1,002,618
Buy-back and cancellation of shares (Note (c))	(10,626,000)	(106)	—	(87,905)	(87,905)
Final dividend of 2018	—	—	—	(552,645)	(552,645)
Share option scheme					
— Exercise of share options	16,891,500	169	—	116,390	116,390
At 31 December 2019	1,715,526,000	17,126	15	4,902,013	4,902,028
At 1 January 2020	1,715,526,000	17,126	15	4,902,013	4,902,028
Buy-back and cancellation of shares (Note (d))	(33,152,500)	(332)	—	(202,908)	(202,908)
Final dividend of 2019 (Note 28)	—	—	—	(935,157)	(935,157)
Share option scheme					
— Exercise of share options	2,887,500	29	—	22,247	22,247
At 31 December 2020	1,685,261,000	16,823	15	3,786,195	3,786,210

- (a) The authorised share capital of the Company as at 31 December 2020 was HK\$380,000 (2019: same) divided into 38,000,000,000 shares (2019: same).
- (b) On 3 April 2019, 108,000,000 shares of the Company were placed to certain independent investors at a price of HK\$10.95 per share.
- (c) The Company acquired 10,626,000 of its own shares through purchases from the stock market during the year ended 31 December 2019 for cash totalling HK\$97,482,000 (equivalent to RMB87,905,000) and which was deducted from the share premium account. The shares were cancelled after the repurchase.
- (d) The Company acquired 33,152,500 of its own shares through purchases from the stock market during the year ended 31 December 2020 for cash totalling HK\$226,990,000 (equivalent to RMB202,908,000) and which was deducted from the share premium account. The shares were cancelled after the repurchase.

Notes to the Consolidated Financial Statements

25 Other reserves

(a) Capital reserves

Capital reserves mainly represented accumulated capital contribution from the then shareholders of the Group companies.

(b) Statutory reserves

In accordance with relevant rules and regulations in the PRC, when declaring dividend, the Group's PRC subsidiaries are required to appropriate not less than 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of the registered capital of the respective companies. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses brought forward from prior years or to increase the paid up capital of respective companies.

(c) Share-based compensation reserve

The Company approved and adopted a share option scheme on 28 December 2015 (the "Share Option Scheme"). Share options under the Share Option Scheme (the "Option") are granted to eligible participant (the "Eligibles") including directors and other employees. Options are conditional on the Eligibles have served the Group for certain periods (the vesting period). Share Options are granted for no consideration and carry no dividend or voting rights. When exercisable, each Option is convertible into one ordinary share. The Group has no legal or constructive obligation to repurchase or settle the Options in cash.

On 5 January 2017, approximately 62,469,000 Options (the "2017 Options") were granted to Eligibles with an exercise price of HK\$5.96 per share. The expiry date of the Options will be 4 January 2022.

On 30 April 2019, approximately 26,571,973 share options (the "2019 Options") were granted to Eligibles with an exercise price of HK\$10.80 per share. The expiry date of the 2019 Options will be 4 January 2022.

There were two types of vesting schedule for above share options, which are: i) 30% of the options will be vested after 12 months of the grant date; 30% of the options will be vested after 24 months of the grant date and the remaining 40% will be vested after 36 months of the grant date, ii) options will be vested after 8 months of the grant date. Particulars of Options are as follows:

Notes to the Consolidated Financial Statements

25 Other reserves (continued)

(c) Share-based compensation reserve (continued)

Set out below are movements of Options granted under the Share Option Scheme:

	Average exercise price in HK\$ Per share under option	Number of Options
As at 1 January 2019	5.96	44,324,000
Granted during the period	10.80	26,572,000
Forfeited during the year	9.60	(6,158,000)
Exercise during the year	5.96	(16,891,500)
As at 31 December 2019	8.18	47,846,500
As at 1 January 2020	8.18	47,846,500
Forfeited during the year	10.05	(2,289,000)
Exercise during the year	5.96	(2,887,500)
As at 31 December 2020	8.23	42,670,000

The share options above are fully vested and exercisable.

The fair values of Options determined by reference to valuation prepared by an independent valuer. The significant inputs in the model were as follows:

	2017 Options	2019 Options
Fair value per Option at measurement date	HK\$1.88 to HK\$1.99	HK\$2.38 to HK\$2.41
(a) expected maturity date:	4 January 2022	4 January 2022
(b) stock price at grant date and exercise price:	HK\$5.96 per share	HK\$10.80 per share
(c) volatility:	34.41%	41.56%
(d) annual risk-free interest rate:	2.09%	2.04%
(e) dividend yield:	nil	2.8%
(f) suboptimal factors:	2 or 3	1.69 to 1.77

The total expense recognised in consolidated income statement for share options granted to directors and employees for the year ended 31 December 2020 was nil (2019: RMB47,939,000).

Notes to the Consolidated Financial Statements

26 Borrowings

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Borrowings included in non-current liabilities:		
Senior notes — unsecured (Note (a))	22,927,916	21,333,454
Asset backed securities (“ABS”) — secured (Note (b))	5,465,000	2,447,400
Corporate bonds — unsecured	13,225,854	12,167,521
Borrowings from financial institutions — secured (Note (c))	29,639,084	26,291,536
Less: current portion of non-current borrowings	(24,336,739)	(17,768,547)
	46,921,115	44,471,364
Borrowings included in current liabilities:		
Borrowings from financial institutions — secured (Note (c))	601,878	937,900
Current portion of non-current borrowings	24,336,739	17,768,547
	24,938,617	18,706,447
Total borrowings	71,859,732	63,177,811

- (a) The senior notes are guaranteed and secured by equity interests of certain non-PRC subsidiaries.
- (b) The ABS was pledged by the right of receipt of proceeds arising from the Group's sales of certain properties or rental income.
- (c) The carrying amounts of financial and non-financial assets pledged as security for current and non-current borrowings are disclosed in Note 33.

Notes to the Consolidated Financial Statements

26 Borrowings (continued)

(d) At 31 December, the Group's borrowings were repayable as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Within 1 year	24,938,617	18,706,447
Between 1 and 2 years	24,751,033	17,721,081
Between 2 and 5 years	20,141,207	26,105,190
Over 5 years	2,028,875	645,093
Total	71,859,732	63,177,811

(e) The weighted average effective interest rates are as follows:

	As at 31 December	
	2020	2019
Senior notes	9.02%	9.59%
Asset backed securities	5.89%	7.37%
Corporate bonds	6.83%	7.15%
Borrowings from financial institutions	5.14%	5.31%

(f) The Group's borrowings were denominated:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
— RMB	47,429,299	40,885,783
— US\$	23,277,302	21,333,454
— HKD	1,153,131	958,574
	71,859,732	63,177,811

(g) The fair value of senior notes as at 31 December 2020 was RMB23,807,766,066 (2019: RMB20,748,644,397), which was quoted in Singapore Exchange Ltd. and within level 1 of the fair value hierarchy. The carrying amounts of borrowings other than senior notes approximate their fair values as at 31 December 2020 (2019: same) as either the impact of discounting were not significant or the borrowings carry floating rates of interests.

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in Note 3.1.

Notes to the Consolidated Financial Statements

27 Deferred tax assets and liabilities

(i) The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Deferred tax assets		
— to be recovered within 12 months	240,738	266,871
— to be recovered after 12 months	540,685	318,399
Total deferred tax assets before net off	781,423	585,270
Net of deferred tax liabilities	(113,223)	(140,316)
	668,200	444,954
Deferred tax liabilities		
— to be recovered within 12 months	(204,628)	(246,877)
— to be recovered after 12 months	(1,824,122)	(1,921,108)
Total deferred tax liabilities before net off	(2,028,750)	(2,167,985)
Net of deferred tax assets	113,223	140,316
	(1,915,527)	(2,027,669)
	(1,247,327)	(1,582,715)

The net movement on the deferred tax accounts before set-off is as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
At 1 January	(1,582,715)	(1,906,144)
Credited to the consolidated income statement (Note 13)	519,027	323,429
Business combination (Note 34)	(344,750)	—
Disposal of subsidiaries	161,111	—
At 31 December	(1,247,327)	(1,582,715)

Notes to the Consolidated Financial Statements

27 Deferred tax assets and liabilities (continued)

(ii) The movement in deferred tax assets and liabilities before set-off during the years are as follows:

	Deferred tax assets – tax losses and others RMB'000	Deferred tax liabilities – fair value gains RMB'000	Deferred tax liabilities – excess of carrying amount of PUD and PHS over the tax bases RMB'000
At 1 January 2019	732,731	(785,649)	(1,853,226)
(Charged)/credited to the consolidated income statement	(147,461)	5,038	465,852
At 31 December 2019	585,270	(780,611)	(1,387,374)
At 1 January 2020	585,270	(780,611)	(1,387,374)
Business combination	—	—	(344,750)
Credited/(charged) to the consolidated income statement	196,153	(242,714)	565,588
Disposal of subsidiaries	—	111,685	49,426
At 31 December 2020	781,423	(911,640)	(1,117,110)

28 Dividend

The 2019 final dividend of HK\$0.60 per ordinary share, totaling approximately HK\$1,021,249,000 (equivalent to RMB935,157,000) according to the shareholders of the Company registered on 16 June 2020, was approved by the shareholders at the annual general meeting held on 5 June 2020.

The Board of Directors of the Company proposed a final dividend of HK\$0.50 per ordinary share out of the share premium account, totaling approximately HK\$842,631,000 (equivalent to approximately RMB709,158,000). Such dividend is to be approved by the shareholders at the annual general meeting (“AGM”) on 4 June 2021. These financial statements do not reflect this dividend payable as a liability as at 31 December 2020.

Notes to the Consolidated Financial Statements

29 Trade and other payables

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Trade payables (Note (a))	11,616,425	11,838,408
Notes payable	280,345	343,297
Other payables:		
— Amounts due to minority interests (Note (b))	9,806,191	13,483,058
— Deposits received for sales of properties	312,912	379,526
— Other taxes payable	5,997,416	3,556,357
— Interests payable	1,007,062	986,136
— Deposits from contractors and suppliers	564,637	533,075
— Accrued payroll	410,785	241,663
— Dividend payable	235,576	171,424
— Others	1,245,452	1,537,411
	31,476,801	33,070,355

(a) The ageing analysis of the trade payables is as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Within one year	10,301,675	9,363,765
Over one year	1,314,750	2,474,643
	11,616,425	11,838,408

(b) Other payables of approximately RMB1,173,530,000 are interest bearing and repayable within one year from 31 December 2020.

(c) The carrying amounts of trade and other payables were considered to be approximate to their fair values.

Notes to the Consolidated Financial Statements

30 Cash flow information

(a) Net cash (used in)/generated from operating activities:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Profit before income tax	4,901,373	10,660,810
Adjustments for:		
— Depreciation charges	124,391	131,249
— Finance (income)/costs	(1,348,783)	379,572
— Other income	(248,568)	(184,119)
— Amortisation of intangible assets and right-of-use assets	38,545	38,613
— Gains from disposal of property, plant and equipment	(3,739)	(217)
— Fair value losses/(gains) on investment properties	184,332	(49,682)
— Share of net profits of investments accounted for using the equity method	(611,458)	(895,660)
— Fair value gains on financial assets at FVPL	(184,502)	(134,617)
— Fair value loss on derivative financial instruments	8,080	85,250
Changes in working capital:		
— Properties under development and completed properties held for sale	(9,553,736)	10,424,035
— Contract assets	(99,088)	(469,062)
— Trade and other receivables	(6,579,152)	(3,371,579)
— Prepayments	3,572,781	(3,161,469)
— Contract liabilities	236,173	(3,697,698)
— Trade and other payables	5,621,161	1,300,871
— Amounts due to related parties	(72,583)	98,156
— Restricted cash	(25,503)	(2,057,986)
Cash (used in)/generated from operations	(4,040,276)	9,096,467

Notes to the Consolidated Financial Statements

30 Cash flow information (continued)

(b) Non-cash financing activities

The major non-cash transactions incurred during the year ended 31 December 2020 included:

- Capitalisation of amounts due to non-controlling interests of RMB7,047,897,000.
- Settlement of amounts due from non-controlling interests of RMB645,000,000 by way of reduction of their contributed capital in the subsidiaries.
- Off-set of amounts due from and dividends payable to non-controlling interests of RMB246,600,000.

(c) Reconciliation of liabilities arising from financing activities

	1 January 2020 RMB'000	Financing cash flow – net RMB'000	Non-cash items RMB'000	31 December 2020 RMB'000
Borrowings	63,177,811	10,227,461	(1,545,540)	71,859,732
Lease liability	30,796	(24,678)	19,213	25,331
Amounts due to related parties	7,094,342	(1,929,983)	—	5,164,359
	70,302,949	8,272,800	(1,526,327)	77,049,422

	1 January 2019 RMB'000	Financing cash flow – net RMB'000	Non-cash items RMB'000	31 December 2019 RMB'000
Borrowings	62,532,834	313,506	331,471	63,177,811
Lease liability	37,776	(22,242)	15,262	30,796
Amounts due to related parties	5,376,722	1,717,620	—	7,094,342
	67,947,332	2,008,884	346,733	70,302,949

Notes to the Consolidated Financial Statements

31 Financial guarantee

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Guarantee in respect of mortgage facilities for certain purchasers (Note (a))	32,160,118	34,322,018
Guarantee provided for the borrowings of the joint ventures (Note (b))	3,408,900	3,164,440
	35,569,018	37,486,458

- (a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificates which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The directors consider that the likelihood of loss of the Group resulting from the default in payments by purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

- (b) Amounts represented the maximum exposure of the guarantees provided by the Group.

32 Commitments

- (a) Commitments for property development expenditures and equity investments as at 31 December 2020 were as follows:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Contracted but not provided for		
— Property development activities	25,095,364	21,260,554
— Land use rights	2,181,770	450,527
— Equity investment	291,733	107,097
	27,568,867	21,818,178

- (b) **Operating leases commitments – the Group as lessee**

As at 31 December 2020, the Group did not have any material short-term and low value lease commitment.

Notes to the Consolidated Financial Statements

33 Assets pledged as security

	Note	As at 31 December	
		2020 RMB'000	2019 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	857,992	717,297
Land use rights	16	253,727	265,881
Investment properties	17	6,849,010	5,132,788
Total non-current assets pledged as security		7,960,729	6,115,966
Current assets			
Properties under development and completed properties held for sale	20	40,155,157	36,451,662
Restricted cash	21	615,144	750,853
Total current assets pledged as security		40,770,301	37,202,515
Total assets pledged as security		48,731,030	43,318,481

All above assets of the Group are pledged as security for the borrowings from financial institutions of the Group (Note 26(a)).

Investments amounting to RMB4,336,240,373 (2019: RMB2,467,170,828) in certain subsidiaries directly or indirectly held by the Company were pledged as security for borrowing of the Group at 31 December 2020.

Notes to the Consolidated Financial Statements

34 Business combination

(a) Summary of acquisition

During the year ended 31 December 2020, the Group acquired certain subsidiaries engaged in property development in the PRC.

The following table summaries the considerations paid for acquisitions of these subsidiaries, the fair value of assets acquired and liabilities assumed at the acquisition dates.

	RMB'000
Purchase considerations — cash	191,200

The assets and liabilities recognised as a result of the acquisitions on the acquisition dates are as follows:

	Fair value RMB'000
Property, plant and equipment	1,499
Properties under development	3,227,869
Trade and other receivables and prepayments (Note (i))	1,236,597
Amounts due from shareholders and its subsidiaries	715,817
Prepaid taxation	73,344
Cash and bank balances	54,451
Deferred income tax liabilities	(344,750)
Trade and other payables	(466,569)
Contract liabilities	(3,798,258)
Net identifiable assets acquired	700,000
Less: non-controlling interests	(508,800)
Net assets acquired	191,200

(i) Acquired receivables

The fair value of acquired trade and other receivables and prepayments was equal to its gross contractual amounts receivable. At the acquisition dates, none of such balance was expected to be uncollectible.

Notes to the Consolidated Financial Statements

34 Business combination (continued)

(a) Summary of acquisition (continued)

(ii) Accounting policy choice for non-controlling interests

The Group elected to recognise the non-controlling interests at its proportionate share of the fair value of the acquired net identifiable assets.

(iii) Revenue and profit contribution

The acquired business contributed revenues of RMB3,538,419,000 and net profit of RMB134,391,000 to the Group for the period from the respective acquisition dates to 31 December 2020. If the acquisitions had occurred on 1 January 2020, consolidated revenue and consolidated profit after tax for the year ended 31 December 2020 of the Group would have been RMB48,302,505,000 and RMB3,521,982,000, respectively.

(b) Purchase consideration – cash outflow

	2020 RMB'000
Outflow of cash to acquire subsidiary, net of cash acquired:	
Cash consideration	191,200
Less: cash and bank balance acquired	(54,451)
	<hr/>
Net outflow of cash — investing activities	136,749

Notes to the Consolidated Financial Statements

35 Significant related party transactions

(a) Parent entities

The Group is controlled by the following entities:

Name	Type	Place of incorporation	Ownership interest As at 31 December	
			2020	2019
Dingxin	Immediate parent company of the Company	BVI	66.69%	65.52%
TMF (Cayman) Limited	Ultimate parent entity and controlling party	The Cayman Island	66.69%	65.52%

(b) Subsidiaries

Interests in subsidiaries are set out in Note 11(a).

(c) Major related parties that had significant transactions during the year with the Group are as follows:

Related parties	Relationship with the Group
Mr. Ou 歐先生	Controlling Shareholder and Director of the Company
Ronshine Service Holding Co., Ltd. 融信服務集團股份有限公司	A Company Controlled by the Controlling Shareholder
Xiujing (Fujian) Landscape Engineering Co., Ltd. 秀景(福建)園林工程有限公司	A Company Controlled by the Controlling Shareholder
Fujian Rongdaxin Investment Co., Ltd. 福建融達信投資有限公司	Joint Venture
Nanjing Kaijingsheng Real Estate Development Co., Ltd. 南京愷璟晟房地產開發有限公司	Joint Venture
Hangzhou Ronghao Property Co., Ltd. 杭州融浩置業有限公司	Joint Venture
Ningbo Fenghua Hedu Real Estate Development Co., Ltd. 寧波奉化和都房地產開發有限公司	Joint Venture

Notes to the Consolidated Financial Statements

35 Significant related party transactions (continued)

(c) Major related parties that had significant transactions during the year with the Group are as follows: (continued)

Related parties	Relationship with the Group
Hangzhou Hexin Real Estate Development Co., Ltd. 杭州和昕房地產開發有限公司	Joint Venture
Tianjin Jinrui Property Co., Ltd. 天津金銳置業有限公司	Joint Venture
Qiaocheng Real Estate Group Chongqing Kaizhou District Co., Ltd. 僑城地產集團重慶市開州區有限責任公司	Joint Venture
Zhejiang Kunchuang Property Co., Ltd. 浙江坤創置業有限公司	Joint Venture
Neijiang Wanwei Property Co., Ltd. 內江萬為置業有限公司	Joint Venture
Huzhou Rongda Real Estate Development Co., Ltd. 湖州融達房地產開發有限公司	Joint Venture
Hangzhou Rongxun Real Estate Development Co., Ltd. 杭州融暉房地產開發有限公司	Joint Venture
Baoding Zhitai Real Estate Development Co., Ltd. 保定智泰房地產開發有限公司	Joint Venture
Chongqing Yicheng Yugao Intelligent Technology Co., Ltd. 重慶頤城俞高智慧科技有限公司	Joint Venture
Fuzhou Rongxinglan Real Estate Development Co., Ltd. 福州融興藍房地產開發有限公司	Joint Venture
Mianyang Wanwei Jinxin Real Estate Development Co., Ltd. 綿陽萬為金心房地產開發有限公司	Joint Venture
Hangzhou Kailian Property Co., Ltd. 杭州愷聯置業有限公司	Joint Venture
Hangzhou Rongxing Commercial Development Co., Ltd. 杭州融幸商業發展有限公司	Joint Venture
Nanjing Taiyi Hexin Enterprise Management Consulting Co., Ltd. 南京泰熠和信企業管理諮詢有限公司	Joint Venture
Dazhou Qiangyu Real Estate Development Co., Ltd. 達州強譽房地產開發有限公司	Joint Venture

Notes to the Consolidated Financial Statements

35 Significant related party transactions (continued)

(c) Major related parties that had significant transactions during the year with the Group are as follows: (continued)

Related parties	Relationship with the Group
Zhoushan Kairong Real Estate Development Co., Ltd. 舟山愷融房地產開發有限公司	Joint Venture
Fuzhou Hongbailong Real Estate Development Co., Ltd. 福州泓百隆房地產開發有限公司	Joint Venture
Rong Rui Co., Ltd. 融瑞有限公司	Joint Venture
Fujian Rongteng Property Co., Ltd. 福建融騰置業有限公司	Joint Venture
Hangzhou Xincheng Property Co., Ltd. 杭州信辰置業有限公司	Joint Venture
Cixi Jingui Property Co., Ltd. 慈溪市金桂置業有限公司	Joint Venture
Jiangmen Rongchang Real Estate Development Co., Ltd. 江門市融昌房地產開發有限公司	Joint Venture
Hangzhou Zhongxu Property Co., Ltd. 杭州眾旭置業有限公司	Joint Venture
Qidong Bilian Property Co., Ltd. 啟東碧聯置業有限公司	Joint Venture
Anji Rongshang Real Estate Co., Ltd. 安吉融尚房地產有限公司	Joint Venture
Hangzhou Lin'an Longxing Real Estate Development Co., Ltd. 杭州臨安龍興房地產開發有限公司	Joint Venture
Jinhua Tianxi Property Co., Ltd. 金華天璽置業有限公司	Joint Venture
Hefei Hailiang Property Co., Ltd. 合肥海亮置業有限公司	Joint Venture
Kunshan Xingwei Property Co., Ltd. 昆山興未置業有限公司	Joint Venture
Jinhua Ruiying Real Estate Co., Ltd. 金華市瑞盈房地產有限公司	Joint Venture

Notes to the Consolidated Financial Statements

35 Significant related party transactions (continued)

(c) Major related parties that had significant transactions during the year with the Group are as follows: (continued)

Related parties	Relationship with the Group
Fuzhou Libo Shuntai Real Estate Development Co., Ltd. 福州利博順泰房地產開發有限公司	Joint Venture
Shanghai Kaidai Real Estate Development Co., Ltd. 上海愷岱房地產開發有限公司	Joint Venture
Jiujiang Rongxi Real Estate Development Co., Ltd. 九江融璽房地產開發有限公司	Joint Venture
Hangzhou Jinguan Property Co., Ltd. 杭州錦官置業有限公司	Joint Venture
Hairong (Zhangzhou) Real Estate Co., Ltd. 海融(漳州)房地產有限公司	Joint Venture
Hangzhou Tengyi Real Estate Development Co., Ltd. 杭州騰翼房地產開發有限責任公司	Joint Venture
Hangzhou Wanjing Property Co., Ltd. 杭州萬璟置業有限公司	Joint Venture
Fuzhou Yubaichuan Real Estate Development Co., Ltd. 福州裕百川房地產開發有限公司	Joint Venture
Nanjing Huihe Property Co., Ltd. 南京薈合置業有限公司	Joint Venture
Qingdao West Coast Tianze Construction Development Co., Ltd. 青島西海岸天澤建設發展有限公司	Joint Venture
Fuyang Shangjun Real Estate Co., Ltd. 阜陽上郡房地產有限公司	Joint Venture
Dongtai Xinbi Real Estate Development Co., Ltd. 東台市新碧房地產開發有限公司	Joint Venture
Bengbu Bicheng Real Estate Development Co., Ltd. 蚌埠市碧誠房地產開發有限公司	Joint Venture
Fuyang Greenland Property Co., Ltd. 阜陽綠地置業有限公司	Joint Venture
Hangzhou Zhehan Real Estate Development Co., Ltd. 杭州哲瀚房地產開發有限公司	Associate

Notes to the Consolidated Financial Statements

35 Significant related party transactions (continued)

(c) Major related parties that had significant transactions during the year with the Group are as follows: (continued)

Related parties	Relationship with the Group
Hangzhou Mingyu Real Estate Development Co., Ltd. 杭州銘昱房地產開發有限公司	Associate
Nanjing Jintai Real Estate Development Co., Ltd. 南京錦泰房地產開發有限公司	Associate
Hangzhou Rongcha Industrial Co., Ltd. 杭州融洽實業有限公司	Associate
Yongtai Baolong Real Estate Development Co., Ltd. 永泰寶龍房地產開發有限公司	Associate
Zhangzhou Vanke Binjiang Property Co., Ltd. 漳州市萬科濱江置業有限公司	Associate
Hangzhou Ronglang Real Estate Development Co., Ltd. 杭州融朗房地產開發有限公司	Associate
Hangzhou Rongxin Real Estate Development Co., Ltd. 杭州融歆房地產開發有限公司	Associate
Nantong Jianghe Property Co., Ltd. 南通江河置業有限公司	Associate
Zhenjiang Yiteng Real Estate Development Co., Ltd. 鎮江億騰房地產開發有限公司	Associate
Jiangmen Hongshun Real Estate Development Co., Ltd. 江門市弘順房地產開發有限公司	Associate
Jiaxing Zhenyue Property Co., Ltd. 嘉興臻嶽置業有限公司	Associate
Hangzhou Meishengmei Property Co., Ltd. 杭州美生美置業有限公司	Associate
Hangzhou Xuanlu Industrial Co., Ltd. 杭州宣祿實業有限公司	Associate



Notes to the Consolidated Financial Statements

35 Significant related party transactions (continued)

(c) Major related parties that had significant transactions during the year with the Group are as follows: (continued)

Related parties	Relationship with the Group
Hangzhou Yuqian Real Estate Development Co., Ltd. 杭州譽乾房地產開發有限公司	Associate
Qingdao West Coast Kechuang Investment Development Co., Ltd. 青島西海岸科創投資開發有限公司	Associate
Chengdu Jinfenghua Property Co., Ltd. 成都金豐華置業有限公司	Associate
Fuzhou Wanxi Real Estate Co., Ltd. 福州市萬曦房地產有限公司	Associate
Hangzhou Lvcheng Wangxi Real Estate Development Co., Ltd. 杭州綠城望溪房地產開發有限公司	Associate
Fuzhou Yuxiang Real Estate Co., Ltd. 福州市禹翔房地產有限公司	Associate
Yinchuan Shihai Real Estate Co., Ltd. 銀川世海房地產有限公司	Associate
Yinchuan Haimao Real Estate Co., Ltd. 銀川海茂房地產有限公司	Associate
Shaanxi Shengshi Haihong Real Estate Development Co., Ltd. 陝西盛世海宏房地產開發有限公司	Associate
Shaanxi Haihe Real Estate Development Co., Ltd. 陝西海和房地產開發有限公司	Associate

The English names of the PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or were available.

Notes to the Consolidated Financial Statements

35 Significant related party transactions (continued)

(d) Key management compensation

Compensation for key management other than those for directors as disclosed in Note 8(a) is set out below.

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Key management compensation:		
— Salaries and other employee benefits	3,888	4,114
— Pension costs	8	98
— Value of employee services under share option scheme	—	7,041
	3,896	11,253

(e) Transactions with related parties

Save as disclosed elsewhere in these consolidated financial statements, during the year ended 31 December 2020, the Group had the following significant transactions with related parties.

Services provided by related parties

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Property management services		
Other related party	268,828	156,735
— Ronshine Service Holding Co., Ltd.	268,828	156,735
Landscape engineering services		
Other related party	210,753	285,930
— Xiujing (Fujian) Landscape Engineering Co., Ltd	210,753	285,930

Notes to the Consolidated Financial Statements

35 Significant related party transactions (continued)

(e) Transactions with related parties (continued)

Services provided to related parties

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Interest income		
— Joint ventures	128,150	54,774
— Associates	9,924	—
	138,074	54,774
Consultation services		
— Joint ventures	168,888	90,686
— Associates	6,363	—
	175,251	90,686
Hotel operation service		
— Other related party	566	—
— Ronshine Service Holding Co., Ltd.	566	—

The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms and in the ordinary course of business.

Refer to Note 32 for information on guarantee provided for the borrowings of the joint ventures by the Group.

Notes to the Consolidated Financial Statements

35 Significant related party transactions (continued)

(f) Balances with related parties

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Amounts due from related parties		
— Joint ventures	5,110,970	4,321,851
— Associates	872,081	1,332,747
— Other related party	1,237	—
— Ronshine Service Holding Co., Ltd.	1,237	—
	5,984,288	5,654,598
Amounts due to related parties		
— Joint ventures	3,737,757	5,800,306
— Associates	1,357,450	1,227,676
— Other related parties	196,115	265,906
— Mr. Ou	69,152	66,360
— Ronshine Service Holding Co., Ltd.	53,695	140,739
— Xiujiing (Fujian) Landscape Engineering Co., Ltd.	73,268	58,807
	5,291,322	7,293,888

Amounts due from related parties mainly represented the cash advances made to related parties which are unsecured, repayable on demand and denominated in RMB.

Amounts due to Ronshine Service Holding Co., Ltd. represented mainly the payables of property management fees which were unsecured, interest-free, to be settled according to agreed terms and were denominated in RMB.

Amounts due to Xiujiing (Fujian) Landscape Engineering Co., Ltd. represented mainly the payables of landscape engineering services fee which were unsecured, interest free, to be settled according to agreed terms and were denominated in RMB.

Other amounts due to related parties mainly represented cash advances from related parties of which approximately RMB128,000,000 are interest bearing and repayable within one year from 31 December 2020.

Notes to the Consolidated Financial Statements

36 Balance sheet of the Company

	As at 31 December	
	2020 RMB'000	2019 RMB'000
ASSETS		
Non-current assets		
Interests in a subsidiary	2,032,986	2,064,663
Financial assets at fair value through profit or loss	706,887	571,828
	2,739,873	2,636,491
Current assets		
Prepayments and other receivables	1,580	4,311
Amounts due from subsidiaries	22,607,241	17,630,101
Amounts due from related parties	338,750	2,309,667
Cash and bank balances	213,097	2,333,796
Total current assets	23,160,668	22,277,875
Total assets	25,900,541	24,914,366
EQUITY		
Equity attributable to owners of the Company		
Share capital	15	15
Share premium	3,786,195	4,902,013
Other reserves	(2,181,598)	(2,420,514)
Total equity	1,604,612	2,481,514



Notes to the Consolidated Financial Statements

36 Balance sheet of the Company (continued)

	As at 31 December	
	2020 RMB'000	2019 RMB'000
LIABILITIES		
Non-current liabilities		
Borrowings	16,615,648	18,408,906
Current liabilities		
Borrowings	7,077,403	3,738,902
Other payables	592,548	179,640
Amounts due to subsidiaries	370	16,444
Amounts due to related parties	9,960	88,960
Total current liabilities	7,680,281	4,023,946
Total liabilities	24,295,929	22,432,852
Total equity and liabilities	25,900,541	24,914,366

 Ou Zonghong

 Zhang Lixin


Notes to the Consolidated Financial Statements

36 Balance sheet of the Company (continued)

(a) Reserve movement of the Company

	Other reserves			
	Share premium RMB'000	Share-based compensation reverse RMB'000	Accumulated losses RMB'000	Total RMB'000
For the year ended 31 December 2019				
At 1 January 2019	4,423,556	68,668	(1,432,050)	3,060,174
Loss for the year	—	—	(1,075,647)	(1,075,647)
Share option scheme — value of employee services	—	47,939	—	47,939
— Exercise of share options	116,390	(29,424)	—	86,966
Buy-back and cancellation of shares	(87,905)	—	—	(87,905)
Final dividend of 2018	(552,645)	—	—	(552,645)
Issuance of ordinary shares in connection with private placement (Note 24(b))	1,002,617	—	—	1,002,617
At 31 December 2019	4,902,013	87,183	(2,507,697)	2,481,499
For the year ended 31 December 2020				
At 1 January 2020	4,902,013	87,183	(2,507,697)	2,481,499
Profit for the year	—	—	244,023	244,023
— Exercise of share options	22,247	(5,107)	—	17,140
Buy-back and cancellation of shares	(202,908)	—	—	(202,908)
Final dividend of 2019	(935,157)	—	—	(935,157)
At 31 December 2020	3,786,195	82,076	(2,263,674)	1,604,597

FIVE YEARS' FINANCIAL SUMMARY

CONSOLIDATED RESULTS

	For the year ended 31 December				
	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000
Revenue	48,302,505	51,462,502	34,366,500	30,341,404	11,371,663
Profit for the year attributable to owners of the Company	2,428,123	3,154,064	2,149,660	1,679,521	1,292,339

CONSOLIDATED ASSETS, LIABILITIES AND EQUITY

	For the year ended 31 December				
	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000
Non-current assets	28,889,651	22,718,069	22,975,326	19,847,681	9,491,656
Current assets	204,359,136	191,489,969	180,468,552	150,348,594	89,415,260
Total assets	233,248,787	214,208,038	203,443,878	170,196,275	98,906,916
Non-current liabilities	48,852,073	46,512,847	40,155,088	50,651,391	33,163,277
Current liabilities	133,737,711	126,406,961	127,670,432	88,783,831	42,654,317
Total liabilities	182,589,784	172,919,808	167,825,520	139,435,222	75,817,594
Total equity	50,659,003	41,288,230	35,618,358	30,761,053	23,089,322
Total equity attributable to shareholders of the Company	17,713,063	16,405,865	12,754,828	10,224,277	7,470,518

