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SHINSUN 祥生

Shinsun Holdings (Group) Co., Ltd.

祥生控股（集團）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 02599)

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

FINANCIAL HIGHLIGHTS

- Contracted sales attributable to the Group amounted to approximately RMB78,168 million, increased by approximately 25.1% as compared with the corresponding period in the previous year.
- Total revenue amounted to approximately RMB46,638.4 million, increased by approximately 31.3% as compared with the corresponding period in the previous year.
- Profit for the year amounted to approximately RMB3,053.4 million, decreased by approximately 4.8% as compared with the corresponding period in the previous year.
- Profit attributable to owners of the Company amounted to RMB2,646.0 million, increased by approximately 14.4% as compared with the corresponding period in the previous year, and core net profit attributable to owners of the Company amounted to approximately RMB2,689.8 million, increased by approximately 16.7% as compared with the corresponding period in the previous year.
- Total gross profit amounted to approximately RMB8,434.8 million, decreased by approximately 0.5% as compared with the corresponding period in the previous year.
- Net gearing ratio decreased from 3.6 as of 31 December 2019 to 1.4 as of 31 December 2020.
- Core net profit¹ amounted to approximately RMB3,097.2 million, decreased by approximately 3.2% as compared with the corresponding period in 2019. Core net profit margin¹ was approximately 6.6%, decreased by 2.4 percentage points as compared with 2019.
- Cash and bank balances² amounted to approximately RMB24,304.7 million, increased by approximately 249.1% as compared with the corresponding period in the previous year.
- The Board recommended to declare a final dividend of HK\$0.20 per share for the financial year ended 31 December 2020.

¹ Core net profit represents the net profit excluding changes of fair value of investment properties and financial assets at fair value through profit or loss, foreign exchange gains/losses and listing expenses, net of deferred taxes. Core net profit margin is based on core net profit for the year divided by revenue for the year and multiplied by 100%.

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

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Shinsun Holdings (Group) Co., Ltd. (the “**Company**” or “**Shinsun Holdings**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2020 (the “**Relevant Year**”), together with comparative figures for the year ended 31 December 2019, as follows:

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the year ended 31 December	
	NOTES	2020 RMB'000	2019 RMB'000
REVENUE	3	46,638,413	35,519,538
Cost of sales		<u>(38,203,574)</u>	<u>(27,039,427)</u>
GROSS PROFIT		8,434,839	8,480,111
Finance income		75,773	151,883
Other income and gains	3	108,621	95,375
Selling and distribution expenses		(1,240,318)	(1,073,899)
Administrative expenses		(1,132,252)	(1,125,445)
Other expenses		(101,221)	(199,371)
Fair value gains on investment properties		4,624	22,406
Finance costs	4	(1,113,405)	(777,570)
Share of profits and losses of:			
Joint ventures		2,026	(54,644)
Associates		<u>(19,770)</u>	<u>11,502</u>
PROFIT BEFORE TAX	5	5,018,917	5,530,348
Income tax expense	6	<u>(1,965,546)</u>	<u>(2,321,393)</u>
PROFIT FOR THE YEAR		<u>3,053,371</u>	<u>3,208,955</u>
Attributable to:			
Owners of the parent		2,646,006	2,312,283
Non-controlling interests		<u>407,365</u>	<u>896,672</u>
		<u>3,053,371</u>	<u>3,208,955</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted earnings per share	8	<u>RMB1.07</u>	<u>RMB0.96</u>

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the year ended 31 December	
	2020	2019
<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT FOR THE YEAR	<u>3,053,371</u>	<u>3,208,955</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will be reclassified to profit or loss in subsequent periods:		
Revaluation gains on transfer from property, plant and equipment to investment properties	161,395	—
Income tax effect	<u>(40,348)</u>	<u>—</u>
Net other comprehensive income that will be reclassified to profit or loss in subsequent periods	<u>121,047</u>	<u>—</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>121,047</u>	<u>—</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>3,174,418</u>	<u>3,208,955</u>
Attributable to:		
Owners of the parent	2,767,053	2,312,283
Non-controlling interests	<u>407,365</u>	<u>896,672</u>
	<u>3,174,418</u>	<u>3,208,955</u>

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December	
		2020	2019
	NOTES	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		127,132	539,236
Right-of-use assets		74,064	113,221
Investment properties		2,018,554	1,492,630
Intangible assets		10,832	11,672
Investments in joint ventures		1,164,904	712,680
Investments in associates		686,226	742,052
Deferred tax assets		2,100,518	1,960,579
Total non-current assets		6,182,230	5,572,070
CURRENT ASSETS			
Properties under development		105,840,944	92,688,528
Completed properties held for sale		4,272,697	5,393,412
Inventories		–	8,315
Trade and bills receivables	9	127,380	195,012
Contract assets		227,970	278,260
Due from related parties		2,700,144	5,560,849
Prepayments, deposits and other receivables		13,265,996	11,388,198
Tax recoverable		2,191,243	1,968,017
Financial assets at fair value through profit or loss		626,231	20,567
Cash and bank balances		24,304,747	6,962,481
		153,557,352	124,463,639
Assets of a subsidiary classified as held for sale		–	591,983
Total current assets		153,557,352	125,055,622

		As at 31 December	
		2020	2019
	<i>NOTES</i>	<i>RMB'000</i>	<i>RMB'000</i>
CURRENT LIABILITIES			
Trade and bills payables	10	6,977,322	5,102,436
Other payables and accruals		13,220,334	4,898,470
Contract liabilities		68,791,434	77,901,721
Due to related parties		5,809,050	5,956,321
Interest-bearing bank and other borrowings		20,754,820	10,288,997
Senior notes		1,437,058	1,016,301
Corporate bonds		3,164	—
Asset-backed securities		—	205,551
Tax payable		2,409,194	1,923,178
Lease liabilities		34,207	50,744
		<u>119,436,583</u>	<u>107,343,719</u>
Liabilities directly associated with the assets classified as held for sale		<u>—</u>	<u>41,638</u>
Total current liabilities		<u>119,436,583</u>	<u>107,385,357</u>
NET CURRENT ASSETS		<u>34,120,769</u>	<u>17,670,265</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>40,302,999</u>	<u>23,242,335</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		21,531,087	17,016,525
Senior notes		1,952,929	—
Corporate bonds		497,500	—
Lease liabilities		51,910	74,846
Deferred tax liabilities		232,537	175,848
Total non-current liabilities		<u>24,265,963</u>	<u>17,267,219</u>
NET ASSETS		<u>16,037,036</u>	<u>5,975,116</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		199,616	—
Reserves		8,231,939	4,617,425
		<u>8,431,555</u>	<u>4,617,425</u>
Non-controlling interests		<u>7,605,481</u>	<u>1,357,691</u>
TOTAL EQUITY		<u>16,037,036</u>	<u>5,975,116</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company incorporated in the Cayman Islands on 13 December 2019. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. During the year, the subsidiaries now comprising the Group were involved in property development, property leasing, hotel operation and the provision of property management services.

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

2.1 BASIS OF PRESENTATION

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

Basis of consolidation

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

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

Amendment to IFRS 16

Covid-19-Related Rent Concessions (early adopted)

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

- (a) *Conceptual Framework for Financial Reporting 2018* (the “**Conceptual Framework**”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
- (b) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the Covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the period ended 31 December 2020, certain monthly lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the Covid-19 pandemic during the year ended 31 December 2020. The reduction in the lease payments arising from the rent concessions accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the period ended 31 December 2020 was insignificant.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>	46,599,222	35,506,919
<i>Revenue from other sources</i>		
Property lease income	39,191	12,619
	<u>46,638,413</u>	<u>35,519,538</u>

Revenue from contracts with customers

a) *Disaggregated revenue information*

Types of goods or services:

Sale of properties	46,487,347	35,372,157
Property management services	12,084	3,781
Hotel operation	16,408	107,088
Management consulting services	83,383	23,893

Total revenue from contracts with customers	<u>46,599,222</u>	<u>35,506,919</u>
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Timing of revenue recognition:

Properties transferred at a point in time	46,487,347	35,372,157
Services transferred over time	111,875	134,762

Total revenue from contracts with customers	<u>46,599,222</u>	<u>35,506,919</u>
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The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

Revenue recognised that was included in contract liabilities
at the beginning of the reporting period:

Sale of properties	<u>41,692,890</u>	<u>34,305,603</u>
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b) Performance obligations

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

Sale of properties

The performance obligation is satisfied upon delivery of the properties and the Group has already received the payment or has the right to receive the payment properly.

Property management services

For property management services, the Group recognises revenue when the services are provided on a monthly basis and the Group has a right to invoice which corresponds directly with the value of performance completed. The Group has elected the practical expedient not to disclose the remaining performance obligations for these types of contracts. The majority of the property management service contracts do not have a fixed term. The term of the contracts for pre-delivery and property management services is generally set to expire when the counterparties notify the Group that the services are no longer required.

Management consulting services

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

Hotel operation

For hotel services, the Group recognises revenue over time as services are rendered and short-term advances are normally required before rendering the services. The performance obligation of hotel accommodation is recognised upon the provision of the accommodation services and other ancillary services. The performance obligation of food and beverage operations of hotels is satisfied when the control of the food and beverage products is transferred, being at the point when the customer purchases the food and beverage items at the food and beverage operations. Payment of the transaction is due immediately at the point when the customer purchases the food and beverage.

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

	2020 RMB'000	2019 <i>RMB'000</i>
Amounts expected to be recognised as revenue:		
Within one year	37,526,237	47,454,009
After one year	43,882,495	34,037,979
	81,408,732	81,491,988

An analysis of other income and gains is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Other income and gains		
Subsidy income	32,384	70,756
Investment income from financial assets at fair value through profit or loss	31,285	1,938
Gain on disposal of joint ventures	14,403	–
Deposit forfeiture	4,405	2,593
Gain on disposal of items of property, plant and equipment	553	1,438
Gain on disposal of subsidiaries	–	4,032
Others	25,591	14,618
	<u>108,621</u>	<u>95,375</u>

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest on loans and borrowings	4,304,057	3,223,183
Interest on senior notes	278,737	62,359
Interest on corporate bonds	3,164	–
Interest on asset-backed securities	15,464	255,634
Interest on lease liabilities	7,771	7,340
Interest expense arising from revenue contracts	<u>1,541,798</u>	<u>928,918</u>
Total interest expense on financial liabilities not at fair value through profit or loss	6,150,991	4,477,434
Less: Interest capitalised	<u>(5,037,586)</u>	<u>(3,699,864)</u>
	<u>1,113,405</u>	<u>777,570</u>

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	2020 RMB'000	2019 <i>RMB'000</i>
Cost of inventories sold	38,171,068	26,975,106
Cost of services provided	32,506	64,321
Impairment losses recognised for properties under development	14,277	–
Impairment of financial assets	5,174	13,574
Depreciation of property, plant and equipment	56,206	57,622
Depreciation of right-of-use assets	40,224	44,767
Amortisation of intangible assets	2,353	3,649
Lease payments not included in the measurement of lease liabilities	14,221	16,288
Listing expense	51,889	–
Auditor's remuneration	6,833	3,200
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	826,193	777,907
Pension scheme contributions	73,628	125,086

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong were not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2020 (2019: Nil).

Subsidiaries of the Group operating in Mainland China were subject to PRC corporate income tax with a tax rate of 25% (2019: 25%) for the year.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures, including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current tax:		
Corporate income tax	1,456,612	1,596,364
LAT	581,575	995,483
Deferred tax	<u>(72,641)</u>	<u>(270,454)</u>
Total tax charge for the year	<u><u>1,965,546</u></u>	<u><u>2,321,393</u></u>

7. DIVIDENDS

Subsequent to the end of the reporting period, the Board recommended a payment of final dividend for the year 2020 of HK\$0.20 per share (to be distributed out of the Company's share premium account), amounting to a total of approximately HK\$608,680,600, which is subject to approval by the shareholders at the forthcoming annual general meeting. The final dividend is proposed after the end of the reporting period and therefore has not been recognised as a liability at the end of the reporting period.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,472,468,271 (2019: 2,399,999,100) in issue during the year.

The weighted average number of ordinary shares used to calculate the basic earnings per share amounts for the years ended 31 December 2020 and 2019 was based on 1 share of the Company as at 13 December 2019, which was subdivided into 100 shares of US\$0.01 each on 11 May 2020, and 2,399,999,000 ordinary shares of the Company were issued under the capitalization issue occurred on 18 November 2020, as if these additional shares issued under the capitalisation issue had been in issue throughout the years ended 31 December 2020 and 2019. On 20 May 2020, the Company issued 900 shares and 600,000,000 new ordinary shares issued upon completion of the Global Offering on 18 November 2020. On 16 December 2020, the over-allotment option has been partially exercised and the Company allotted and issued 43,403,000 additional shares.

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

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent	<u><u>2,646,006</u></u>	<u><u>2,312,283</u></u>
	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year	<u><u>2,472,468,271</u></u>	<u><u>2,399,999,100</u></u>
Earnings per share		
Basic and diluted	<u><u>RMB1.07</u></u>	<u><u>RMB0.96</u></u>

9. TRADE AND BILLS RECEIVABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade and bills receivables	128,855	196,410
Impairment	<u>(1,475)</u>	<u>(1,398)</u>
	<u>127,380</u>	<u>195,012</u>

The Group's trade and bills receivables primarily consist of receivables from its property management services, management consulting services provided to its customers, property leasing and sale of properties.

An ageing analysis of the trade and bills receivables as at the end of each reporting period, based on the invoice date and net of loss allowance, is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 1 year	98,185	177,618
1 to 3 years	29,195	17,394
Over 3 years	<u>—</u>	<u>—</u>
	<u>127,380</u>	<u>195,012</u>

10. TRADE AND BILLS PAYABLES

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Less than 1 year	6,764,319	4,741,903
Over 1 year	<u>213,003</u>	<u>360,533</u>
	<u>6,977,322</u>	<u>5,102,436</u>

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

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

MARKET REVIEW

Looking back to the beginning of 2020, China's economic development faced severe challenges due to the sudden outbreak of the COVID-19 pandemic, the lockdown of social operations in many places, and Sino-US trade frictions. However, even in the face of the global pandemic and the complex internal and external development environment, China's economy has demonstrated strong recoverability, and the favorable long-term fundamentals of China's economy remain unchanged, with the economy growing steadily.

During the Relevant Year, even with the impact of uncertainties, the positioning of the PRC real estate market of "housing is for living in, not for speculation" has not changed. In 2020, the real estate regulation and control policies were more refined and structured, constantly implementing the primary responsibility of cities and the models of "one city, one policy", "one enterprise, one policy" and "one project, one policy", to ensure that the property market achieves its goal of stabilizing land prices, housing prices and market expectations.

Affected by the COVID-19 pandemic, the PRC real estate market in 2020 showed different market situations in the first and second half of the year, with commercial residential sales suffering to a certain extent in the first half of the year, while the market continued to recover in the second half of the year as the COVID-19 pandemic was gradually brought under effective control. According to the data released by the National Bureau of Statistics of China, the transaction amount of commodity properties in 2020 was RMB17.36 trillion and the transaction area was 1.761 billion sq.m., with a y-o-y increase of 8.7% and 2.6%, respectively, reaching a historical high. Under the main keynote of "stability", the overall real estate market of cities at all levels was stable and improving.

BUSINESS REVIEW

In the face of the challenges of the times and external uncertainties, the Group adhered to its corporate positioning as a "Happy Life Operator (幸福生活運營商)". With the vision of becoming a healthy and sustainable quality benchmark enterprise and the management policy of "market-oriented, quality-made, talent-first and win-win cooperation (市場導向、匠心質造、人才為先、合作共贏)", we actively face the new pattern of market and industry.

With a good grasp of industry trends and policy evolution logic, the Group achieved capital structure optimization, steady growth of results, thorough implementation of the "1+1+X" strategy, optimization of land reserve structure, iteration and upgrade of products and services, organizational structure renewal and change, and a new level of social welfare undertakings during the year.

It is worth mentioning that the tapping into of the capital market is a milestone for Shinsun Holdings to achieve its capital breakthrough in 2020. The Company's shares were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited on 18 November 2020, with net proceeds of approximately HK\$3.51 billion. The further broadening of financing channels has significantly enhanced the Group's competitiveness in the industry.

In terms of performance, the Group achieved revenue of RMB46.64 billion in 2020, representing an increase of RMB11.12 billion from RMB35.52 billion in the same period of 2019, net profit of RMB3.05 billion with year-on-year decrease of 4.8% and core net profit of RMB3.10 billion, with year-on-year decrease of 3.2%.

With the continuous promotion of new urbanisation, the development of urban clusters will continue to be a major trend, and the strategy of focusing on and deeply rooted into metropolitan circle of core urban clusters will help enhance the competitiveness as well as the ability of resisting risk of the Company. The Group has always adhered to the development strategy of focusing on regionalization and deep cultivation. Since 2016, the Group has implemented the "1+1+X" expansion strategy, under which it insists on operating its business based on Zhejiang Province by deeply rooted into the Yangtze River Delta to selectively build a layout in cities with high growth potential.

In terms of replenishment of land value, the Group insisted on efficiency first and the strategy of deep cultivation and selective expansion. The Group obtained 46 new land bank in 2020, with a total land area of 2,740,232 sq.m. and total attributable GFA of 6,962,402 sq.m.. We entered cities such as Hefei, Nanchang and Nantong in 2020, further deepening the nationalised layout of the Group. As at 31 December 2020, the Group's attributable total land bank was 23.3 million sq.m., including 9.0 million square meters in the Pan-Yangtze River Delta region and 11.2 million square meters in Zhejiang Province.

Products and services are fundamental to the development of enterprises. Only by providing consumers with high quality products and services will enterprises be able to take advantage of the fierce competition in the industry. In 2019, the Group took the initiative to launch a new iteration of its product lines. Based on the original seven residential product lines and through experience integration, research and development innovation, demand matching and deep exploration of corporate genes and connotations, the Group iterated and upgraded four product lines, including Top series (Top系), Cloud series (雲境系), Mansion series (府系) and Arbor series (樾系), and achieved the coverage of "all-cycle, all-territory, all-age", which ensured that our products were adaptable to different regions and different needs of our customers. In December 2020, the Group won a number of awards for its commitment to product quality, including the "Top 23 Super Product Power of Real Estate Enterprises in China in 2020" by EH Consulting, a professional real estate research institute, and the "Cloud series" of Shinsun Holdings won the "Top 10 Residential Product Line Brand Value Power of Real Estate Enterprises in China in 2020", the "Mansion" series of Shinsun Holdings won the "Top 10 Residential Product Line Architectural Craftsmanship Power of Real Estate Enterprises in China in 2020", and eastern region of Zhejiang of Shinsun Holdings won the "Top 10 Regional Product Penetration Strength in China in 2020".

At the same time, the Group further focuses on contemporary customer needs and market changes, and iteratively upgrades its service system. Through inheritance and innovation and by advocating return to the original vision of happiness to upgrade the "Happiness+" service system and by building "Happiness π" (services) and "Happiness i" (products) as the two major dimensions for implementation, the Group is committed to bringing more happy life experience to our property owners and providing more families with more comprehensive and thoughtful happiness services.

OUTLOOK FOR 2021

As the opening year of the 14th Five-Year Plan, 2021 is a new phase and a new beginning. At present, the external environment is still the greatest uncertainty for China's economic development, with the risk of recurrence of pandemic, the long-term trend of the competition between China and the United States remains unchanged, and the global political and economic landscape remains complex and volatile. However, the Group always has firm confidence in the stable and positive development prospect of China's economy and its real estate sector.

Looking ahead to 2021, the capital will remain reasonably abundant at macro level, the economy will maintain a promising trend, and the overall real estate control will remain continuous and stable, insisting on "houses are built to be inhabited, not for speculation" with the implementation of localised policy to ensure the stable development of the market.

In this context, the Group will continue to grasp the macro trend. Staying true to its original vision and adhering to the craftsmanship spirit, it will deeply implement the "1+1+X" investment strategy to consolidate the advantages in the deeply-rooted regions and further explore the opportunities in regions with growth potential. With the brand philosophy of "Pursuing Happy Life", the Group will continue to contribute high-quality real estate projects in the industry and create happy life scenes for thousands of families.

In the wave of China's urbanization, residents' consumption is constantly upgrading and people's pursuit of a better life is increasing. It will always be the Group's mission to demonstrate the urban value, promote the upgrading of residence construction and create a happy and beautiful life scene through its own development in this era.

MANAGEMENT DISCUSSION AND ANALYSIS

SUMMARY OF OPERATING RESULTS

	Year ended 31 December 2020	2019	Change in percentage
Contracted sales <i>(Note 1)</i>			
Contracted sales attributable to the Group's interests (RMB'000) <i>(Note 1)</i>	78,168,082	62,496,930	25.1%
Contracted gross floor area ("GFA") sold attributable to the Group (sq.m.)	5,672,190	5,531,982	2.5%
Contracted average selling price ("ASP") attributable to the Group's interests (RMB/sq.m.)	13,781	11,297	22.0%
Selected financial information			
Revenue (RMB'000)	46,638,413	35,519,538	31.3%
Gross profit (RMB'000)	8,434,839	8,480,111	-0.5%
Profit for the year (RMB'000)	3,053,371	3,208,955	-4.8%
Core net profit <i>(Note 2)</i> (RMB'000)	3,097,156	3,200,890	-3.2%
Profit attributable to owners of the Company (RMB'000)	2,646,006	2,312,283	14.4%
Gross profit margin (%) <i>(Note 3)</i>	18.1%	23.9%	
Core net profit margin (%) <i>(Note 4)</i>	6.6%	9.0%	
Earnings per share (basic and diluted) (RMB cents)	107	96	
Core earnings per share (basic and diluted) (RMB cents)	109	96	
	As at 31 December 2020	2019	Change in percentage
Total assets (RMB'000)	159,739,582	130,627,692	22.3%
Cash and bank balances (RMB'000) <i>(Note 5)</i>	24,304,747	6,962,481	249.1%
Total indebtedness (RMB'000) <i>(Note 6)</i>	46,176,558	28,527,374	61.9%
Total equity (RMB'000)	16,037,036	5,975,116	168.4%
Equity attributable to owners of the Company (RMB'000)	8,431,555	4,617,425	82.6%
Net gearing ratio <i>(Note 7)</i>	136.4%	360.9%	
Weighted average costs of indebtedness (%) <i>(Note 8)</i>	9.1%	9.3%	

Notes:

- (1) Contracted sales include contracted sales attributable to the Group. Contracted sales data is unaudited and is based on internal information of the Group. Contracted sales data may be subject to various uncertainties during the process of collating such sales information and is provided for investors' reference only.
- (2) Core net profit represents the net profit excluding changes of fair value of investment properties and financial assets at fair value through profit or loss, foreign exchange gains/losses and listing expenses, net of deferred taxes.
- (3) The calculation of gross profit margin is based on gross profit for the year divided by revenue for the year and multiplied by 100%.

- (4) The calculation of core net profit margin is based on core net profit for the year divided by revenue for the year and multiplied by 100%.
- (5) Cash and bank balances comprise restricted cash, pledged deposits, time deposits and cash and cash equivalents
- (6) Total indebtedness represents total interest-bearing bank and other borrowings, senior notes, corporate bonds and asset-backed securities.
- (7) The calculation of net gearing ratio is based on total indebtedness less cash and bank balances divided by total equity at the end of the year and multiplied by 100%.
- (8) Weighted average cost of indebtedness is the weighted average of interest costs of all indebtedness outstanding as at the end of each financial year.

PROPERTY DEVELOPMENT AND SALES

Contracted Sales

During the Relevant Year, the Group achieved contracted sales attributable to the Group of RMB78,168 million, increased by 25.1% from RMB62,497 million in 2019 mainly due to the rapid growth in sales and increase in the number of projects in the Pan-Yangtze River Delta Region (a geographical region in China including Shanghai Municipality, Jiangsu Province, Shandong Province, Anhui Province and Jiangxi Province, but excluding Zhejiang Province).

During the Relevant Year, the contracted sales in GFA attributable to the Group amounted to 5,672,190 sq.m., representing an increase of 2.5% from 5,531,982 sq.m. in 2019. The Group's contracted ASP in 2020 was RMB13,781/sq.m., representing an increase of 22.0% from RMB11,297/sq.m. in 2019.

Contracted sales attributable to the Group from the Zhejiang Province, Pan-Yangtze River Delta Region and Other Regions, which represents regions in China other than Zhejiang Province and the Pan-Yangtze River Delta Region, including Hubei Province, Hunan Province, Inner Mongolia Autonomous Region, Fujian Province and Liaoning Province, accounted for approximately 68.7%, 22.8% and 8.5% of total attributable contracted sales of the Group in 2020, respectively.

The following table sets forth the details of contracted sales attributable to the Group for the Relevant Year:

	Contracted sales attributable to the Group's interests <i>(RMB'000)</i>	Percentage of total contracted sales <i>(%)</i>	GFA attributable to the Group's interests <i>(sq.m.)</i>	Contracted ASP <i>(RMB/sq.m.)</i>
Hangzhou	14,542,796	18.6%	564,261	25,773
Shaoxing	15,303,405	19.6%	983,250	15,564
Ningbo	5,459,916	7.0%	198,519	27,503
Wenzhou	4,419,332	5.7%	198,916	22,217
Hohhot	4,394,693	5.6%	446,341	9,846
Nantong	3,544,105	4.5%	114,783	30,877
Jiaxing	3,328,014	4.3%	191,134	17,412
Taizhou	3,188,852	4.1%	214,315	14,879
Huzhou	2,934,021	3.8%	246,962	11,880
Ji'nan	2,488,884	3.2%	334,558	7,439
Wuhu	2,040,688	2.6%	223,218	9,142
Hefei	2,029,752	2.6%	102,981	19,710
Lishui	2,002,383	2.6%	145,600	13,753
Ji'ning	1,415,501	1.8%	209,644	6,752
Xuancheng	1,196,313	1.5%	161,627	7,402
Others	9,879,428	12.6%	1,336,081	7,394
Total	78,168,082	100%	5,672,190	13,781

Land Bank

During the Relevant Year, the Group acquired a total of 46 land parcels with a total GFA of 2,740,232 sq.m. and a total attributable GFA of 6,962,402 sq.m.. The average cost of land parcels acquired was approximately RMB4,837 per sq.m. (calculated based on the GFA).

The following table sets forth details of the Group's newly acquired land parcels during the Relevant Year:

Developed by the Group's subsidiaries

No.	City	Name of the land/project	Land use	Occupied area (sq.m.)	Total attributable GFA (sq.m.)	Attributable land cost (RMB million)	Average land cost (in terms of GFA) (RMB/sq.m.)
Zhejiang							
1	Hangzhou	Hangzhou Shinsun Guangheyang Apartment(杭州祥生光合映公寓)	Residential and commercial	57,139	163,478	1,438	8,796
2	Hangzhou	Hangzhou Shinsun Xingheyang Apartment(杭州祥生星合映公寓)	Residential and commercial	66,440	276,502	1,869	6,759
3	Hangzhou	Fuyang Shinsun Chenguangyue Apartment(富陽祥生宸光悅公寓)	Residential and commercial	30,163	102,594	790	7,700
4	Hangzhou	Hangzhou Shinsun Jiangshanyun Yuenan Mansion (杭州祥生江山雲樾南府)	Residential and commercial	79,617	292,406	2,096	7,168
5	Hangzhou	Hangzhou Shinsun Jiangshanyun Yuebei Mansion (杭州祥生江山雲樾北府)	Residential and commercial	57,309	204,509	2,402	11,745
6	Hangzhou	Hangzhou Xiasha College Town North Plot 16(杭州下沙大學城北16號地塊)	Residential and commercial	40,031	139,317	1,709	12,267
7	Hangzhou	Hangzhou Pingyao Harmony Garden (杭州瓶窑德合園)	Commercial	19,052	21,106	48	2,274
8	Ningbo	Ningbo Shinsun Yuehaitang (寧波祥生悅海棠)	Residential	70,321	215,252	2,461	11,433
9	Ningbo	Ningbo Shinsun Bright Jinlin Mansion(寧波祥生光明金麟府)	Residential and commercial	65,854	179,292	1,592	8,879
10	Shaoxing	Shaoxing Shinsun Yunjing (紹興祥生雲境)	Residential	62,700	159,208	2,080	13,065
11	Shaoxing	Zhuji Shinsun Tang Arbor (諸暨祥生棠樾花園)	Residential	29,664	73,649	375	5,092
12	Shaoxing	Zhuji Shinsun Qunxian Mansion (諸暨祥生群賢府)	Residential and commercial	72,388	142,285	652	4,582
13	Shaoxing	Zhuji Shinsun Happy World West (諸暨祥生歡樂世界西)	Residential and commercial	36,486	84,476	361	4,273
14	Wenzhou	Wenzhou Shinsun Hongyang Garden (溫州祥生弘陽望園)	Residential and commercial	21,191	52,264	648	12,399
15	Wenzhou	Wenzhou Shinsun Park Avenue (溫州祥生公園道)	Residential and commercial	28,763	124,800	1,347	10,793
16	Taizhou	Linhai Shinsun Cloud Garden (臨海祥生雲境花園)	Residential	38,907	127,125	591	4,649
17	Zhoushan	Zhoushan Shinsun Ocean Arbor Mendi Court(舟山祥生海樾門第苑)	Residential and commercial	19,759	58,502	288	4,923

No.	City	Name of the land/project	Land use	Occupied area (sq.m.)	Total attributable GFA (sq.m.)	Attributable land cost (RMB million)	Average land cost (in terms of GFA) (RMB/sq.m.)
Jiangsu							
18	Nantong	Nantong Shinsun Yunjing (南通祥生雲境)	Residential	47,814	177,695	2,063	11,610
19	Suqian	Suqian Shinsun Oriental Arbor (宿遷祥生東方樾)	Residential and commercial	57,244	169,602	392	2,311
20	Suqian	Suqian Shinsun Mansion Garden (宿遷祥生府花苑)	Residential and commercial	90,007	304,432	781	2,565
Shandong							
21	Ji'nan	Jinan Shinsun Rose Heyuanxin Garden(濟南祥生玫瑰和園馨園)	Residential	161,114	269,338	339	1,259
22	Ji'nan	Jiyang Shinsun Oriental Arbor (濟陽祥生東方樾)	Residential and commercial	130,879	525,831	255	485
Anhui							
23	Hefei	Hefei Shinsun Yujing(合肥祥生雲境)	Residential	71,217	195,975	1,450	7,399
24	Hefei	Shinsun Luzhou Cloud (祥生廬州雲境)	Residential	97,953	169,670	1,106	6,519
25	Wuhu	Nanling Shinsun Haitang Bay (南陵祥生海棠灣)	Residential	59,908	96,151	152	1,581
26	Xuancheng	Guangde Jishan Hot Spring Town (廣德笄山溫泉小鎮)	Commercial	37,275	26,219	52	1,983
27	Chuzhou	Dingyuan Future Arbor (定遠未來樾)	Residential and commercial	69,652	322,653	140	434
28	Chuzhou	Tianchang Shinsun Changjian Jinlin Mansion(天長祥生昌建金麟府)	Residential and commercial	60,604	161,039	200	1,242
29	Suzhou	Suzhou Shinsun Yunhu Yue Garden(宿州祥生雲湖悅花園)	Residential and commercial	96,872	281,372	456	1,621
Jiangxi							
30	Nanchang	Nanchang Shinsun Mansion (南昌祥生府)	Residential and commercial	47,302	130,354	949	7,280
31	Fuzhou	Fuzhou Shinsun Foling Town Hefeng Home(撫州祥生佛嶺小鎮和風里)	Residential and commercial	60,935	170,093	111	653
Hubei							
32	Xiantao	Xiantao Shinsun West River Arbor (仙桃祥生西江樾)	Residential and commercial	64,417	184,271	129	700

No.	City	Name of the land/project	Land use	Occupied area (sq.m.)	Total attributable GFA (sq.m.)	Attributable land cost (RMB million)	Average land cost (in terms of GFA) (RMB/sq.m.)
Inner Mongolia							
33	Huhhot	Hohhot Shinsun Jiangshan Arbor (呼和浩特祥生江山樾)	Residential and commercial	112,083	315,171	678	2,151
34	Huhhot	Hohhot Shinsun Oriental Arbor Phase II (呼和浩特祥生東方樾二期)	Residential	44,980	126,595	241	1,904
35	Huhhot	Hohhot Shinsun Yunhu Arbor (呼和浩特祥生雲湖樾)	Residential and commercial	62,832	189,453	389	2,053
36	Huhhot	Hohhot Shinsun Lanting Arbor (呼和浩特祥生瀾庭樾)	Residential and commercial	61,664	176,895	360	2,035
37	Huhhot	Hohhot Shinsun Water Park (呼和浩特祥生水樂園)	Commercial	82,208	67,090	162	2,415
Subtotal				<u>2,312,744</u>	<u>6,476,664</u>	<u>31,152</u>	<u>4,810</u>

Developed by the Group's joint ventures and associates

No.	City	Name of the land/project	Land use	Occupied area (sq.m.)	Total attributable GFA (sq.m.)	Attributable land cost (RMB million)	Average land cost (in terms of GFA) (RMB/sq.m.)
Zhejiang							
38	Hangzhou	Hangzhou Shinsun Center (杭州祥生中心)	Commercial	44,442	136,650	739	5,408
39	Shaoxing	Zhuji Shinsun Yunxi Jiuli (諸暨祥生雲溪九里)	Commercial	129,248	77,549	79	1,019
40	Shaoxing	Zhuji Shinsun Spring Breeze Project(諸暨祥生春風十里項目)	Commercial	33,327	27,816	34	1,222
41	Shaoxing	Zhuji Shinsun Happy World East (諸暨祥生歡樂世界東)	Residential and commercial	71,708	60,586	279	4,605
42	Wenzhou	Wenzhou Longwan E-22a (溫州龍灣E-22a)	Residential and commercial	18,145	32,016	336	10,495
43	Jiaxing	Jiaxing Shinsun Jinyu Garden (嘉興祥生錦魚別院)	Residential and commercial	33,430	48,427	273	5,637
44	Jiaxing	Jiaxing Xiuzhou Plot 043 (嘉興秀洲043地塊)	Residential and commercial	21,276	31,549	203	6,434
45	Quzhou	No.2, Tutianpu, Kecheng District, Quzhou(衢州柯城區土田鋪2號)	Residential and commercial	40,498	44,148	282	6,388
46	Jinhua	Yiwu Cuiyu Mansion Project (義烏翠語華庭項目)	Residential and commercial	35,414	26,997	298	11,038
Subtotal				427,488	485,738	2,523	5,194
Total				2,740,232	6,962,402	33,675	4,837

As at 31 December 2020, the total land bank attributable to the Group, taken into account the total land bank of projects developed by subsidiaries, joint ventures and associates, was 23.3 million sq.m., among which, 3.0 million sq.m. was completed properties available for sale/leasable, 16.2 million sq.m. was under development and 4.1 million sq.m. was for future development.

The following table sets out a breakdown of the total land bank developed by the subsidiaries, joint ventures and associates of the Group attributable to the Group by geographical location as at 31 December 2020:

Developed by the Group's subsidiaries

City	Number of Projects	Completed GFA available for sale/ available for lease (sq.m.)	Planned GFA under development (sq.m.)	Estimated GFA for future development (sq.m.)	Total land bank attributable to the Group (sq.m.)	Percentage of total land bank attributable to the Group (%)
Zhejiang						
Hangzhou	14	7,630	1,953,261	139,318	2,100,209	9.0
Ningbo	4	15,205	394,544	–	409,749	1.8
Shaoxing	39	575,711	2,255,911	84,476	2,916,098	12.5
Wenzhou	4	–	631,437	–	631,437	2.7
Taizhou	9	459,514	1,205,205	–	1,664,719	7.1
Jiaxing	5	139,487	–	–	139,487	0.6
Huzhou	6	76,529	647,874	–	724,403	3.1
Zhoushan	4	157,531	167,731	–	325,262	1.4
Quzhou	6	71,790	187,552	–	259,342	1.1
Lishui	4	–	357,345	440,079	797,424	3.4

City	Number of Projects	Completed GFA available for sale/ available for lease (sq.m.)	Planned GFA under development (sq.m.)	Estimated GFA for future development (sq.m.)	Total land bank attributable to the Group (sq.m.)	Percentage of total land bank attributable to the Group (%)
Pan-Yangtze River Delta						
Shanghai	3	31,866	58,822	223,249	313,937	1.3
Suzhou	2	15,971	–	–	15,971	0.1
Yangzhou	1	–	205,321	–	205,321	0.9
Nantong	3	21,890	177,695	–	199,585	0.9
Lianyungang	2	98,289	–	–	98,289	0.4
Yancheng	1	–	222,159	–	222,159	1.0
Suqian	3	24,199	474,034	–	498,233	2.1
Taizhou	6	403,372	19,354	–	422,726	1.8
Ji'nan	5	82,211	584,240	645,033	1,311,484	5.6
Ji'ning	3	119,233	219,304	504,095	842,632	3.6
Liaocheng	1	–	132,676	–	132,676	0.6
Hefei	2	–	295,306	70,338	365,644	1.6
Wuhu	5	16,695	482,717	29,528	528,940	2.3
Xuancheng	10	160,624	720,317	200,226	1,081,167	4.6
Chuzhou	11	138,986	447,639	161,543	748,168	3.2
Ma'anshan	2	–	248,937	–	248,937	1.1
Suzhou	2	–	542,108	–	542,108	2.3
Nanchang	1	–	130,354	–	130,354	0.6
Jiujiang	1	–	208,887	–	208,887	0.9
Fuzhou	4	45,413	300,008	170,093	515,514	2.2

City	Number of Projects	Completed GFA available for sale/ available for lease (sq.m.)	Planned GFA under development (sq.m.)	Estimated GFA for future development (sq.m.)	Total land bank attributable to the Group (sq.m.)	Percentage of total land bank attributable to the Group (%)
Other Regions						
Wuhan	4	14,272	–	67,293	81,565	0.3
Xiantao	5	85,672	199,405	155,034	440,111	1.9
Jingmen	1	7,277	136,612	182,201	326,090	1.4
Jingzhou	3	22,194	–	–	22,194	0.1
Hengyang	1	–	231,560	–	231,560	1.0
Yueyang	1	5,918	245,371	–	251,289	1.1
Changde	1	20,373	121,276	125,805	267,454	1.1
Hohhot	6	–	840,059	243,985	1,084,044	4.6
Nanping	1	51,131	19,624	300,000	370,755	1.6
Anshan	3	48,058	–	–	48,058	0.2
Subtotal	189	2,917,041	15,064,645	3,742,296	21,723,982	93.1

Developed by the Group's joint ventures and associates

City	Number of Projects	Completed GFA available for sale/ available for lease (sq.m.)	Planned GFA under development (sq.m.)	Estimated GFA for future development (sq.m.)	Total land bank attributable to the Group (sq.m.)	Percentage of total land bank attributable to the Group %
Zhejiang						
Hangzhou	3	–	303,530	–	303,530	1.3
Ningbo	1	17,953	–	–	17,953	0.1
Shaoxing	7	4,316	176,043	165,950	346,309	1.5
Wenzhou	1	–	–	32,016	32,016	0.1
Jiaxing	4	–	254,396	31,549	285,945	1.3
Huzhou	2	2,833	104,910	–	107,743	0.5
Quzhou	1	–	–	44,148	44,148	0.2
Jinhua	2	–	87,523	26,997	114,520	0.5
Pan-Yangtze River Delta						
Nanjing	1	–	72,943	–	72,943	0.3
Zhenjiang	1	–	42,525	–	42,525	0.2
Taizhou	2	8,790	–	–	8,790	0.0
Chuzhou	2	41,198	16,463	–	57,661	0.2
Anqing	1	–	28,866	39,382	68,248	0.3
Shangrao	1	29,658	71,729	–	101,387	0.4
Subtotal	29	104,748	1,158,928	340,042	1,603,718	6.9
Total	218	3,021,789	16,223,573	4,082,338	23,327,700	100.0

	Number of Projects	Completed GFA available for sale/ available for lease (sq.m.)	Planned GFA under development (sq.m.)	Estimated GFA for future development (sq.m.)	Total land bank attributable to the Group (sq.m.)	% of total land bank attributable to the Group (%)
By regions						
Zhejiang	116	1,528,499	8,727,262	964,533	11,220,294	48.2
Pan-Yangtze River Delta	76	1,238,395	5,702,404	2,043,487	8,984,286	38.5
Other regions	26	254,895	1,793,907	1,074,318	3,123,120	13.3
Total	218	3,021,789	16,223,573	4,082,338	23,327,700	100.0

Completed properties held for sale

Completed properties held for sale represents completed GFA remaining unrecognised at the end of each reporting period and are stated at the lower of cost and net realisable value. Cost of the completed properties held for sale refers to the related costs incurred attributable to the unsold properties.

As at 31 December 2020, the Group had 88 completed property projects with completed properties held for sale amounted to RMB4,272.7 million, representing a decrease from RMB5,393.4 million as at 31 December 2019. The Group's total completed GFA amounted to 16.6 million sq.m., representing an increase from 15.9 million sq.m as at 31 December 2019.

Projects under development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost, which comprises land costs, construction costs, capitalised interests and other costs directly attributable to such properties incurred during the development period, and net realisable value. Upon completion, the properties are transferred to completed properties held for sale.

As at 31 December 2020, the Group had 97 property projects under development with properties under development amounted to RMB105,840.9 million, representing an increase from RMB92,688.5 million as at 31 December 2019. The Group's total GFA under development amounted to 16.3 million sq.m., representing a decrease from 18.0 million sq.m as at 31 December 2019.

FINANCIAL REVIEW

Revenue

During the Relevant Year, the Group derived its revenue from five business lines, namely (i) property development and sales; (ii) management consulting services; (iii) property leasing; (iv) hotel services; and (v) property management services. The revenue of the Group was primarily derived from the sales of properties in the PRC. The following table sets forth the details of the Group's revenue recognised by business line for the years indicated:

	For the year ended 31 December		Change in percentage
	2020 (RMB'000)	2019 (RMB'000)	
Revenue			
Property development and sales	46,487,347	35,372,157	31.4%
Management consulting services	83,383	23,893	249.0%
Property leasing	39,191	12,619	210.6%
Hotel services	16,408	107,088	(84.7%)
Property management services	12,084	3,781	219.6%
Total	46,638,413	35,519,538	31.3%

Revenue from property development and sales

The following sets forth the details of revenue and GFA recognised for the years indicated:

	For the year ended 31 December					
	2020			2019		
	Revenue	Recognised	Recognised	Revenue	Recognised	Recognised
	(RMB'000)	GFA (sq.m.)	ASP (RMB/sq.m.)	(RMB'000)	GFA (sq.m.)	ASP (RMB/sq.m.)
Zhejiang	28,517,643	1,789,071	15,940	22,110,680	1,626,748	13,592
Pan Yangtze River Delta	16,990,106	2,207,621	7,696	12,709,570	1,766,502	7,195
Other regions	979,598	190,430	5,144	551,907	95,130	5,802
Total	46,487,347	4,187,123	11,102	35,372,157	3,488,380	10,140

The Group's revenue from property development and sales in 2020 amounted to approximately RMB46,487.3 million, representing a year-on-year increase of 31.4%, primarily due to an increase of 20.0% in the recognised GFA as compared to 2019, as well as an increase in the recognized ASP in Zhejiang Province from RMB13,600 per sq.m. to RMB15,900 per sq.m..

Revenue from management consulting services

The Group's revenue from management consulting services in 2020 amounted to approximately RMB83.4 million, representing a year-on-year increase of 249.0%, primarily due to the increase in the content and number of projects for which we provided management consulting services.

Revenue from property leasing

The Group's revenue from property leasing in 2020 amounted to approximately RMB39.2 million, representing a year-on-year increase of 210.6%, primarily due to the increase in investment property leasing business projects.

Revenue from hotel services

The Group's revenue from hotel services in 2020 amounted to approximately RMB16.4 million, representing a year-on-year decrease of 84.7%, primarily due to the gain from the disposal of the hotel business as part of the reorganisation.

Revenue from property management services

The Group's revenue from property management services in 2020 amounted to approximately RMB12.1 million, representing a year-on-year increase of 219.6%, primarily due to the increase in business management income from commercial plazas, partially offset by the decrease in revenue from property management services provided to residential property projects.

Cost of sales

The Group incurred the vast majority of its cost of sales in its property development and sales business. The Group's cost of sales increased by approximately 41.3% from RMB27,039.4 million in 2019 to RMB38,203.6 million for 2020. This increase is primarily due to an increase in the number and area of projects delivered in 2020.

Gross profit and gross profit margin

The Group's gross profit of the Group for the year ended 31 December 2020 amounted to approximately RMB8,434.8 million, representing a year-on-year decrease of 0.5%, primarily due to higher unit price of land for the projects in second-tier cities recognised during the year and the increase in the recognised ASP per square metre mainly due to the overall increase in residential property market conditions for the projects recognised in 2020.

For the year ended 31 December 2020, the gross profit margin was 18.1%, representing a decrease of 5.8% as compared to 23.9% for the corresponding period in the previous year due to the recognition of higher land costs for projects.

Finance income

Finance income primarily consists of interest income from bank deposits. The Group's finance income decreased by 50.1% from RMB151.9 million in 2019 to RMB75.8 million in 2020, primarily due to the decrease in interest income recognised from associates and joint ventures in 2020.

Other income and gains

The Group's other income and other gains primarily includes (i) subsidy income; (ii) investment income from financial assets at fair value through profit or loss; and (iii) gain on disposal of joint ventures.

The Group's other income and gains increased by 13.9% from RMB95.4 million for the year ended 31 December 2019 to RMB108.6 million for the year ended 31 December 2020, primarily due to the increase in gains from wealth management products.

Selling and distribution expenses

The Group's selling and distribution expenses increased by 15.5% from RMB1,073.9 million for the year ended 31 December 2019 to RMB1,240.3 million for the year ended 31 December 2020, primarily due to (i) the increase in marketing facilities expenses as we increased our investment in marketing facilities to upgrade the interior decoration of such facilities; and (ii) the increase in advertising expenses.

Administrative expenses

The Group's administrative expenses increased by 0.6% from RMB1,125.4 million for the year ended 31 December 2019 to RMB1,132.3 million for the year ended 31 December 2020.

Other expenses

The Group's other expenses primarily consist of (i) donations to non-profit organizations and local communities for purposes of poverty elimination, tuition sponsorship, infrastructure construction, disaster relief and elderly care, among others; (ii) compensation for delayed delivery of property projects; (iii) asset impairment losses which represent impairment on amounts due from third parties, other receivable and other deposits, as well as impairment in long-term investments in joint ventures. For the year ended 31 December 2020, the Group's other expenses decreased by approximately 49.2% from RMB199.4 million to RMB101.2 million as compared with the corresponding period in the previous year, primary due to decrease in donations and decrease in impairment in long-term investments in joint ventures.

Fair value gains on investment properties

The Group's fair value gains on investment properties decreased by approximately 79.4% from RMB22.4 million in 2019 to RMB4.6 million in 2020.

Finance costs

Finance costs mainly consist of (i) interest on loans and other borrowings, asset-backed securities, senior notes, corporate bonds and lease liabilities; and (ii) interest expense arising from revenue contracts which represents interest expenses recognised for the significant financing components included in contract liabilities during the period from the receipt of sales proceeds to the delivery of underlying properties, less capitalised interests.

The Group's finance costs increased from RMB777.6 million in 2019 to RMB1,113.4 million in 2020, primarily due to the total indebtedness increased by approximately 61.9% from RMB28,527.4 million in 2019 to RMB46,176.6 million in 2020.

Share of profits/losses of joint ventures

The Group recorded share of loss of RMB54.6 million in 2019 and share of profit of RMB2.0 million in 2020. In 2019, most joint ventures projects that the Group co-developed were not delivered and therefore did not generate significant revenue. The Group recorded share of profit of joint ventures in 2020 in relation to the profit from joint venture projects in Zhejiang, Jiangxi Province operated by joint ventures.

Share of profits and losses of associates

The Group recorded shares of profit of RMB11.5 million in 2019 and share of loss of RMB19.8 million in 2020, because most projects that the Group co-developed with associates were not delivered and therefore did not generate significant revenue.

Profit before tax

As a result of the foregoing, the Group's profit before tax was RMB5,018.9 million in 2020, compared to its profit before tax of RMB5,530.3 million in 2019.

Income tax expense

The Group's income tax expense decreased from RMB2,321.4 million in 2019 to RMB1,965.5 million in 2020, primarily due to a decrease in LAT as a result of a decrease in gross profit.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The Group operates in a capital-intensive industry and property development requires substantial capital investments for land acquisition and property construction. As at the date of this announcement, the Group has funded its operations, working capital, capital expenditure and other capital requirements primarily from cash generated from its operations, mainly including proceeds from the pre-sales and sales of properties, receipt of property lease income from its investment properties, management consulting service fees, and property management service fees, as well as bank and other borrowings, asset-backed securities and senior notes. The financing methods of the Group vary from project to project, and are subject to limitations imposed by PRC regulations and monetary policies.

Cash position

The Group's cash and bank balances, comprising cash and cash equivalents, restricted cash, time deposits and pledged deposits, amounted to approximately RMB24,304.7 million in total as at 31 December 2020, of which RMB21,016.1 million, RMB1,706.4 million, RMB1,582.2 million were denominated in RMB, HKD and USD, respectively (31 December 2019: approximately RMB6,962.5 million), representing an increase of approximately 249.1%.

Borrowings

As at 31 December 2020, the Group's total borrowings, comprising interest-bearing bank and other borrowings, asset-backed securities (which were fully repaid by 30 April 2020), corporate bonds and senior notes, amounted to approximately RMB46,176.6 million (31 December 2019: RMB28,527.4 million), representing an increase of approximately 61.9% as compared with 31 December 2019.

Net current assets

As at 31 December 2020, the Group's net current assets amounted to RMB34,120.8 million (31 December 2019: RMB17,670.3 million). Specifically, the Group's total current assets increased by approximately 22.8% from RMB125,055.6 million as at 31 December 2019 to RMB153,557.4 million as at 31 December 2020. The Group's total current liabilities increased by approximately 11.2% from RMB107,385.4 million as at 31 December 2019 to RMB119,436.6 million as at 31 December 2020. The increase in the Group's net current assets was primarily attributable to (i) increase in properties under development of RMB13,152.4 million as a result of business expansion and increase in the number of properties under development; (ii) increase in cash and bank of RMB17,342.3 million as a result of increase in pre-sales and net proceeds from the Listing; (iii) decrease in contract liabilities of RMB 9,110.3 million as a result of increase in recognised revenue; (iv) bank borrowings, senior notes and corporate bonds issuance increased by RMB10,684.2 million.

Pledge of assets

As at 31 December 2020, the Group's borrowings were secured by the Group's assets of RMB71,391.8 million which include investment properties, properties under development, pledged deposits (31 December 2019: RMB52,838.7 million), primarily due to the increase in the amount of the Group's loans.

Financial risks

The main risks arising from the Group's activities are: interest rate risk, credit risk, foreign currency risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The Board reviews and agrees policies for managing each of these risks.

Interest rate risk

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

Credit risk

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

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group also makes periodic collective assessments for financial assets included in prepayments and other receivables and amounts due from related parties as well as individual assessments on the recoverability of other receivables and amounts due from related parties based on historical settlement records and past experience. The Group has classified financial assets included in prepayments and other receivables and amounts due from related parties in Stage 1 and continuously monitored their credit risk.

The Group expects that there is no material credit risk inherent in the Group's outstanding balance of financial assets included in prepayments and other receivables and amounts due from related parties.

Foreign currency risk

The Group primarily operates its business in the PRC. Therefore, the Group's businesses are principally conducted in RMB, which is the functional currency of the group companies. Foreign currency transaction included mainly receipts of proceeds from the Listing, proceeds from senior notes and payment of professional fees which are dominated in HK\$ or US\$. As at 31 December 2020, major non-RMB assets are 2,027.5 million denominated in HK\$ in the amount of RMB1,706.4 million. Major non-RMB assets are 242.5 million denominated in US\$ in the amount of RMB1,582.2 million. Major non-RMB liabilities are 519.5 million denominated in US\$ in the amount of RMB3,390.0 million. Fluctuation of the exchange rates of RMB against foreign currency could affect the Group's results of operations. 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.

Liquidity risk

The Group aims to maintain sufficient cash through internally generated sales proceeds and an adequate amount of committed credit facilities to meet its operation needs and commitments in respect of property projects. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. The Group reviews its liquidity position on an ongoing basis, including review of the expected cash inflows and outflows, pre-sales/sales results, maturity of its borrowings and the progress of the property projects in order to monitor its liquidity requirements in the short and long terms.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2020, the Group has no plan for any material investments or capital assets.

SIGNIFICANT INVESTMENTS HELD

For the year ended 31 December 2020, the Group did not have any significant investments.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Other than the reorganisation which was completed on 20 May 2020 as set out in the prospectus of the Company dated 30 October 2020 (the “**Prospectus**”), there were no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2020.

CONTINGENT LIABILITIES

Mortgage guarantees

In line with market practice in the PRC, the Group has arrangements with various banks for the provision of mortgage financing and where required, provide its customers with guarantees as security for mortgage loans. The terms of such guarantees typically last until the issuance of the real estate ownership certificate upon the completion of guarantee registration or satisfaction of mortgage loan by the purchaser. As a guarantor, if the purchaser defaults in payment, the Group is obligated to repay all outstanding amounts owed by the purchaser to the mortgagee bank under the loan and have the right to claim such amount from the defaulting purchaser.

The total outstanding mortgage guarantee amounts provided by the Group to banks amounted to RMB27,241.5 million as at 31 December 2020 (31 December 2019: RMB37,028.8 million).

The Group did not incur any material losses during the year ended 31 December 2020 in respect of the guarantees provided for mortgage facilities granted to purchasers of its completed properties held for sale.

Financial guarantees

As at 31 December 2020, the Group guaranteed certain of the bank and other borrowings made to its related companies up to RMB943.6 million (As at 31 December 2019, the Group guaranteed certain of the bank and other borrowings made to its related companies and a third party up to RMB4,137.5 million).

Legal contingents

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

COMMITMENTS

As at 31 December 2020, the Group had capital commitment of RMB27,016.9 million in relation to the signing of a construction contract or land contract that is being or will be performed (31 December 2019: RMB27,194.6 million).

KEY FINANCIAL RATIOS

Current Ratio

As at 31 December 2020, the current ratio of the Group was 1.3 times (31 December 2019: 1.2 times). The Group's current ratio was relatively stable and the increase was mainly due to the increase in current assets.

Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective dates and multiplied by 100%.

Gearing Ratio

As at 31 December 2020, the gearing ratio of the Group was 90.0% (2019: 95.4%), mainly due to the increase in net assets as a result of revenue recognition. This ratio is calculated as total debts divided by total assets as shown in the consolidated balance sheet.

Net gearing ratio

As at 31 December 2020, the Group's net gearing ratio decreased to 1.4 as compared with the net gearing ratio of 3.6 as at 31 December 2019 (which was calculated based on total bank and other borrowings, asset-backed securities, corporate bonds and senior notes less cash and bank balances divided by total equity as of the respective dates), which was primarily due to the increase in net assets as a result of revenue recognition.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, the Group has not entered into any off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties and related parties. The Group does not have any variable interest in any uncombined entity that provides financing, liquidity, market risk or credit support to the Group.

NET PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The Company was listed (the “**Listing**”) on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) on 18 November 2020 (the “**Listing Date**”). The net proceeds from the Listing (including the full exercise of the over-allotment option), after deducting the underwriting commission and other estimated expenses in connection with the Listing which the Company received amounted to approximately HK\$3,514.0 million. The Group intends to utilise the net proceeds raised from the Listing according to the plans set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

Further details on the utilisation of the net proceeds from the Listing date up to 31 December 2020 will be disclosed in the annual report of the Company for the year ended 31 December 2020.

EMPLOYEE, REMUNERATION POLICY AND TRAINING

As at 31 December 2020, the Group employed a total of 3,488 full-time employees (31 December 2019: 4,528). For the year ended 31 December 2020, the staff cost recognised as expenses of the Group amounted to RMB900 million (31 December 2019: RMB903 million).

The remuneration policy of the Group is to provide remuneration packages, including salary, bonus and other cash subsidies. In general, the Group determines employee salaries based on each employee's qualification, position and seniority. The Group has designed an annual review system to assess the performance of our employees, which forms the basis of our determination on salary raises, bonuses and promotions. As required by PRC regulations, the Group makes contributions to mandatory housing funds and social insurance funds.

The Company has also conditionally adopted a share option scheme on 20 October 2020 to recognise and reward the eligible employees for their contributions to the business and development of the Group.

The Group has also incorporated mentorship, assessment, feedback and evaluation processes into its various training programs, which the Group believes will facilitate its employees to better learn and grow. The Group believes that its training programs, combined with on-the-job learning, facilitate advancement of its employees.

The Group has a labor union which represents the interests of its employees and works closely with its management on labor-related issues. As at 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 Group's operations

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

As at the date of this announcement, the Group did not have any other significant event subsequent to 31 December 2020.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the holders (the “**Shareholders**”) of the shares of the Company (the “**Shares**”) and to enhance corporate value and accountability.

The Company has adopted and applied the corporate governance code (the “**Corporate Governance Code**”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) as its own code on corporate governance and, to the best knowledge of the Directors, the Company had complied with all applicable code provisions under the Corporate Governance Code since the Listing Date and up to 31 December 2020. Further information about the corporate governance practices of the Company will be set out in the annual report of the Company for the year ended 31 December 2020.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the “**Model Code**”) as the guidelines for the Directors’ dealings in the securities of the Company since the Listing. Following specific enquiries to each of the Directors, all the Directors have confirmed their compliance with the required standards set out in the Model Code since the Listing Date and up to 31 December 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the period from the Listing Date and up to the date of this announcement.

SUFFICIENCY OF PUBLIC FLOAT

The Company has been granted a waiver by the Stock Exchange pursuant to Rule 8.08(1) of the Listing Rules and the Stock Exchange has accepted the minimum public float of 20.8% of the total issued share capital of the Company. Based on the information that is publicly available to the Company and within the knowledge of the Directors, the number of shares held by the public in the Company since the Listing Date and up to the date of this announcement has been in compliance with the minimum percentage of public float prescribed by the Stock Exchange.

ANNUAL GENERAL MEETING

The annual general meeting (the “**Annual General Meeting**”) of the Company for the year 2020 is scheduled to be held on Friday, 18 June 2021. A notice convening the Annual General Meeting will be published and despatched in the manner as required by the Listing Rules in due course.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK\$0.20 per share of the Company for the year ended 31 December 2020 (the “**Final Dividend**”) in cash (2019: nil), subject to the approval of the Shareholders at the Annual General Meeting. If the resolution for the proposed Final Dividend is passed at the Annual General Meeting, the proposed Final Dividend is expected to be paid on or before Thursday, 15 July 2021.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the Shareholders’ eligibility to attend, speak and vote at the Annual General Meeting and the Shareholders’ entitlement to the proposed Final Dividend, the Register of Members will be closed as appropriate as set out below:

For determining the entitlement to attend, speak and vote at the Annual General Meeting

For the purpose of determining the Shareholders' eligibility to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Friday, 11 June 2021 to Friday, 18 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 Annual General Meeting, 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 Thursday, 10 June 2021.

For determining the entitlement to the proposed final dividend

For the purpose of determining the entitlement of the proposed Final Dividend, the register of members of the Company will be closed from Thursday, 24 June 2021 to Monday, 28 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, 23 June 2021.

AUDIT COMMITTEE

The Board established an audit committee (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.shinsunholdings.com).

The primary duties of the Audit Committee are to review, supervise and approve the financial reporting process and internal control system and to provide advice and comments to the Board. The Audit Committee consists of three members, namely Mr. Wong Kon Man Jason, Mr. Ding Jiangang and Mr. Ma Hongman, each of them is an independent non-executive Director. The chairman of the Audit Committee is Mr. Wong Kon Man Jason, who possesses appropriate professional qualifications.

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Audit Committee has discussed with the management and the external auditor of the Company and has reviewed the annual results of the Group for the year ended 31 December 2020 together with the accounting standards and practices adopted by the Group. The Audit Committee has agreed with the management of the Company on the annual results of the Group for the year ended 31 December 2020.

SCOPE OF WORK OF MESSRS. ERNST AND YOUNG

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

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk as well as the website of the Company at <http://www.shinsunholdings.com>. The Company's 2020 annual report will be dispatched to shareholders of the Company and published on the aforementioned websites in due course.

By Order of the Board
Shinsun Holdings (Group) Co., Ltd.
Chen Guoxiang
Chairman

Hong Kong, 26 March 2021

As at the date of this announcement, the Board comprises Mr. Chen Guoxiang, Mr. Chen Hongni, Mr. Zhao Leiyi and Mr. Han Bo as executive Directors; and Mr. Wong Kon Man Jason, Mr. Ding Jiangang and Mr. Ma Hongman as independent non-executive Directors.