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Leading Holdings Group Limited

領地控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6999)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

ANNUAL RESULTS AND OPERATIONAL HIGHLIGHTS

- Contracted sales for the year ended 31 December 2020 was RMB22,134.3 million, representing a year-on-year increase of 44.8%.
- Contracted GFA sold for the year ended 31 December 2020 was 2.7 million sq.m., representing a year-on-year increase of 34.7%. Contracted average selling price for the year ended 31 December 2020 was RMB8,318 per sq.m., representing a year-on-year increase of 7.5%.
- Revenue for the year ended 31 December 2020 was RMB13,158.1 million, representing a year-on-year increase of 73.9%.
- Gross profit for the year ended 31 December 2020 was RMB 3,556.2 million, representing a year-on-year increase of 69.2%
- Profit for the year attributable to owners of the Company ended 31 December 2020 was RMB860.3 million, representing a year-on-year increase of 57.9%.
- Core profit⁽¹⁾ for the year ended 31 December 2020 was RMB1,099.8 million, representing a year-on-year increase of 99.4%.
- Core profit⁽¹⁾ attributable to owners of the Company for the year ended 31 December 2020 was RMB890.3 million, representing a year-on-year increase of 96%.
- Cash and bank balances⁽²⁾ amounted to 5,925.1 million, an increase of approximately 86.5% as compared with the previous year.

(1): Defined as net profit excluding changes in fair values of investment properties and financial assets, and exchange gain or loss

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

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Leading Holdings Group Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2020 with comparative figures for the year ended 31 December 2019. These annual results have been prepared in accordance with International Financial Reporting Standards (the “**IFRS**”) and have also been reviewed by the audit committee of the Company (the “**Audit Committee**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	<i>Notes</i>	2020 RMB'000	2019 <i>RMB'000</i>
CONTINUING OPERATIONS			
REVENUE	4	13,158,083	7,568,164
Cost of sales		(9,601,853)	(5,465,778)
Gross profit		3,556,230	2,102,386
Other income and gains	4	74,585	44,826
Selling and distribution expenses		(649,740)	(400,004)
Administrative expenses		(573,296)	(532,747)
Fair value (losses)/gains on investment properties		(49,276)	160,840
Other expenses		(22,975)	(13,667)
Finance costs	5	(306,540)	(230,381)
Share of profits and losses of:			
Joint ventures		(29,824)	3,758
Associates		17,196	(7,046)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	6	2,016,360	1,127,965
Income tax expense	7	(955,792)	(469,688)
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		1,060,568	658,277

	<i>Notes</i>	2020 RMB'000	2019 <i>RMB'000</i>
DISCONTINUED OPERATIONS			
Profit for the year from discontinued operations		<u>—</u>	<u>14,036</u>
PROFIT FOR THE YEAR		<u>1,060,568</u>	<u>672,313</u>
Attributable to:			
Owners of the parent		860,311	544,825
Non-controlling interests		<u>200,257</u>	<u>127,488</u>
		<u>1,060,568</u>	<u>672,313</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	9		
— For profit for the year		<u>RMB1.12</u>	<u>RMB0.73</u>
— For profit from continuing operations		<u>RMB1.12</u>	<u>RMB0.72</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT FOR THE YEAR	<u>1,060,568</u>	<u>672,313</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>—</u>	<u>—</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>1,060,568</u>	<u>672,313</u>
Attributable to:		
Owners of the parent	860,311	544,825
Non-controlling interests	<u>200,257</u>	<u>127,488</u>
	<u>1,060,568</u>	<u>672,313</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		221,873	236,063
Investment properties		4,551,600	4,580,800
Right-of-use assets		51,794	56,656
Other intangible assets		18,268	12,688
Investments in joint ventures		577,807	595,871
Investments in associates		561,101	78,405
Deferred tax assets		983,633	676,137
Other non-current assets		223,382	129,557
		<hr/>	<hr/>
Total non-current assets		7,189,458	6,366,177
CURRENT ASSETS			
Properties under development		38,657,280	27,983,573
Completed properties held for sale		2,900,193	1,296,666
Trade receivables	<i>10</i>	72,860	60,788
Prepayments, deposits and other receivables		3,001,028	1,935,102
Due from related companies		1,149,913	730,271
Financial assets at fair value through profit or loss		11,026	2,000
Other current assets		598,232	110,551
Tax recoverable		568,088	387,441
Restricted cash		1,602,975	1,637,442
Pledged deposits		144,855	158,473
Cash and cash equivalents		4,177,262	1,381,642
		<hr/>	<hr/>
Total current assets		52,883,712	35,683,949
		<hr/> <hr/>	<hr/> <hr/>

	<i>Notes</i>	2020 RMB'000	2019 RMB'000
CURRENT LIABILITIES			
Trade and bills payables	<i>11</i>	6,800,412	4,058,372
Other payables and accruals		5,789,398	3,666,676
Interest-bearing bank and other borrowings		4,090,066	5,763,159
Contract liabilities		21,592,955	15,398,334
Lease liabilities		6,220	4,512
Due to related companies		225,595	727,263
Tax payable		1,358,474	662,390
		<u>39,863,120</u>	<u>29,280,706</u>
Total current liabilities		39,863,120	29,280,706
NET CURRENT ASSETS		<u>13,020,592</u>	<u>6,403,243</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>20,210,050</u>	<u>12,769,420</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		10,167,291	5,992,020
Lease liabilities		4,824	9,777
Deferred tax liabilities		767,863	707,876
		<u>10,939,978</u>	<u>6,709,673</u>
Total non-current liabilities		10,939,978	6,709,673
Net assets		<u>9,270,072</u>	<u>6,059,747</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		8,446	1
Reserves		7,241,954	5,227,219
		<u>7,250,400</u>	<u>5,227,220</u>
Non-controlling interests		<u>2,019,672</u>	<u>832,527</u>
Total equity		<u>9,270,072</u>	<u>6,059,747</u>

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Leading Holdings Group limited (the “**Company**”) was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 15 July 2019. Pursuant to a reorganisation, the Company became the holding company of the companies now comprising the Group on 9 December 2019. The Company’s shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 10 December 2020.

The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During the year, the Group was involved in the following principal activities:

- Property development
- Commercial property investment and operations
- Hotel operations

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) (which include all International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations) issued by the International Accounting Standards Board (“**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 adopted the Conceptual Framework for Financial Reporting 2018 and the following revised IFRSs for the first time for the current year's financial statements.

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

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

- (a) *Conceptual Framework for Financial Reporting 2018* (the “**Conceptual Framework**”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions 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) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“**RFR**”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.
- (d) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

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

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

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) Property development; Development and sale of properties and project management
- (b) Commercial property Property leasing
 investment and operations;
- (c) Hotel operations. Hotel operations

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that interest income, finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

The Group's operations are mainly conducted in Mainland China. Management considered that there is no reportable geographic segment as all revenues from external customers are generated in Mainland China and the Group's significant non-current assets are located in Mainland China.

Year ended 31 December 2020	Property development RMB'000	Commercial property investment and operation RMB'000	Hotel operations RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	<u>13,032,493</u>	<u>84,396</u>	<u>41,194</u>	<u>13,158,083</u>
Segment results	2,500,076	254	13,478	2,513,808
<i>Reconciliation:</i>				
Interest income				18,859
Finance costs				(306,540)
Corporate and other unallocated expenses				<u>(209,767)</u>
Profit before tax from continuing operations				<u>2,016,360</u>
Segment assets	53,564,568	6,066,106	256,747	59,887,421
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>185,749</u>
Total assets				<u>60,073,170</u>
Segment liabilities	45,941,981	4,544,342	297,906	50,784,229
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>18,869</u>
Total liabilities				<u>50,803,098</u>

Year ended 31 December 2019	Property development <i>RMB'000</i>	Commercial property investment and operation <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue:				
Sales to external customers	<u>7,460,186</u>	<u>70,876</u>	<u>37,102</u>	<u>7,568,164</u>
Segment results	1,319,937	201,386	1,170	1,522,493
<i>Reconciliation:</i>				
Interest income				8,694
Finance costs				(230,381)
Corporate and other unallocated expenses				<u>(172,841)</u>
Profit before tax from continuing operations				<u>1,127,965</u>
Segment assets	35,367,241	6,072,237	255,156	41,694,634
<i>Reconciliation:</i>				
Corporate and other unallocated assets				<u>355,492</u>
Total assets				<u>42,050,126</u>
Segment liabilities	30,995,749	4,685,273	287,626	35,968,648
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				<u>21,731</u>
Total liabilities				<u>35,990,379</u>

4. 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>		
Sale of properties	13,027,945	7,452,435
Hotel operations	41,194	37,102
Project management	4,548	7,751
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases	84,396	70,876
	<u>13,158,083</u>	<u>7,568,164</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2020

Segments	Property development <i>RMB'000</i>	Project management operations <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services				
Sale of properties	13,027,945	—	—	13,027,945
Hotel operations	—		41,194	41,194
Project management services	—	4,548		4,548
	<u>13,027,945</u>	<u>4,548</u>	<u>41,194</u>	<u>13,073,687</u>
Timing of revenue recognition				
Sale of properties transferred at a point in time	10,928,118	—	—	10,928,118
Sale of properties transferred over time	2,099,827	—	—	2,099,827
Services transferred over time	—	4,548	41,194	45,742
	<u>13,027,945</u>	<u>4,548</u>	<u>41,194</u>	<u>13,073,687</u>
Total revenue from contracts with customers	<u>13,027,945</u>	<u>4,548</u>	<u>41,194</u>	<u>13,073,687</u>

For the year ended 31 December 2019

Segments	Property development <i>RMB'000</i>	Commercial property investment and operations <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services				
Sale of properties	7,452,435	—	—	7,452,435
Hotel operations	—	—	37,102	37,102
Project management services	—	7,751	—	7,751
Total revenue from contracts with customers	<u>7,452,435</u>	<u>7,751</u>	<u>37,102</u>	<u>7,497,288</u>
Timing of revenue recognition				
Sale of properties transferred at a point in time	5,212,313	—	—	5,212,313
Sale of properties transferred over time	2,240,122	—	—	2,240,122
Services transferred over time	—	7,751	37,102	44,853
Total revenue from contracts with customers	<u>7,452,435</u>	<u>7,751</u>	<u>37,102</u>	<u>7,497,288</u>

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	<u>8,563,407</u>	<u>4,657,052</u>

(b) Performance obligations

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

Sale of properties

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

Hotel operations

The performance obligation is satisfied when services are rendered. Short-term advances are sometimes required before rendering the service.

Property management services

The performance obligation is satisfied over time as services are rendered and short-term advances are sometimes required before rendering the service. Property management service contracts are for periods of one year or less, or are billed based on the time incurred.

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

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Amounts expected to be recognised as revenue		
Within one year	15,035,861	11,191,991
After one year	7,612,850	8,352,189
	<u>22,648,711</u>	<u>19,554,180</u>

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

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
<u>Other income and gains</u>		
Bank interest income	18,859	8,694
Interest income from associates and joint ventures	2,613	3,852
Management consulting service fees charged to joint ventures and associates	29,321	9,336
Government grants	13,336	2,276
Compensation	6,757	17,273
Gain on disposal of items of property, plant and equipment	—	614
Others	3,699	2,781
	<u>74,585</u>	<u>44,826</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank loans and other loans	1,364,258	909,675
Interest on pre-sales deposits	828,500	610,628
Total interest expense on financial liabilities not at fair value through profit or loss	2,192,758	1,520,303
Less: Interest capitalised	(1,886,218)	(1,289,922)
	<u>306,540</u>	<u>230,381</u>

6. PROFIT BEFORE TAX

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

	<i>Notes</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Cost of properties sold		9,555,460	5,411,502
Cost of hotel operations		27,716	35,932
Impairment losses written off for completed properties held for sale		(18,441)	(15,699)
Depreciation of items of property, plant and equipment		31,956	41,839
Amortisation of others intangible assets		2,253	1,823
Amortisation of right-of-use assets		6,511	6,642
Gain on disposal of items of property, plant and equipment		—	(374)
Lease payments not included in the measurement of lease liabilities		6,315	3,096
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		343,131	272,860
Pension scheme contributions and social welfare		33,868	36,929

7. INCOME TAX

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

Subsidiaries of the Group operating in Mainland China except for Tibet Ludi Industrial Co., Ltd.* (“**Tibet Ludi**”) and Tibet Hengliang Industrial, Co., Ltd. (“**Tibet Hengliang**”), are subject to PRC corporate income tax at a rate of 25% for the year. Tibet Ludi and Tibet Hengliang enjoyed a preferential CIT rate of 15% during the year ended December 2020.

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

	2020	2019
	RMB'000	RMB'000
Current tax:		
PRC corporate income tax	695,307	440,121
PRC LAT	493,220	218,298
Deferred tax (<i>note 20</i>)	(232,735)	(180,515)
Total tax charge for the year	<u>955,792</u>	<u>477,904</u>
Total tax charge for the year from continuing operations	<u>955,792</u>	<u>469,688</u>
Total tax charge for the year from discontinued operations	<u>—</u>	<u>8,216</u>

8. DIVIDENDS

The Board has resolved not to declare any dividend for the year ended 31 December 2020 (2019: Nil).

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

For the purpose of computing basic and diluted earnings per share, the number of ordinary shares has been adjusted retrospectively for the effect of the reorganisation and the capitalisation issue as described in note 33 as if the reorganisation and capitalisation issue had been completed on 1 January 2019.

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 765,027,322 (2019: 750,000,000) in issue during the year.

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 basic and diluted earnings per share are based on:

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation		
From continuing operations	860,311	537,105
From a discontinued operation	<u>—</u>	<u>7,720</u>
	<u>860,311</u>	<u>544,825</u>
	Number of shares	
	2020	2019
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation		
	<u>765,027,322</u>	<u>750,000,000</u>

10. TRADE RECEIVABLES

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	<u>72,860</u>	<u>60,788</u>

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

Property buyers are generally granted credit terms of 1 month to 1 year. Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values. An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Less than 1 year	33,530	60,788
Over 1 year	39,330	—
	<u>72,860</u>	<u>60,788</u>

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

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rate of trade receivables is assessed to be 0.1%. Based on the evaluation on the expected loss rate and the gross carrying amount, the directors of the Company are of the opinion that the expected credit losses in respect of these balances are immaterial, and therefore, no provision has been made for a loss allowance.

11. TRADE AND BILLS PAYABLES

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Less than 1 year	6,381,590	3,752,977
Over 1 year	418,822	305,395
	<u>6,800,412</u>	<u>4,058,372</u>

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

BUSINESS REVIEW

2020 is an important milestone in the Group's leap-over development. On December 10, 2020, Leading Group was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). As the first real estate enterprise in Sichuan Province to be listed on the Hong Kong Stock Exchange, the Group is committed to becoming a brand name national real estate enterprise. This round of listing vigorously promoted the Group's diversified capital channels and created an important path for the Group to access the international capital market, strengthening a firm foundation for long-term and healthy development of the Company.

In 2020, Leading Group was awarded "Blue Chip Company" in the Blue Chip Annual Conference of Top 100 Real Estate Development Companies of China Real Estate Association.

In 2020, Leading Center was rated as Gold level in Pre-certification of LEED-CS 2009.

In 2020, "Guan" series of Leading Group ranked among top 50 of "Chinese Product Brands".

In 2020, Emei Lotus Lake Project won the 5th Reard Global Design Award

For the year ended December 31, 2020, the Group's revenue was RMB13,158.1 million, with a year-on-year increase of 73.9%. The Group's net profit was RMB1,060.6 million, with a year-on-year increase of 57.8%.

Steady Growth of Contracted Sales

In terms of contracted sales, despite the many market fluctuations in 2020, the Group successfully achieved contracted sales of RMB22,134.3 million with a year-on-year growth of 44.8%, and cumulative contracted GFA sales of 2.7 million sq.m..

A High-quality and Deep-penetration Development Strategy

1. Adherence to deep penetration and pursuit of quality development: As a property developer with deep-penetration business in the southwest of China, further scale development is a must for the Group's survival and development. At present, 69% of the Group's reserved land area is located in Sichuan-Chongqing Economic Belt where it has penetrated deeply, relatively intensively distributed to Chengdu, Leshan, Meishan, Mianyang, Nanchong and other cities; while pursuing scale growth, the Group focuses more on high-quality in-step development. By adhering to the urbanization strategy and controlling asset turnover, financial security and operating profit, the Group tried to achieve balance between scale and profit to ensure steady growth and established the core competitiveness of the Company.

2. Adherence to refinement and digital management: Technology empowerment has become an important exploration and development direction for the real estate industry. With visualized operational data, it guided refined management advantages and improved per capita efficiency. At this stage, the real estate sector does quite a good job in using digitalization in marketing process, but digitalization in construction process is still lagging behind. In the future, the Group should achieve digital coverage in the whole process of design, construction and operation, and eventually reach the goal of moving from rough development to precision development.
3. Adherence to the perfect integration of product strength and service strength. As a steadily developing real estate company, the Group's brand concept has gradually evolved to the diversified "healthier life". With customer satisfaction as the focus, through all-around forging of product design, standardization of building construction, application of green building materials and comprehensive property services, we eventually implanted the concept of "health" into the Group's products, forming a comprehensive layout with three dimensions of healthy industry, healthy housing and healthy life.

It is believed that through such advantages as high brand recognition, quality land storage and product portfolio, the Group will lay a solid foundation for its rapid and sustainable development, and further enhance the market position of the brand and improve its overall competitiveness. We strive to become a brand real estate enterprise with product value to customers, development value to employees, responsibility value to society, and investment value to shareholders.

Outlook for 2021

The Group has optimized its layout and scientifically and systematically formulated its development strategy after an in-depth study of the national top-level design. Real estate companies with deep penetration into the southwest of China should give full play to their geographical advantages and develop markets and customers in depth around the Chengdu-Chongqing metropolitan area and city clusters, with the greater southwest as the core. With diversified business formats, we will strengthen the deployment in areas with developed industrial and make deep penetration into cities. While consolidating the southwest market, the Group will steadily expand its business in Guangdong-Hong Kong-Macao Greater Bay Area and maintain that in Central China area, forming a strategic deployment of one core and two wings.

In addition to making a good strategic layout, there is a need for good tactical planning. Specifically, implement three focused actions: focusing on management efficiency, brand service and capital safety. Increasing benefits by way of management is reflected in doing a good job in standardization and refinement; by using institutionalization as a management tool, improve per capita efficiency in an all-around way. The brand service should be supported by product strength improvement, to achieve the value system of products; more attention should be paid to soft service value in addition to product hardware; in-depth capture and interpretation of customer needs should be made; around customer satisfaction, good service should be rendered to achieve the brand chain extension. Lastly, strengthening of corporate fund management can improve the Company's fund management ability, enhance the efficiency of fund use, directly or indirectly promote cost reduction and efficiency enhancement, effectively control financial risks, ensure fund safety, and provide guarantee for sustainable development of the Group.

In the future, although the total volume of real estate may reach a ceiling, there will still be excellent real estate companies with their performance and profits rising against the trend. There is a ceiling for the industry, but not for excellent real estate companies. In the new year, the Group will definitely maintain firmly committed to the in-step development strategy of profit, quality and scale. With the assistance of diversified capital, the Group will ensure its rapid development with a prudent investment attitude, a refined management pattern and excellent per capita efficiency, thus achieving stable long-term development.

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT

CONTRACTED SALES

For the year ended 31 December 2020, the Group recorded contracted sales of RMB22,134.3 million, representing a 44.8% year-over-year increase from 2019.

For the year ended 31 December 2020, total contracted GFA sold amounted to approximately 2.7 million sq.m., representing an increase of approximately 34.7% from approximately 2.0 million sq.m. for the year ended 31 December 2019. Contracted average selling price (“ASP”) for the year ended 31 December 2020 was approximately RMB8,318 per sq.m., compared with RMB7,735.4 per sq.m. for the year ended 31 December 2019.

Contracted sales from Beijing-Tianjin-Hebei Region, Central China, Chengdu-Chongqing Economic Zone and Sichuan province, Guangdong-Hong Kong-Macau Greater Bay Area contributed to approximately 1.7%, 8.5%, 74.2% and 5.4%, respectively, of the Group’s total contracted sales in 2020.

The following table sets out the geographic breakdown of the Group’s contracted sales in 2020.

	Contracted GFA Sold (sq.m.)	Contracted Sales (RMB’000)	Contracted ASP (RMB/sq.m.)	% of Contracted Sales (%)
Beijing-Tianjin-Hebei Region	40,486.4	381,215.5	9,415.8	1.7%
Central China	269,591.1	1,884,859.5	6,991.5	8.5%
Chengdu-Chongqing Economic Zone and Sichuan province	1,883,202.8	16,434,667.4	8,727.0	74.2%
Guangdong-Hong Kong-Macau Greater Bay Area	137,034.7	1,193,632.2	8,710.4	5.4%
Other Regions ⁽¹⁾	330,700.5	2,239,926.8	6,773.3	10.1%
Total	<u>2,661,015.5</u>	<u>22,134,301.4</u>	<u>8,318.0</u>	<u>100.0%</u>

Notes:

- (1) Other Regions include Changchun of Jilin province, Urumqi and Korla of Xinjiang Uyghur Autonomous Region, Zunyi and Kaili of Guizhou province and Xuzhou of Jiangsu province, which are not in the Group’s key regions.

REVENUE RECOGNIZED FROM SALES OF PROPERTIES

Revenue from sale of properties of the Group increased by 74.8% from approximately RMB7,452.4 million for the year ended 31 December 2019 to approximately RMB13,027.9 million for the year ended 31 December 2020, accounting for 99.0% of the Group's total revenue. The Group's recognized ASP from sales of properties remained relatively stable at approximately RMB8,123 per sq.m. for the year ended 31 December 2020 and approximately RMB8,413 per sq.m. for the year ended 31 December 2019.

The increase in revenue recognized from sales of properties was primarily due to the increase in GFA recognized due to the increase in the number of completed and delivered property projects of the Group, particularly in the Chengdu-Chongqing Economic Zone and Sichuan province.

The following table sets forth the details of the revenue recognized from the sales of properties of the Group by geographical location for the years indicated.

	Recognized Revenue from Sale of Properties		% of Recognized Revenue from Sale of Properties		Total GFA Recognized		Recognized ASP	
	(RMB'000)	(RMB'000)	%	%	Sq.m.	Sq.m.	RMB/sq.m.	RMB/sq.m.
	2020	2019	2020	2019	2020	2019	2020	2019
Beijing-Tianjin-Hebei Region	516,259	74,900	4.0	1.0	61,807	8,036	8,353	9,321
Central China	152,518	147,835	1.2	2.0	21,110	21,900	7,225	6,750
Chengdu-Chongqing Economic Zone and Sichuan province	11,252,160	5,593,151	86.4	75.1	1,365,548	604,908	8,240	9,246
Guangdong-Hong Kong-Macau Greater Bay Area	181,723	132,765	1.4	1.8	21,446	17,002	8,474	7,809
Other Regions	925,285	1,503,785	7.1	20.2	133,873	233,995	6,912	6,427
Total	13,027,945	7,452,435	100	100	1,603,784	885,841	8,123	8,413

The following table sets forth the revenue from sale of properties and ASP by type of properties for the years indicated.

	Recognized Revenue from Sale of Properties		% of Recognized Revenue from Sale of Properties		Total GFA Recognized		Recognized ASP	
	(RMB'000)	(RMB'000)	%	%	Sq.m.	Sq.m.	RMB/sq.m.	RMB/sq.m.
	2020	2019	2020	2019	2020	2019	2020	2019
Residential	11,952,483	5,160,478	91.7	69.2	1,467,021	638,876	8,147	8,077
Commercial	723,018	1,652,268	5.5	22.2	72,805	157,412	9,931	10,496
Car Parks	352,444	639,689	2.7	8.6	63,958	89,553	5,511	7,143
Total	13,027,945	7,452,435	100	100	1,603,784	885,841	8,123	8,413

COMPLETED PROPERTIES HELD FOR SALE

Properties held for sale represent completed properties remaining unsold at the end of each financial period and are stated at the lower of cost and net realizable value. Cost of properties held for sale is determined by an apportionment of related costs incurred attributable to the unsold properties.

As at 31 December 2020, the Group had completed properties held for sale of RMB2,900.2 million, representing a 123.7% increase from RMB1,296.7 million as at 31 December 2019. The increase was primarily due to the increase in GFA completed. The Group has obtained the construction completion certificates in respect of all completed properties held for sale.

PROPERTIES UNDER DEVELOPMENT

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

As at 31 December 2020, the Group had properties under development of RMB38,657.3 million, representing an 38.1% increase from RMB27,983.6 million as at 31 December 2019. The increase was primarily due to an increase in the number of projects developed by the Group in 2020.

PROPERTY INVESTMENT

COMMERCIAL PROPERTY OPERATIONS

The Group's revenue from commercial property operations of the Group increased by 19.0% from approximately RMB70.9 million for the year ended 31 December 2019 to approximately RMB84.4 million for the year ended 31 December 2020, primarily due to an increase in occupancy rates of the Group's investment properties during the year.

INVESTMENT PROPERTIES

As at 31 December 2020, the Group had 7 investment properties with a total leasable GFA of approximately 299,037 sq.m. Out of such investment properties portfolio of the Group, 7 investment properties with a total GFA of approximately 194,615 sq.m. had commenced leasing.

LAND BANK

As at 31 December 2020, the total GFA of land reserves of the Group was approximately 1,653,991 sq.m.. The following table sets forth a summary of the Group's property interests as of 31 December 2020:

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
Properties developed by the Group and its subsidiaries								
1.	Chengdu Yipin Center	Chengdu	100%	Commercial/Carpark/ Others	20,534	2024/6/30	141,509	Within the planned red line of Chadianzi Yipintianxia Street, Jinniu District, Chengdu City, Sichuan Province
2.	Chengdu Global Financial Center	Chengdu	100%	Office/Commercial/ Carpark/Ancillary	18,514	2017/7/31	14,422	No. 151, Tianfu Second Street, No. 750, Jitai Road, High-tech Zone, Chengdu, Sichuan Province
3.	Chengdu Xishan Lantai Mansion	Chengdu	100%	Residential/Carpark/ Ancillary/Others	34,756	2021/4/30	80,837	No. 988, Huaxin Avenue, Baihe Town, Longquanyi District, Chengdu City, Sichuan Province
4.	Chengdu Yue Center	Chengdu	100%	Residential/Commercial/ Carpark/Ancillary/ Others	27,400	2022/1/10	76,119	No. 521, East Section of Industrial Avenue, Xindu District, Chengdu City, Sichuan Province
5.	Chongqing Leading Guanyun House	Chongqing	100%	Residential/Carpark/ Ancillary/Others	40,372	2021/11/12	85,761	No. N23/03, N District, Jieshizutuan, Banan District, Chongqing
6.	Chengdu Jinxiang Lantai Mansion	Chengdu	55%	Residential/Office/ Commercial/Carpark/ Ancillary/Others	46,473	2019/5/31	24,629	1-1, Jinxi Courtyard, Middle Section of Hengshan Avenue, Xipu Town, Pixian County, Chengdu City, Sichuan Province
7.	Chengdu Tianfu Lantai Mansion (Xinlong)	Chengdu	99%	Residential/Commercial/ Carpark/Ancillary/ Others	159,963	2022/3/31	187,486	Group 2, 5, 6, Yangliu Village and Group 2, Liuhe Village, Huayuan Town, Xinjin County, Chengdu City, Sichuan Province
8.	Chengdu Tianfu Lantai Mansion (Jingyang)	Chengdu	100%	Residential/Carpark/ Ancillary/Others	38,967	2021/10/30	98,053	Group 2, 3, Yangliu Village, Huayuan Town, Xinjin County, Chengdu City, Sichuan Province
9.	Chengdu Haina Shidai	Chengdu	100%	Residential/Commercial/ Carpark/Ancillary/ Others	41,822	2017/2/28	16,882	Zhili Road and Zhixinger Road, Chengdu City, Sichuan Province
10.	Chengdu Lantai House	Chengdu	70%	Residential/Carpark/Others	40,897	2020/10/30	50,324	No. 1555, Guoning West Road, Hongguang Town, Pidu District, Chengdu City, Sichuan Province

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
11.	Chengdu Leading Tianyu	Meishan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	57,523	2022/10/16	186,878	Diagonally opposite to Volkswagen 4S Store, Renshou Avenue, Renshou County, Chengdu City, Sichuan Province
12.	Meishan Changshoufang	Meishan	80%	Residential/Commercial/ Carpark/Ancillary/ Others	71,770	2022/12/30	181,669	Binjiang Avenue, Pengshan District, Meishan City, Sichuan Province
13.	Panzhihua Leading Sunshine Flower City	Panzhihua	100%	Residential/Commercial/ Carpark/Ancillary/ Others	186,791	2023/3/31	506,693	Ganbatang Area, Huacheng New District, Panzhihua City, Sichuan Province
14.	Xichang Yueqionghai	Xichang	51%	Residential/Commercial/ Carpark/Ancillary/ Others	65,968	2022/6/30	280,996	Beside Jianchang Water Town, East Extension Line of Hangtai Road, Xichang City, Sichuan Province
15.	Xichang Leading Lantai House	Xichang	95%	Residential/Commercial/ Carpark/Ancillary/ Others	99,752	2019/5/24	20,369	Xijiao Yaoshan Village, North of Nanshan Avenue, South of Haihe Road, Xichang City, Sichuan Province
16.	Xichang Leading Haiyueli	Xichang	53%	Commercial/Carpark/ Ancillary/Others	41,652	2021/5/30	81,115	Zhanglin Village, Wangjia Village and Lianhe Village, Gaojian Township, Xichang City, Sichuan Province
17.	Xichang Lantai House Qingyun	Xichang	51%	Residential/Commercial/ Carpark/Ancillary	16,896	2019/10/18	1,774	Chensuo Village, Gaojian Township, Xichang City, Sichuan Province
18.	Xichang Leading Triumph International Mansion	Xichang	83%	Residential/Commercial/ Carpark/Ancillary/ Others	33,287	2017/1/31	3,338	No. 599, Section 5, East Extension Line of Hangtai Road, Xichang City, Sichuan Province
19.	Xichang Leading Jinxiu Lantai Mansion	Xichang	80%	Residential/Commercial/ Carpark/Ancillary/ Others	62,578	2022/10/2	239,854	Near Zhonghang East Road, West New City, Xichang, Sichuan Province
20.	Urumchi Leading Lantai House	Urumchi	95%	Residential/Commercial/ Carpark/Ancillary/ Others	103,928	2022/6/30	230,637	No. 616, Junggar Street, East of Suzhou Road, Urumqi, Xinjiang Uygur Autonomous Region
21.	Urumchi Leading Tianyu	Urumchi	100%	Residential/Commercial/ Carpark/Ancillary/ Others	115,428	2022/6/30	311,578	South of Hongguangshan Road, Shuimogou District, Urumqi City, Xinjiang Uygur Autonomous Region
22.	Korla Leading Lantai House	Korla	100%	Residential/Commercial/ Carpark/Ancillary/ Others	63,624	2022/10/30	103,376	Leading Triumph Mansion, near southwest No. 6 Shihua Avenue, No. 5 Community, Construction Area, Korla City, Bazhou, Xinjiang Uygur Autonomous Region

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
23.	Korla Leading Triumph Mansion	Korla	85%	Residential/Commercial/ Carpark/Ancillary/ Others	87,933	2021/12/31	111,193	Next to Peacock Park, No. 6 Shihua Avenue, Korla, Xinjiang Uygur Autonomous Region
24.	Chengteh Lantai House	Chengteh	40%	Residential/Commercial/ Carpark/Ancillary/ Others	53,279	2020/7/30	7,950	Yuanbao Mountain, Shuangtashan Town, Shuangluan District, Chengde City, Hebei Province
25.	Chengteh Lantai House Yunshang	Chengteh	51%	Residential/Commercial/ Ancillary/Others	85,483	2023/6/30	186,130	Sicaigou B, Dayuanbao Mountain, Shuangtashan Town, Shuangluan District, Chengde City, Hebei Province
26.	Chengteh Lantai House Yueshan	Chengteh	51%	Residential/Commercial/ Carpark/Ancillary/ Others	34,981	2022/9/30	52,466	Yuanbao Mountain, Shuangluan District, Chengde City, Hebei Province
27.	Jilin Triumph Mansion	Changchun	55%	Residential/Commercial/ Carpark/Ancillary/ Others	132,188	2020/5/22	7,384	Xincheng West Street, Jingyue Development Zone, Changchun City, Jilin Province
28.	Xingyang Leading Tianyu	Xingyang	70%	Residential/Commercial/ Carpark/Ancillary/ Others	29,396	2022/4/30	80,193	Northwest of the intersection of Jingcheng Road and Gongye East Road, Xingyang City, Zhengzhou City, Henan Province
29.	Shangqiu Leading Lantai House	Shangqiu	51%	Residential/Commercial/ Carpark/Ancillary/ Others	59,698	2025/12/30	193,849	East to Zhenxing Road, West to Planning Shangqiu Road, South to Nanjing Road, North to Xiwang Road Henan Province
30.	Zhumadian Royal Lantai Mansion Phase I	Zhumadian	70%	Residential/Commercial/ Carpark/Ancillary/ Others	182,936	2021/6/1	404,444	Northwest of the intersection of Tianzhongshan Avenue and Jianshe Avenue, Zhumadian City, Henan Province
31.	Zhumadian Royal Lantai Mansion Phase II	Zhumadian	70%	Residential/Carpark/ Ancillary/Others	70,590	2023/6/1	200,882	Northeast of the intersection of Zhangtai Road and Jianshe Avenue, Zhumadian City, Henan Province
32.	Zhumadian Royal Lantai Mansion Phase III	Zhumadian	70%	Residential/Carpark/ Ancillary/Others	75,863	2025/3/1	208,355	Southwest of the intersection of Lizhuang Road and Chunliu Road, Zhumadian City, Henan Province
33.	Zhumadian Royal Lantai Mansion Phase IV	Zhumadian	70%	Residential/Carpark/ Ancillary/Others	168,489	2025/12/1	339,236	Northeast corner of the intersection of Tongshan Avenue and Jianshe Avenue, Zhumadian City, Henan Province

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
34.	Zhumadian Royal Lantai Mansion Phase V	Zhumadian	70%	Residential/Commercial/ Carpark/Ancillary/ Others	156,270	2023/8/1	388,318	The southeast side of the intersection of Lizhuang Road and Chunliu Road, and the northwest side of the intersection of Zhangtai Road and Jianshe Avenue, Zhumadian City, Henan Province
35.	Jingzhou Leading Lantai House	Jingzhou	100%	Residential/Commercial/ Carpark/Ancillary/ Others	54,070	2021/12/31	208,275	Northwest of the intersection of Chutian Road and Dongqiao Road, Jingbei New District, Jingzhou District, Jingzhou City, Hubei Province
36.	Jingzhou Leading Fengming Lantai Mansion	Jingzhou	100%	Residential/Commercial/ Carpark/Ancillary/ Others	48,399	2022/8/31	188,088	No. 66, Fengming Avenue, Jingzhou District, Jingzhou City, Hubei Province
37.	Leshan Amazon	Leshan	100%	Residential/Commercial/ Carpark/Ancillary	91,900	2014/10/16	2,571	No. 418 and No. 424, North Section of Longyou Road, Shizhong District, Leshan City, Sichuan Province
38.	Leshan Haina Mansion	Leshan	51%	Residential/Commercial/ Carpark/Ancillary/ Others	36,200	2016/1/5	6,904	No. 1589 Muyuan Road, Muchuan County, Leshan City, Sichuan Province
39.	Leshan Lantai House	Leshan	60%	Residential/Commercial/ Carpark/Ancillary/ Others	88,108	2021/12/31	156,422	East of the intersection of Sansu Road and Ruixiang Road, Qingjiang New District, Shizhong District, Leshan City, Sichuan Province
40.	Leshan Tianyu	Leshan	100%	Residential/Commercial/ Carpark/Ancillary	29,796	2020/3/1	14,033	Intersection of Hanlin Road and Fenghuang Road, Tongjiang District, Leshan City, Sichuan Province
41.	Leshan Lanshan	Leshan	70%	Residential/Commercial/ Carpark/Ancillary/ Others	89,630	2021/10/1	155,006	No. 881, Section 1, Ruixiang Road, Leshan City, Sichuan Province
42.	Leshan International Mansion	Leshan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	127,204	2019/5/17	3,568	Taoyuan New Village, Mouzi Town, Shizhong District, Leshan City, Sichuan Province
43.	Zunyi Lantai House	Zunyi	55%	Residential/Commercial/ Carpark/Ancillary/ Others	39,759	2022/11/30	130,977	Intersection of Shanghai Road and Ningbo Road, Huichuan District, Zunyi City, Guizhou Province

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
44.	Meishan Triumph International Mansion	Meishan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	256,303	2020/11/27	57,506	Southwest corner of the intersection of Hubin Road and Meizhou Avenue, Meishan City, Sichuan Province
45.	Meishan Triumph Square	Meishan	79%	Residential/Commercial/ Carpark/Ancillary	73,976	2015/5/19	17,092	Northeast of the intersection of Suyuan Road and Dongpo Avenue, Dongpo District, Meishan City, Sichuan Province
46.	Meishan Huayu Phase II	Meishan	60%	Residential/Commercial/ Carpark/Ancillary/ Others	9,102	2020/6/3	5,568	Southeast corner of the intersection of Suyuan Road and Chongguang Street, Meishan City, Sichuan Province
47.	Meishan Triumph International Mansion Phase II	Meishan	57%	Residential/Commercial/ Carpark/Ancillary/ Others	39,838	2019/7/30	8,744	Northeast of the intersection of Jiangxiang Road and Qingyihang, Dongpo District, Meishan City, Sichuan Province
48.	Meishan Lantai House	Meishan	55%	Residential/Commercial/ Carpark/Ancillary/ Others	109,814	2022/12/10	369,014	Northwest corner of the intersection of Fucheng Road and Shuangfeng Street, Dongpo District, Meishan City, Sichuan Province
49.	Meishan Guanjiang House	Meishan	55%	Residential/Commercial/ Carpark/Ancillary/ Others	65,695	2022/3/30	170,221	Southwest corner of the intersection of Binjiang Avenue and Qitong Road, Meishan City, Sichuan Province
50.	Haifeng Tianyu	Shanwei	100%	Residential/Commercial/ Carpark/Ancillary/ Others	35,774	2022/3/1	190,326	Plot KJC-B07, Ecological Technology City, Haifeng County, Shanwei City, Guangdong Province
51.	Huizhou Lantai House	Huizhou	100%	Residential/Commercial/ Carpark/Ancillary/ Others	83,840	2023/3/30	268,624	West of Jinquan Road, Xincheng, North Railway Station, Huicheng District, Huizhou City, Guangdong Province
52.	Foshan Haina Longting	Foshan	100%	Residential/Commercial/ Carpark/Others	36,943	2017/8/30	4,374	On the north side of Qinggong Road and the east side of Dayong, North and South, Chancheng District, Foshan City, Guangdong Province

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
53.	Foshan Haina Junting	Foshan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	20,536	2017/4/1	1,075	West Guangyun Chantan Cross Road, Zhenli, Dali, Nanhai District, Guangdong Province
54.	Foshan Haina Mansion	Foshan	100%	Residential/Commercial/ Carpark/Others	46,812	2014/12/31	1,420	No. 5, Lishui Avenue Middle, Nanhai District, Foshan City, Guangdong Province 5
55.	Foshan Haina Haoting	Foshan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	37,276	2016/1/21	1,621	No. 139, Lishui Avenue Middle, Lishui Town, Nanhai District, Foshan City, Guangdong Province 139
56.	Foshan Haina Haoyuan	Foshan	100%	Residential/Commercial/ Carpark/Others	21,192	2017/3/28	215	Jianxing Villagers Group, Ganjiao Village, Lishui Town, Nanhai District, Foshan City, Guangdong Province
57.	Mianyang Tianyu	Mianyang	65%	Residential/Commercial/ Carpark/Ancillary/ Others	26,140	2020/3/31	7,923	No. 2, Hongqiao Road, Chengnan New District, Mianyang City, Sichuan Province 2
58.	Mianyang Lantai House	Mianyang	62%	Residential/Commercial/ Carpark/Ancillary/ Others	56,060	2020/8/20	7,072	No. 94, Sanxing Road, Youxian District, Mianyang City, Sichuan Province 94
59.	Nanchong Lantai House	Nanchong	82%	Residential/Carpark/ Ancillary/Others	59,774	2022/5/20	247,245	No. 118, Maoyuan South Road, Shunqing District, Nanchong City, Sichuan Province 118
60.	Nanchong Tianyu	Nanchong	100%	Residential/Commercial/ Carpark/Ancillary/ Others	25,053	2020/11/9	15,097	No. 561, Jinyuling Road, Shunqing District, Nanchong City, Sichuan Province 561
61.	Ya'an Yunjing	Ya'an	100%	Residential/Commercial/ Carpark/Ancillary	30,184	2020/11/6	18,838	Daxing Town, Yucheng District, Ya'an City, Sichuan Province
62.	Ya'an Guanjiang Mansion	Ya'an	100%	Residential/Commercial/ Carpark/Ancillary	39,149	2020/11/23	26,152	Qianjin Village, Daxing Town, Yucheng District, Ya'an City, Sichuan Province
63.	Ya'an Tianyu	Ya'an	95%	Residential/Commercial/ Carpark/Ancillary	18,253	2019/9/12	14,081	Yazhou Avenue, Yucheng District, Ya'an City, Sichuan Province
64.	Ya'an Lantai House	Ya'an	95%	Residential/Commercial/ Carpark/Ancillary	43,790	2021/2/2	35,316	6 No. 6, Ankang Road, Yucheng District, Ya'an City, Sichuan Province
65.	Ya'an Lantai House Phase III	Ya'an	100%	Residential/Commercial/ Carpark/Ancillary/ Others	53,520	2021/9/30	180,585	Plot 2-12, Daxing District, Yucheng District, Ya'an City, Sichuan Province 2-12

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
66.	Mianyang Guanjiang House	Mianyang	100%	Residential/Commercial/ Carpark/Others	144,705	2023/11/30	581,704	Putisi Village, Ningxiang Temple Neighborhood Committee, High-tech Zone, Mianyang City, Sichuan Province
67.	Mianyang Leading Dongyuan Yuecheng	Mianyang	50%	Residential/Commercial/ Carpark/Ancillary/ Others	116,755	2023/6/30	487,543	C. Dengta Community, Qingyi Town, Fucheng District, Mianyang City, Sichuan Province C
68.	Ya'an Yuejiangting	Ya'an	51%	Residential/Commercial/ Carpark/Ancillary/ Others	16,674	2021/10/22	76,424	Daxing Area, Yucheng District, Ya'an City, Sichuan Province
69.	Xichang Tianyu	Xichang	100%	Residential/Commercial/ Carpark/Ancillary/ Others	26,935	2022/8/31	112,331	Section 1, Linhuanhai Road, Chengdongchuanxing, Xichang City, Sichuan Province
70.	Kaili Leading Tianyu	Kaili	100%	Residential/Commercial/ Carpark/Ancillary/ Others	251,148	2025/5/30	942,162	Daxing Area, Yucheng District, Ya'an City, Sichuan Province
71.	Chengdu Xindu Yue House	Xindu	100%	Residential/Commercial/ Carpark/Ancillary/ Others	310,866	2024/10/31	582,496	No. 600, East Section of Xueyuan, Xindu District, Chengdu City, Sichuan Province 600
72.	Luzhou Lantai House	Luzhou	54%	Residential/Commercial/ Carpark/Ancillary/ Others	52,767	2022/11/30	180,443	East side of Changjiang Primary School, Shawan District, Luzhou City, Sichuan Province
73.	Chengdu Tianfu Kangcheng (Duneng)	Chengdu	91%	Residential/Commercial/ Carpark/Ancillary	90,121	2025/3/3	229,601	East of Huanhu East Road, Shigao Town, Renshou County
74.	Chengdu Tianfu Kangcheng (Shengyu)	Chengdu	100%	Commercial/Carpark/ Ancillary/Others	60,638	2028/6/30	271,425	East of Huanhu East Road, Shigao Town, Renshou County
75.	Chengdu Tianfu Kangcheng (Yuandi)	Chengdu	91%	Residential/Commercial/ Carpark/Ancillary	85,773	2022/9/30	356,594	East of Huanhu East Road, Shigao Town, Renshou County
76.	Urumqi Jinshang Lantai Mansion	Urumchi	60%	Residential/Commercial/ Carpark/Ancillary/ Others	25,371	2022/10/30	69,961	East of Liyushan Road, High- tech Zone, Urumqi City
77.	Urumqi Tianjing Yunzhu	Urumchi	100%	Residential/Commercial/ Carpark/Ancillary/ Others	30,178	2022/12/30	108,083	Main Road, Changchun Middle Road, Urumqi City
78.	Yibin Guanjiang House	Yibin	55%	Residential/Commercial/ Carpark/Ancillary	132,479	2024/5/31	445,301	Lingang Economic and Technological Development Zone, Yibin City
79.	Nanchong Jinwei Leading Yue Town	Nanchong	45%	Residential/Commercial/ Carpark/Ancillary/ Others	90,142	2024/8/24	289,099	Plot 2 on the east side of Financial Avenue, North New City, Shunqing District, Nanchong City

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
80.	Guangyuan Leading Town	Guangyuan	56%	Residential/Commercial/ Carpark/Ancillary	290,480	2024/9/30	601,327	Located on the east side of Kangyang Avenue in Heishipo Forest Park and the north side of Qiaoge Road in Xuefeng Office, Lizhou District, Guangyuan City
81.	Panzhihua Ruxiang Flower City	Panzhihua	51%	Commercial/Carpark/ Ancillary	10,562	2022/9/20	39,173	Ganbatang Area, Huacheng New District, Panzhihua City
82.	Chengdu Leading Guanjiang House	Dujiangyan	100%	Residential/Commercial/ Carpark/Ancillary/ Others	78,475	2023/8/31	238,073	North of Baishui East Road, East of Shangshan East Road, Dujiangyan City, Sichuan Province
83.	Suining Taoli Jun	Suining	34%	Residential/Commercial/ Carpark/Ancillary/ Others	30,808	2023/5/30	124,436	East of Suizhou North Road, North of Hongqiao East Street, Suining Economic Development Zone
84.	Xichang Leading Guanyuan	Xichang	100%	Residential/Commercial/ Carpark/Ancillary/ Others	90,531	2023/3/31	175,984	The southeast area of the downtown area of Xichang
85.	Luohe Lishang Lantai Mansion	Luohe	76%	Residential/Commercial/ Carpark/Ancillary/ Others	106,858	2024/7/31	336,507	West of High-speed Railway Bridge, on the north side of Shali Industry Cluster, South of Lihe, Luohe City, Henan Province
86.	Huili Xuefu No. 1	Huili	32%	Residential/Commercial/ Carpark/Ancillary/ Others	33,459	2022/9/30	131,083	Yingding Community of Huili No. 1 Middle School
87.	Zhangjiajie Xinsong Leading Robot Happy Town	Zhangjiajie	35%	Residential/Commercial/ Carpark/Ancillary	77,783	2022/12/31	278,740	On the east side of Huatian Phase I, on the south side of Binhe Road, on the north side of Indigo Plaza, on the west side of Yingbin Road, Guanliping Office, Yongding District, Zhangjiajie City
88.	Chengdu Tianfu Leading Town	Chengdu	50%	Residential/Commercial/ Carpark/Ancillary/ Others	271,501	2023/9/30	766,198	(No. 18, Section 2, Shengwu Cheng Middle Road, Shuangliu District) Tianfu International Biological City, Chengdu City, Sichuan Province 18
89.	Chengdu Leading Hexing Lifu Lantai Mansion	Pengzhou	51%	Residential/Commercial/ Carpark/Ancillary/ Others	64,309	2023/5/31	167,988	Qingyang Village, Zhihe Town, Pengzhou City
90.	Chengdu Huguang Heyue	Pengzhou	51%	Residential/Commercial/ Carpark/Ancillary	41,343	2023/3/10	137,196	South side of Section 1, Huanhu Road, West side of Kaixuan Avenue, Zhihe Street, Pengzhou City
	Sub-total						15,348,524	

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
Properties developed by the Groups joint ventures and associates								
91.	Chengdu Bocuilng Lake	Chengdu	49.0%	Residential/Carpark/ Others//	29,995	2019/12/26	2,062	Group 6, Garden Community, Dongsheng Street, Shuangliu District, Chengdu City, Sichuan Province 6
92.	Leshan EmeiThe Grand Sight	Leshan	61.2%	Commercial/Ancillary	50,302	2021/1/21	32,212	On the north side of Exiu Lake, Emeishan City, Sichuan Province
93.	Xuzhou Dongchen Hua House	Xuzhou	47.0%	Residential/Commercial/ Carpark/Ancillary/ Others	31,251	2021/9/30	52,744	Rongchuangchen Mansion, North of Laohu Mountain, Yangguang Road, Dahuangshan Town, Economic Development Zone, Xuzhou City, Jiangsu Province
94.	Xuzhou Fengming Taoyuan Fengyasong	Xuzhou	47.0%	Residential/Commercial/ Carpark/Ancillary	141,979	2022/6/30	102,232	The southern plot of Xuzhou City, Jiangsu Province is located at Taihe South Road, Jiawang District, west of Fengming Road, and north of Shanshui Avenue. The northern plot is located on the north side of Taihe Road, Jiawang District, south of Fuhong Road, and west of Fengming Road
95.	Xuzhou Fengming Taoyuan	Xuzhou	47.0%	Residential/Commercial/ Carpark/Ancillary/ Others	234,196	2021/6/15	28,111	Fengming East Road, West of Paihonggou, Yancun, wSouth of Jiabian Road, Jiawang District, Xuzhou City, Jiangsu Province
96.	Zhangjiakou Yuanjun Manting Fangyuan	Zhangjiakou	33.8%	Residential/Commercial/ Carpark/Ancillary/ Others	170,592	2025/5/30	105,247	Shalingzi Town, Xuanhua District, Zhangjiakou City, Henan Province
97.	Leshan Qingjiang Lantai Mansion	Leshan	40.0%	Residential/Commercial/ Carpark/Ancillary/ Others	50,000	2020/12/25	9,328	No. 533 Ruihan Road, Shizhong District, No. 1065 Taibai Road, Shizhong District, Leshan City, Sichuan Province 1065533
98.	Ya'an Tianlan	Ya'an	51.0%	Residential/Commercial/ Carpark/Ancillary	15,530	2020/5/29	6,219	Chenghou Road, Yucheng District, Ya'an City, Sichuan Province
99.	Ya'an Tianlu Bay	Ya'an	34.0%	Residential/Commercial/ Carpark/Ancillary/ Others	70,140	2023/9/30	76,758	Daxing Town, Yucheng District, Ya'an City, Sichuan Province

No.	Project Names	City	Interest Attributable to the Group	Primary Intended Use	Site Area (sq.m.)	Actual/ Estimated Completion Date	Land Bank ⁽¹⁾ (sq.m.)	Address
100.	Shenzhen Guanlan	Shenzhen	50.0%	Residential/Commercial/ Carpark/Ancillary	20,652	2023/9/30	66,460	Northwest of the intersection of Pingan Road and Zhanggui Road, Guanlan Street, Longhua District, Shenzhen
101.	Leshan Hengbang Shuanglin Global Center	Leshan	48.0%	Residential/Office/ Commercial/Carpark/ Ancillary	31,632	2021/5/30	102,279	The junction of Fenghuang Road and Boyang Road, Central District, Leshan City, Sichuan Province
102.	Leshan Qingjiang House	Leshan	35.0%	Residential/Commercial/ Carpark/Ancillary	113,204	2023/10/10	160,349	Intersection of Fengzhou Road and Zhile Road, Qingjiang District, Leshan City, Sichuan
103.	Jiangyou Shidaizhiguang	Jiangyou	35.0%	Residential/Commercial/ Carpark/Ancillary/ Others	94,359	2022/11/30	116,475	Libai Avenue, Jiangyou City, Mianyang City, Sichuan Province
104.	Xichang Nanshan House	Xichang	38.0%	Residential/Commercial/ Carpark/Ancillary/ Others	66,322	2024/6/30	69,484	Zhangjiatun Village, Xijiao Township, Xichang City, Sichuan Province
105.	Emei Lotus Lake	Leshan	40.0%	Residential/Commercial/ Carpark/Ancillary/ Others	247,377	2025/11/1	167,830	Penggui Village, Guihuaqiao Town, Shili Village, Shengli Town, Emeishan City, Sichuan Province
106.	Leshan Country Garden Leading Tangyue Lantai Mansion	Leshan	50.0%	Residential/Commercial/ Carpark/Ancillary	56,197	2023/7/5	93,677	South of Tanmu South Street, Leshan City Center
	Sub-total						<u>1,191,467</u>	
	Total						<u><u>16,539,991</u></u>	

Note:

- (1) Total GFA of the Group's land bank includes (i) GFA available for sale and total leasable GFA for completed properties, (ii) GFA for properties under development and (iii) GFA for properties held for future development. For projects that are developed by the Group's joint ventures and associates, the total GFA will be adjusted by our equity interest in the respective project.

FINANCIAL REVIEW

REVENUE

During the year, the Group derived its revenue from four business lines, namely (i) sale of properties; (ii) commercial property operations; (iii) hotel operations; and (iv) project management.

Revenue of the Group increased by 73.9% from approximately RMB7,568.2 million for the year ended 31 December 2019 to approximately RMB13,158.1 million for the year ended 31 December 2020, primarily due to the increase in the revenue from sale of properties. The following table sets forth the details of the Group's total revenue by business line for the years indicated:

	For the year ended 31 December			
	2020		2019	
	(RMB'000)	%	(RMB'000)	%
Sale of properties	13,027,945	99.0	7,452,435	98.5
Commercial property operations	84,396	0.6	70,876	0.9
Hotel operations	41,194	0.3	37,102	0.5
Project management	4,548	0.1	7,751	0.1
Total	<u>13,158,083</u>	<u>100.0</u>	<u>7,568,164</u>	<u>100.0</u>

Sale of Properties

Revenue from sale of properties of the Group increased by 74.8% from approximately RMB7,452.4 million for the year ended 31 December 2019 to approximately RMB13,027.9 million for the year ended 31 December 2020, primarily due to the increase in the aggregate GFA recognized from 885,841 sq.m. for the year ended 31 December 2019 to 1,603,784 sq.m. for the year ended 31 December 2020. The increase of the Group's GFA recognized was primarily contributed by increase in the number of completed and delivered property projects of the Group, particularly in the Chengdu-Chongqing Economic Zone and Sichuan province.

ASP of recognized GFA remained relatively stable at approximately RMB8,123 per sq.m. for the year ended 31 December 2020 and approximately RMB8,413 per sq.m. for the year ended 31 December 2019,

Commercial Property Operations

Revenue from commercial property operations of the Group increased by 19.0% from approximately RMB70.9 million for the year ended 31 December 2019 to approximately RMB84.4 million for the year ended 31 December 2020, primarily due to an increase in occupancy rates of the Group's investment properties during the year.

Hotel Operations

Revenue from hotel operations of the Group increased by 11.1% from approximately RMB37.1 million for the year ended 31 December 2019 to approximately RMB41.2 million for the year ended 31 December 2020, primarily due to an increase in the occupancy rates of the hotels managed by the Group.

Project Management

Revenue from project management of the Group decreased by 42.3% from approximately RMB7.8 million for the year ended 31 December 2019 to approximately RMB4.5 million for the year ended 31 December 2020, primarily due to completion of an existing residential property development project in Guang'an, Sichuan province.

COST OF SALES

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

The cost of sales of the Group increased by 75.7% from approximately RMB5,465.8 million for the year ended 31 December 2019 to approximately RMB9,601.9 million for the year ended 31 December 2020, which was generally in line with the increase in the sale of properties.

GROSS PROFIT AND GROSS PROFIT MARGIN

As the result of the foregoing, gross profit of the Group increased by 69.1% from approximately RMB2,102.4 million for the year ended 31 December 2019 to approximately RMB3,556.2 million for the year ended 31 December 2020.

Gross profit margin of the Group remained relatively stable at approximately 27.0% for the year ended 31 December 2020 and approximately 27.8% for the year ended 31 December 2019.

OTHER INCOME

The Group's other income and gains primarily consist of interest income, management consulting service fees, commercial compensation and others. Interest income primarily consists of interest income on bank deposits. Commercial compensation primarily represents (i) liquidated damages the Group received from property purchasers who defaulted on the payments due pursuant to their purchase agreements with the Group; and (ii) liquidated damages the Group received from the Group's property-developer business partners who breached their contracts with the Group.

Other income of the Group increased by 66.5% from approximately RMB44.8 million for the year ended 31 December 2019 to approximately RMB74.6 million for the year ended 31 December 2020, primarily due to the increase in bank interest income, compensation and government grants. The increase in bank interest income and compensation, which primarily included the liquidated damages from the Group's property purchases, was in line with the business expansion of the Group. In addition, the local governments provided subsidies for employment stabilization to combat the COVID-19's adverse effects on the economy, which caused the increase in government grants.

SELLING AND MARKETING EXPENSES

The Group's selling and marketing expenses mainly include advertising and marketing fees that the Group incurs in connection with the Group's pre-sales of properties, including the commission fees paid to third-party sales agents, as well as advertising and marketing fees incurred in relation to the leasing of the commercial properties the Group operates and manages.

Selling and marketing expenses of the Group increased by 62.4% from approximately RMB400.0 million for the year ended 31 December 2019 to approximately RMB649.7 million for the year ended 31 December 2020, which was primarily due to the increase in the commission fees arising from the increase in the revenue attributable to third-party sales agents.

ADMINISTRATIVE EXPENSES

The Group's administrative expenses primarily include costs for management and administrative staff.

Administrative expenses of the Group increase by 7.6% from approximately RMB532.7 million for the year ended 31 December 2019 to approximately RMB573.3 million for the year ended 31 December 2020, primarily attributable to the increase in the management and administrative staff costs resulting from the Group's business expansion. The number of management and administrative staff of the Group increased from 1,088 as at 31 December 2019 to 1,303 as at 31 December 2020.

FAIR VALUE GAINS/LOSSES ON INVESTMENT PROPERTIES

The Group develops and holds certain commercial areas in our properties on a long-term basis for rental, operating income or capital appreciation.

The Group recorded fair value losses on investment properties in the amount of approximately RMB49.3 million for the year ended 31 December 2020, as compared to fair value gains on investment properties in the amount of approximately RMB160.8 million for the year ended 31 December 2019. The change is primarily due to the COVID-19 pandemic's adverse effect on the valuation of the investment properties of the Group.

FINANCE COSTS

The Group's finance costs mainly represents the Group's interest expenses on bank and other borrowing as well as interest from a significant financing component of contract liabilities, which is related to the pre-sale deposits the Group received from its customers, less capitalized interest relating to properties under development.

Finance costs of the Group increased by 33.0% from approximately RMB230.4 million for the year ended 31 December 2019 to approximately RMB306.5 million for the year ended 31 December 2020, primarily due to the increase in the interest on bank and other borrowings in connection with the business expansion of the Group, partially offset by the increase in the capitalized interest.

SHARE OF PROFITS AND LOSSES OF JOINT VENTURES AND ASSOCIATES

The Group recorded share of losses of joint ventures in the amount of approximately RMB29.8 million for the year ended 31 December 2020, as compared to share of profits of joint ventures in the amount of approximately RMB3.8 million for the year ended 31 December 2019. The change is primarily due to the decrease in the number of properties delivered for joint ventures.

The Group recorded share of profits of associates in the amount of approximately RMB17.2 million for the year ended 31 December 2020, as compared to share of losses of associates in the amount of approximately RMB7.0 million for the year ended 31 December 2019. The change is primarily due to the increase in the number of properties delivered for associates.

INCOME TAX EXPENSE

Income tax expenses represent corporate income tax and land appreciation tax (“LAT”) payable by the Group’s subsidiaries in the PRC.

Income tax expenses of the Group increased by 103.5% from approximately RMB469.7 million for the year ended 31 December 2019 to approximately RMB955.8 million for the year ended 31 December 2020, primarily due to the increase in PRC corporate income tax of the Group resulted from the increase in profits before tax of the Group, which was in line with the business expansion of the Group.

PROFIT FOR THE YEAR

As a result of the foregoing, the Group recorded a profit for the year of approximately RMB1,060.6 million for the year ended 31 December 2020, as compared to a profit of approximately RMB672.3 million for the year ended 31 December 2019.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Property development require substantial capital investment for land acquisition and construction, and it may take many months or years before positive cash flow can be generated. To date, the Group has funded its growth principally from cash generated from operations of the Group and borrowings from banks, and trust and other financings.

Following the continuous expansion of property portfolio of the Group, it is expected the saleable GFA of the Group will continue to increase from which the Group expects to generate additional operating cash. The Group intends to continue to monitor its development and construction schedules, property sales and land acquisition plans based on the cash inflow associated with existing and planned external financing opportunities, including but not limited to the issuance of corporate bonds or other debt offerings and property sales proceeds.

CASH POSITION

As at 31 December 2020, the Group had cash and bank balances of approximately RMB5,925.1 million (31 December 2019: RMB3,177.6 million), pledged deposits of approximately RMB144.9 million (31 December 2019: RMB158.5 million) and restricted cash of approximately RMB1,603.0 million (31 December 2019: RMB1,637.4 million).

INDEBTEDNESS

As at 31 December 2020, the Group had total indebtedness, including interest-bearing bank and other borrowings and lease liabilities, amounted to approximately RMB14,268.4 million (31 December 2019: approximately RMB11,769.5 million), of which RMB10,179.1 million was carried at fixed rates.

The following table sets forth the components of the Group's indebtedness as at the dates indicated:

	As at 31 December	
	2020 <i>(RMB'000)</i>	2019 <i>(RMB'000)</i>
Non-current		
Bank loans — secured	6,530,220	2,608,097
Bank loans — unsecured	800,803	—
Other loans — secured	2,836,268	3,209,311
Other loans — unsecured	—	174,612
Non-current portion of lease liabilities	4,824	9,777
Current		
Bank loans — secured	91,200	—
Other loans — secured	—	1,484,800
Current portion of lease liabilities	6,220	4,512
Current portion of long term bank loans — secured	764,477	3,158,230
Current portion of long term other loans — secured	3,234,389	1,120,129
Total indebtedness	<u>14,268,401</u>	<u>11,769,468</u>

Note:

- (1) Other loans include financing arrangement with trust companies, asset management companies, other financial institutions and other third-party companies.

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

	As at 31 December	
	2020	2019
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Repayable within one year	<u>4,090,066</u>	<u>5,763,159</u>
Repayable in the second year	7,328,913	4,132,477
Repayable within two to five years	1,248,501	1,859,543
Repayable over five years	<u>1,589,877</u>	<u>—</u>
Total	<u>14,257,357</u>	<u>11,755,179</u>

GEARING RATIO

The net gearing ratio (as calculated by total borrowings, including interest-bearing bank and other borrowings, less cash and bank balances divided by total equity as at the end of the respective period) was approximately 0.9 times as at 31 December 2020 (31 December 2019: approximately 1.4 times). The decrease in the net gearing ratio as at 31 December 2020 was mainly due to effective measures implemented to enhance the capital structure of the Group.

CREDIT RISK

The Group is exposed to credit risk in relation to its trade and other receivables and cash deposits with banks. The carrying amounts of trade and other receivables, restricted cash, cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets. To manage this risk, deposits are mainly placed with licensed banks which are all high-credit-quality financial institutions.

The Group has no significant concentrations of credit risk in view of its large number of customers. The credit risk of the Group's other financial assets, which mainly comprise restricted cash and pledged deposits, other receivables, and amounts due from related companies, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Directors do not expect any significant losses from non-performance of these counterparties.

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 objective of the Group 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 planned property development projects in order to monitor its liquidity requirements in the short and long terms.

The Group has established a set of liquidity risk management measures, including budgeting, prudent land acquisition decisions, stringent cost control and alternative financing channels. Through these liquidity risk management measures, the Group aims to maintain sufficient reserves of, and adequate committed lines of funding from, financial institutions to meet the Group's liquidity requirements in the short and long term.

FOREIGN EXCHANGE RISKS

The Group mainly operates its business in the PRC, and substantial all of its revenue and expenses are denominated in Renminbi, while the net proceeds from the Listing is payable in Hong Kong dollars. As at 31 December 2020, among the Group's cash at bank and on hand, RMB72.1 million, RMB0.6 million and RMB3.4 million was denominated in Hong Kong dollars, AUD dollars and US dollars, respectively, such amount was subject to the exchange rate fluctuation. The Group does not have any policy to hedge against foreign exchange risk. However, the Group will closely monitor its foreign exchange exposure, and strive to maintain the value of the Group's cash.

INTEREST RATE RISK

The Group's exposure to changes in market interest rate relates primarily to the Group's interest-bearing bank and other borrowings. The Group does not use financial derivatives to hedge interest rate risk, and use variable rate bank borrowings and other borrowings to manage its interest cost.

PLEDGE OF ASSETS

As at 31 December 2020, certain of the Group's bank and other borrowings are secured by the pledges of the Group's assets with carrying values of approximately RMB14,729.3 million (31 December 2019: approximately RMB10,607.1 million) which include (i) property, plant and equipment; (ii) land use right; (iii) investment properties; (iv) properties under development; and (v) completed properties held for sale.

CONTINGENT LIABILITIES

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

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

	As at 31 December	
	2020	2019
	(RMB'000)	(RMB'000)
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	11,594,320	8,882,032
Guarantees given to banks and other institutions in connection with facilities granted to related parties and third parties ⁽¹⁾	<u>1,497,640</u>	<u>1,765,900</u>
Total	<u>13,091,960</u>	<u>10,647,932</u>

Note:

- (1) All guarantees provided by or to the Controlling Shareholders and their respective close associates on the borrowings of the Group or the Controlling Shareholders and their respective close associates had been fully released immediately before the Listing.

COMMITMENT

As at 31 December 2020, the Group's capital commitment it had contracted but yet provided for was RMB24,213.4 million, compared with RMB14,294.1 million as at 31 December 2019.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

During the year ended 31 December 2020, the Group had undergone acquisitions and disposals of subsidiaries for the purpose of the reorganisation in preparation for the Listing. Please refer to the prospectus of the Company dated 26 November 2020 (the “**Prospectus**”) for further details.

Save as disclosed in the Prospectus, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures, nor was there any plan authorized by the Board for other material investments or additions of capital assets as at 31 December 2020.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2020, the Group had 1,669 employees (31 December 2019: 1,305 employees). For the year ended 31 December 2020, the staff cost recognised as expenses of the Group amounted to RMB537.7 million (31 December 2019: RMB473.2 million).

The Group enters into individual employment contracts with its employees to cover matters such as wages, salaries, benefits and terms for termination. The Group generally formulates its employees’ remuneration package to include a salary, bonus and various allowances. In general, the Group determines employee salaries based on each employee’s qualification, position and seniority. The Group has designed a periodic review system to assess the performance of its employees, which forms the basis of its determination on salary raise, bonus and promotion.

As required by PRC regulations, the Group make contributions to mandatory social security funds for the benefit of our PRC employees that provide for pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds. The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. When there are employees who leave the scheme prior to becoming fully vested in the contribution, the amount of the forfeited contribution will be used to reduce future contribution payable by the Group.

The Directors and members of the senior management receive compensation from the Group in the form of salaries, bonuses and other benefits in kind such as contributions to pension plans. The Board will review and determine the remuneration and compensation packages of the Directors and senior management, and will receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

SUBSEQUENT EVENTS

No material events were undertaken by the Group subsequent to 31 December 2020 and up to this announcement.

OTHER INFORMATION

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save for the Company's initial public offering as described in the Prospectus and the additional 26,945,000 Shares allotted and issued on 6 January 2021 as a result of the partial exercise of an over-allotment option in connection with the Listing, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the period from the Listing Date up to 31 December 2020.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2020.

AGM AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting (the “**AGM**”) will be convened and held on Tuesday, 22 June 2021. A notice convening the AGM will be published on the Company’s website and the Stock Exchange’s website and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course. For the purpose of determination of eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 17 June 2021 to Tuesday, 22 June 2021 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to be entitled to attend and vote at the forthcoming AGM to be held on Tuesday, 22 June 2021, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong share registrar, 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. (Hong Kong time) on Wednesday, 16 June 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company recognizes the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of the Group so as to achieve effective accountability.

The Company has adopted the code provisions stated in the Corporate Governance Code (the “**CG Code**”) as contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). Except for the deviation from code provision A.2.1 of the CG Code, the Company’s corporate governance practices have complied with the code on corporate governance practices. Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Liu Yuhui is the chairman of the Board and the chief executive officer of the Company. In view of the fact that Mr. Liu Yuhui is the founder of the Group and has been operating and managing the Group since 1999, the Board believes that it is in the best interest of the Group to have Mr. Liu Yuhui taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from the code provision A.2.1 of the CG Code is appropriate in such circumstance.

The Company is committed to the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment.

Save for the deviation from code provision A.2.1 of the CG Code, the Board is of the view that the Company has adopted, applied and complied with the CG Code from the Listing Date up to 31 December 2020.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 of the Listing Rules (the “**Model Code**”) as its own code of conduct for securities transactions conducted by Directors and relevant employees of the Company. After making specific enquires to all the Directors and relevant employees of the Company, each of them has confirmed that they have complied with the required standards set out in the Model Code since the Listing Date and up to 31 December 2020.

The Company is not aware of any incident of non-compliance of the Model Code committed by any Directors, or relevant employees since the Listing Date and up to 31 December 2020.

AUDIT COMMITTEE

As at the date of this announcement, the Audit Committee comprised three independent non-executive Directors, namely Ms. Jin Xu, Ms. Liang Yunxing and Mr. Fang Min. The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2020. The Audit Committee and the Company’s management have also reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to risk management, internal control and financial reporting. 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.

The Audit Committee has reviewed and discussed the annual results for the year ended 31 December 2020. The figures in respect of the Group’s consolidated statement of profit or loss, consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the announcement have been agreed by the Group’s auditor, Ernst & Young, Certified Public Accountants of Hong Kong (“**Ernst & Young**”), to the amounts set out in the Group’s consolidated financial statements for the year. The work performed by Ernst & 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.leading-group.com). The annual report of the Company for the year ended 31 December 2020 containing all the information required by the Listing Rules will be despatched to the Shareholders and made available for review on the same websites in due course.

By order of the Board
Leading Holdings Group Limited
Liu Yuhui
Chairman

Hong Kong, 29 March 2021

As at the date of this announcement, the Board comprises Mr. Liu Yuhui, Mr. Luo Changlin, Ms. Zeng Xurong and Ms. Hou Xiaoping as executive Directors and Ms. Jin Xu, Ms. Liang Yunxing and Mr. Fang Min as independent non-executive Directors.