
RE IV Limited

Bond Investor Report Year-end 2020

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Section A

Overview

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About this report

Background

The RE IV Limited, Year-end 2020 Bond Investor Report ("Year-end Report") has been prepared in accordance with the terms and conditions governing the Green Bonds issued by White Peak during the third quarter of 2019 and the fourth quarter of 2020. The reporting framework established by the Year-end Report will enhance transparency, facilitate access to reliable information regarding White Peak's business operations and strengthen White Peak's communication with Green Bond investors.

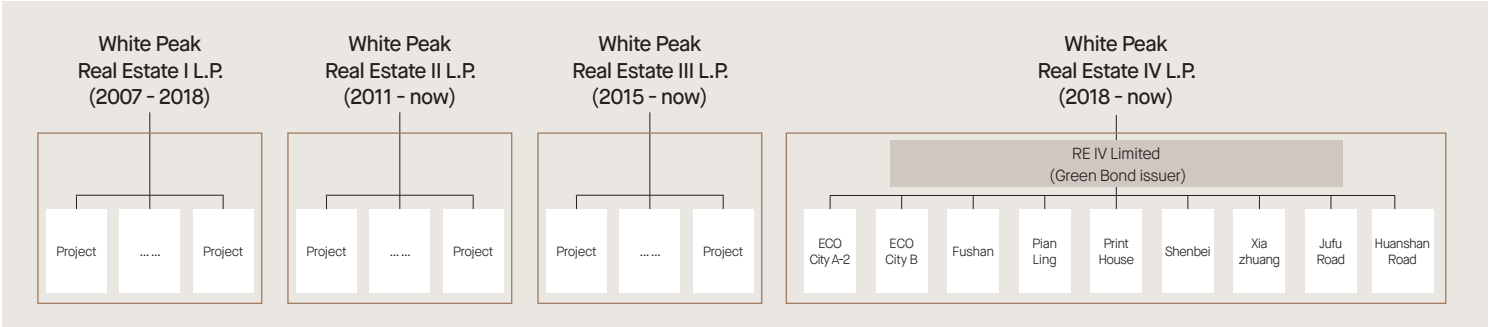
Reporting boundary

The Year-end Report pertains solely to RE IV Limited and no financial information regarding other affiliated entities is set out herein. However, to facilitate the understanding of the Year-end Report, certain non-financial information relating to, *inter alia*, White Peak's business platform which is not exclusively attributable to RE IV Limited has been included herein.

Basis of preparation

In preparation of the Year-end Report, we have referenced to the recommendations of the International Integrated Reporting Framework <IR> issued by the International Integrated Reporting Council (IIRC).

The consolidated financial statements in this report have been audited by the company's auditor.



- General non-financial information reporting boundary
- Financial information reporting boundary

2019 Green Bond factsheet (ISIN: SE0012741064)

Issuer	RE IV Limited
Volume	SEK 600 million
Total framework	SEK 1 billion
Tenure	3 years (Final Maturity Date at 5 July 2022)
Coupon	Fixed 9%, semi-annual payments
Use of proceeds	The proceeds will be used to finance investments and transaction costs in accordance with the Terms and Conditions governing the Green Bond
Maintenance covenants	<ul style="list-style-type: none"> — Loan to Value <55% — Minimum Cash: at least equal to 12 months scheduled interest payments
Listing	The Green Bond is listed on the Nasdaq Stockholm Corporate Bond list as well as on the Freiverkehr list at Deutsche Borse.
Hedging	At the end of 2020, RE IV Limited held RMB/SEK FX options of SEK 681 mil notional, at strike 1.2612. The notional amount is sufficient to cover both the future bond principal and coupon payments. The company intends to use this RMB/SEK FX option to hedge the foreign currency risk, should SEK appreciate beyond 1.2612 against RMB.

Covenant compliance certificate

	Requirement	Q4 2020	
Loan to Value ¹	<55%	6.7%	✓
Minimum Cash	SEK 78 mil ²	RMB 1,369 mil (SEK 1,723 mil) ³	✓

¹ Loan to Value means the ratio of Net Interest Bearing Debt to Gross Asset Value as per the latest independent third-party valuation.

² The sum of the minimum cash requirements of the 2019 Green Bond (SEK 54 mil) and the 2020 Green Bond (SEK 24 mil)

³ As of December 31, 2020, the Group had cash and bank balances in the amount of RMB 1,767 million, of which RMB 398 million was not counted towards cash and cash equivalents in the financial statements, since it can mainly be used for payment of construction costs when approval from related government authority is obtained. The amount in SEK is based on currency exchange rates as of December 31, 2020

2020 Green Bond factsheet (ISIN:SE0015195847)

Issuer	RE IV Limited
Volume	SEK 600 million
Total framework	SEK 1.5 billion
Tenure	3 years (Final Maturity Date at 27 November 2023)
Coupon	Fixed 8%, semi-annual payments
Use of proceeds	The proceeds will be used to finance investments and transaction costs in accordance with the Terms and Conditions governing the Green Bond
Maintenance covenants	<ul style="list-style-type: none"> — Loan to Value <55% — Minimum Cash: at least equal to 6 months scheduled interest payments
Listing	The Green Bond is listed on the Nasdaq Stockholm Corporate Bond list.
Hedging	By the end of 2020, RE IV Limited did not hold RMB/SEK FX options for the new bond since the bond proceeds were in USD and not exposed to a CNY/SEK FX risk at that time.

Covenant compliance certificate

	Requirement	Q4 2020	
Loan to Value ¹	<55%	6.7%	✓
Minimum Cash ²	SEK 78 mil ²	RMB 1,369 mil (SEK 1,723 mil) ³	✓

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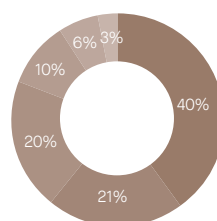
Project factsheet

Current investments

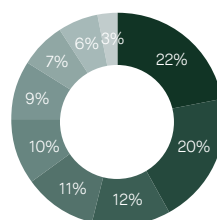
By the end of Q4 2020, RE IV Limited had made nine investments, located in six cities across three provinces, with a total population exceeding 219 million.

The projects resulting from the first seven investments made launched sales by Q4 2020 and have started to generate cash flows. The projects have estimated delivery dates ranging between 2022 and 2024.

During 2020, RE IV Limited continued its growth by acquiring land parcels in Shenyang (Liaoning Province) and Qingdao (Shandong Province), respectively, in Q1. In Q4 2020, White Peak expanded its footprint in existing markets by winning two land auctions in Tai'an (Huashan Road Project) and Yantai (Jufu Road Project).



Equity investment % by city



Equity investment % by project



Project name	Property type	Year of acquisition	Year of project completion (EST)	Equity invested (RMB million) ⁽¹⁾	Estimated total GFA m ² ⁽²⁾	Status
Eco City (Site A-2), Yantai	Mixed use	2018	2022	340	94,300	Sales launched
Eco City (Site B), Yantai	Mixed use	2018	2023	446	125,600	Sales launched
Fushan Project, Yantai	Residential	2018	2022	259	245,832	Sales launched
Pian Ling Project, Chengde	Residential	2019	2023	359	181,432	Sales launched
Print House Project, Pingdu	Residential	2019	2022	117	44,509	Sales launched
Shenbei Project, Shenyang	Residential/Retail	2020	2024	722	283,106	Sales launched
Xiazhuang Project, Qingdao	Residential	2020	2023	210	47,133	Sales launched
Huanshan Road Project, Tai'an	Residential	2020	2024	790	90,492	Acquisition completed
Jufu Road Project, Yantai	Residential	2020	2024	419	178,763	Acquisition completed
Total				3,662	1,291,167	

⁽¹⁾ The equity deployed includes equity contributions in the form of subordinated shareholder loans from White Peak Real Estate IV L.P. and recycled onshore funds.

⁽²⁾ The building areas may change due to changes in project positioning.

In RMB	Total	Site A-2	Site B	Fushan	Pian Ling	Print House	Shenbei	Xiazhuang	Huanshan Road	Jufu Road
CBRE Valuation as of 31 December, 2020	6,908,000,000	881,000,000	1,041,000,000	1,041,000,000	859,000,000	261,000,000	1,122,000,000	313,000,000	909,000,000	481,000,000
Book value of properties	6,276,479,280	725,660,587	852,621,885	979,355,309	807,929,136	250,839,237	1,065,340,130	300,151,759	848,951,416	445,629,821
Revaluation gain/loss	631,520,720	155,339,413	188,378,115	61,644,691	51,070,864	10,160,763	56,659,870	12,848,241	60,048,584	35,370,179

Letter from the CEO

“INTO A NEW ERA”



*Jesper Jos Olsson
speaking at the BRE China Awards and BREEAM 30th Anniversary gala event*

In our 2019 bond report we promised to monitor the progress of COVID-19 and its impact on our business. Little did we know just what an extraordinary year it would be for China and the world, with the pandemic sweeping the globe. This once-in-a-century crisis pointed out how important resilience is for governments and businesses. China is among the nations that did well in controlling the pandemic at home, evidenced by the effective prevention and control measures employed and its strong economic rebound. China was the only major economy to achieve positive growth in 2020.

Perhaps more importantly, the pandemic has driven significant shifts in mindset, including among homebuyers, which directly impact White Peak. COVID-19 has been a catalyst for people in China to think anew about how and where they live, and their impact on the planet. It is accelerating change for the better. As attitudes shift, White Peak is well positioned for a new era in Chinese urban living. We have been driven for many years by a vision of sustainable living for Chinese homeowners, a concept more relevant today than ever before.

We experienced strong pre-sales uptake amid COVID-19, showing how our commitment to green, sustainable housing solutions and quality standards resonate with customers. Our top proof-point was our flagship Hammarby Eco City Project in Yantai's Zhifu District, which was the district's best-selling project in 2020.

White Peak and RE IV Limited in 2020 continued to benefit from the major trends of urbanization and the growth of the middle-income class in China while becoming increasingly responsible as a company. We continued developing our three strategic priorities—the data-driven decision-making approach, green product design, and a strong emphasis on ESG—which we believe are a solid foundation for us to be increasingly relevant to governments, customers and investors.

Growing our business

In 2020, we broadened our footprint and grew the portfolio of RE IV Limited by acquiring four projects in Shenyang, Qingdao, Tai'an and Yantai with total land investments of RMB 2.1 billion. As a result, by the end of 2020, RE IV Limited had a well-diversified portfolio of nine projects in five cities of three provinces, representing over 11,000 residential units due for completion between 2022 and 2024. Overall, in 2020, RE IV Limited sold over 2,800 units and achieved total contractual sales of RMB 2.6 billion, generated from the seven projects acquired prior to the final quarter of 2020. Sales will commence in 2021 for the two projects acquired in Q4 2020.

As we continue to build out our projects and grow our land bank in the coming years, it is important to note that governments at all levels in China are now more focused on the sustainable aspects of building and urban development. We expect this to intensify and, in the near future, only green and sustainable companies will be able to acquire land and attain the financing they need. Sustainability is becoming a central part of doing business, not an add-on.

In order to finance further investments in green residential development, in November 2020 we established a new green bond framework totaling SEK 1.5 billion and completed the first issuance in the amount of SEK 600 million. The bonds carried an 8% coupon, a decrease from 9% over the previous bonds in 2019; we feel the lower coupon reflects the market's increased confidence in White Peak. The offering was oversubscribed.

Progress in responsibility

In the 2020 Global Real Estate Sustainability Benchmark (GRESB) assessment, White Peak maintained its strong 2019 score of 92 out of 100. We retained our ESG leader position in Asia as No.1 among all Asian non-listed opportunistic funds. We plan to continue improving, and for 2021, we are increasing the weighting of ESG in our internal key performance indicators to 20%, from 10% previously.

In the areas of green and sustainability, we achieved four BREEAM "Very Good" ratings and three LEED Gold certifications in 2020. We also expanded our supply chain and established partnerships with large Nordic companies such as ABB, Assa Abloy and Envac to ensure that we can deliver an authentic Nordic lifestyle to our customers.

In view of COVID-19, we invested in more e-learning courses for our employees, which resulted in more than doubling the total training hours per employee over 2019. Our employee satisfaction survey result increased to 98% in 2020 from 93% in the last 2018 survey.

Workplace health and safety has been on top of our agenda ever since we started the company, as there are thousands of employees and contractors working on our construction sites. This year's inspection score by Bureau Veritas on construction site safety improved to 82.7 in 2020 from 81.2 in 2019. As part of the 5th annual Health and Safety Day event, we hosted a forum highlighting China and Sweden's collaborations in ESG and workplace safety at the Hammarby Eco City in Yantai. Sweden's Ambassador to China

and other honorable guests from Business Sweden, SEB, ABB and Assa Abloy presented safety awards to eight individuals and four groups for their contributions to promoting a safe workplace.

In pursuit of a long-term sustainable future

The pandemic consumed much of our attention in 2020 and sometimes overshadowed other significant developments that will impact our company, China and the world. Most notable, in 2020 China made a strong commitment to reach peak carbon in 2030 and carbon neutrality by 2060. These are ambitious goals that we believe will have a profound impact on China's real estate sector, one of the biggest sources of emissions. These targets will soon find themselves high on the agendas of all developers who want to have a long-term sustainable business in China. We look forward to the 14th Five-Year Plan that will take effect in 2021. Innovation, urbanization and environment are again high on the priority list—and are consistent with White Peak's profile.

Significant events in Q1 2021

I'm pleased to share that White Peak in March won the Asia Award for Best Performing Entity at the BRE China Awards 2021 and BREEAM 30th Anniversary gala event for our leadership in sustainable development and social responsibility. White Peak's Shenbei project in Shenyang also received a BREEAM Residential Award. For the first time, GRESB and BREEAM—the third-party organizations that set the standards for sustainable buildings—jointly evaluated the real-estate investments in Asia for outstanding social responsibility. The shortlisted candidates were drawn from GRESB members who had the highest percentage coverage of and total number of assets using GRESB and BREEAM building certification. White Peak led both categories, beating international and domestic peers including Vanke, China Overseas Land & Investment, CapitaLand, Frasers Logistics & Commercial Trust and City Development Limited.

We are also excited about re-entering Linyi, the most populous city in Shandong Province with over 10 million people. In February 2021, we invested RMB 532 million there to acquire 101,782 m² of residential land.

We thank our investors for your support in 2020 and your faith in our vision in 2021 and beyond.

Sincerely,

Jesper Jos Olsson

Beijing, March 2021

Highlights of 2020

Becoming increasingly responsible

ESG performance



92

Annual GRESB*
assessment score
(2019: 92)



No.1

Among Asia non-listed
opportunistic funds
(2019: No.1 among Asia
residential developers)



**Best
performing
entity in Asia**

By GRESB and BREEAM

Better quality and green design



90

Third-party quality inspection score
(2019: 86)



7

Green certificates obtained
(LEED**+BREEAM***)
(2019: 1)

Employees' wellbeing



98%

Employee satisfaction rate
(Last survey in 2018: 93%)



32

Training hours per employee
(2019: 15)

Workplace Health & Safety



82.7

Third-party H&S inspection score by
Bureau Veritas
(2019: 81.2)



34,207

Number of attendees of construction
safety training
(2019: 17,070)

* GRESB is the leading ESG benchmark for real estate and infrastructure investments across the world. GRESB assesses and benchmarks the Environmental, Social and Governance (ESG) performance of real assets, providing standardized and validated data to the capital markets, capturing information on ESG performance and sustainability best practices for real estate and infrastructure companies, funds and assets worldwide.

** LEED was developed by the U.S. Green Building Council (USGBC), and is an internationally recognized green building certification system, providing third-party verification that a building or community was designed and built using strategies aimed at improving performance across green metrics. LEED provides building owners and operators a concise framework for identifying and implementing practical and measurable green building design, construction, operations and maintenance solutions.

*** BREEAM is the world's leading sustainability assessment method for masterplanning projects, infrastructure and buildings. It recognises and reflects the value in higher performing assets across the built environment lifecycle, from new construction to in-use and refurbishment.

Highlights of 2020

Growing our business

Grow the company



RMB 2,798 million

Equity loan by the end of 2020
(2019: RMB 1,923 million)



434

No. of employees by the end of 2020
(2019: 380)

Expanded the portfolio



4

Land acquisitions in 2020
(2019: 2)



RMB 2.1 billion

Land investments (excluding tax) in 2020
(2019: RMB 696 million)



9

No. of projects by the end of 2020
(2019: 5)



11,000+

No. of residential units in the portfolio by the end of 2020
(2019: ~ 6,000)



RMB 6,908 million

Property valuation by the end of 2020
(2019: RMB 2,745 million)



6

No. of cities with active projects by the end of 2020
(2019: 3)

Achieved strong sale performance



RMB 2,589 million

Contracted sales in 2020
(2019: RMB 637 million)



7

No. of projects on sale by the end of 2020
(2019: 2)

Issued the company's second Green Bond in Sweden



SEK 600 million

New Green Bond issued in 2020
(2019: SEK 600 million)



8%

Coupon rate of the Green Bond issued in 2020
(2019: 9%)



Section B

About White Peak

Pages 12—14

Who we are

White Peak is a fund manager and developer that aims to create long-term value for investors and stakeholders through property projects that meet the demands of the growing middle-income populations in Chinese cities with populations of 5-10 million.

We strive to be a leader in green development and ESG in China. Our mission is to bring Nordic standards of innovation, lifestyle and sustainability to the Chinese market. We work to reduce environmental impact throughout our operations as well as increase awareness and enforcement measures along

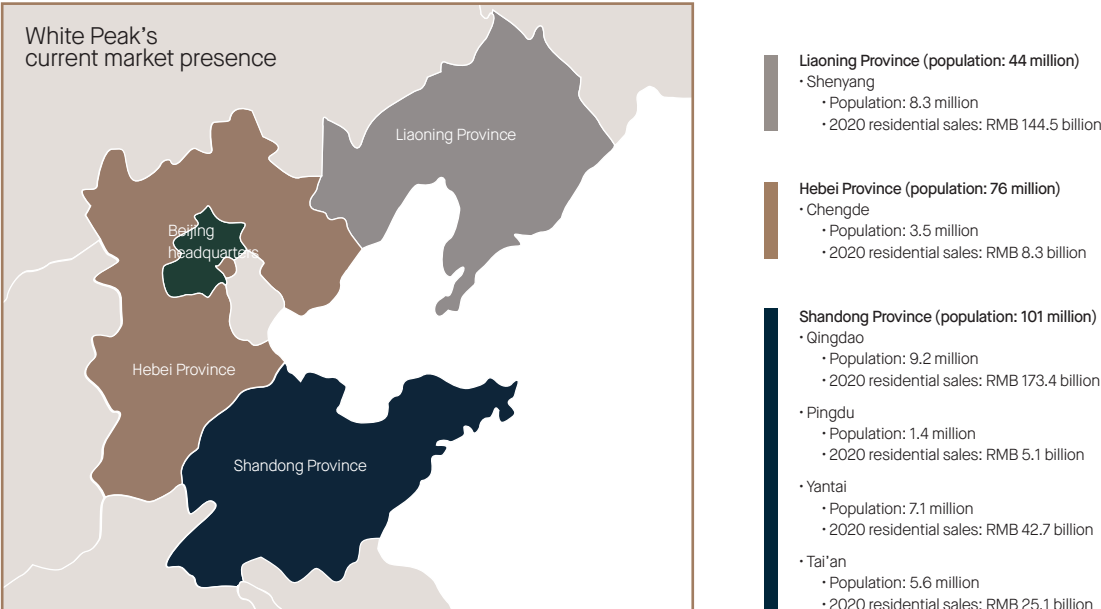
supply chain. Our dedication to environmental goals positions us to satisfy the requirements of the market for environmentally friendly residential communities as China's urbanization accelerates and the country pursues its green transition.

Headquartered in Beijing, we have a full in-house development platform with more than 400 employees. Our limited partners of the Fund are some of the largest Swedish pension funds and institutional investors, who recognize our efforts to create value for all stakeholders.

Through White Peak, our stakeholders can:

Customers	<ul style="list-style-type: none">— Enjoy high-quality apartments celebrated for Nordic innovations in sustainability and eco-friendliness that meet their demands for healthy and sociable living;— Benefit from being members of smart, human-centered communities that focus on the real needs of residents.
Staff & contractors	<ul style="list-style-type: none">— Work in healthy, safe and open workplaces;— Have access to a wide range of professional and personal development opportunities;— Learn from leaders with deep local-market knowledge.
Investors	<ul style="list-style-type: none">— Gain transparent, low-risk access to the economic impact of China's urbanization in II and Tier III cities and the growth of the Chinese middle class;— Have financial security through White Peak's record of superior risk-adjusted returns across a range of geographic locations in the developed eastern seaboard of China.
Partners	<ul style="list-style-type: none">— Secure long-lasting relationships that nurture trust and responsibility;— Be assured of transparency in corporate governance and business ethics;— Feel confident of our commitment to ESG and sustainability.

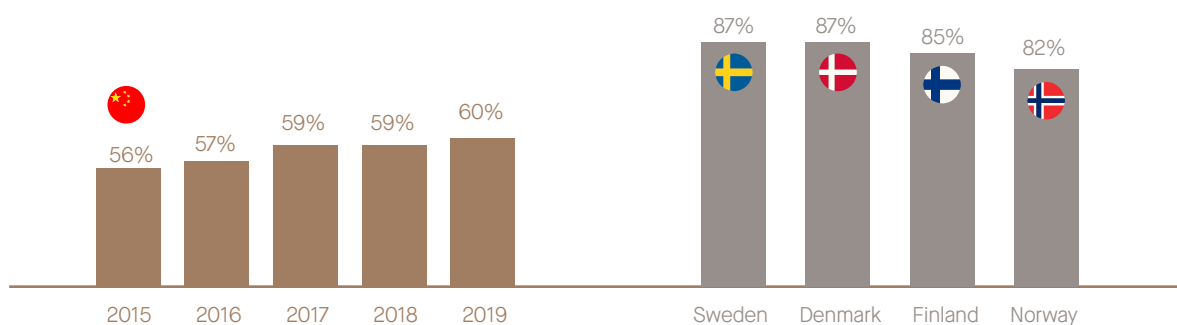
Our current residential development projects span three provinces in China with a total population of c.250 million.



Our business model

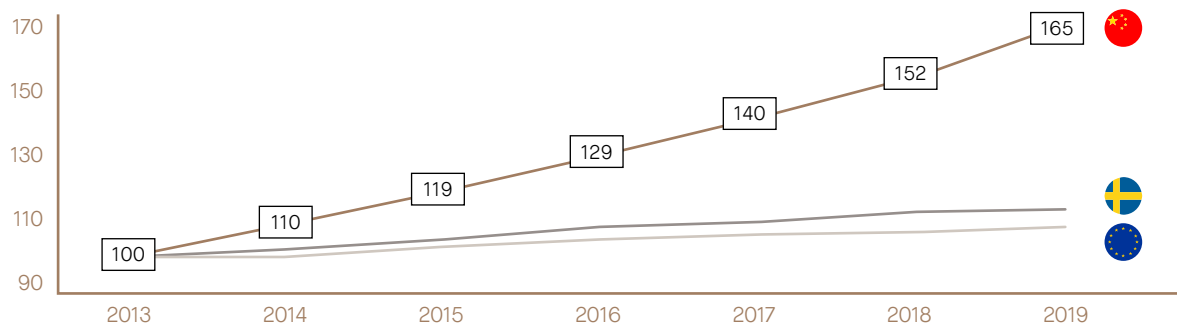
White Peak's unique business model leverages China's steady urbanization and the growing wealth and sustainable-living demands of an expanding middle class.

Below figures representing percentage of total population residing in urban centers shows the potential of urban concentration in China versus that of the Nordic nations.



Sources: China National Bureau of Statistics; statistical authorities of Sweden, Denmark, Finland and Norway.

China's strong growth in per capita disposable income compares favorably with an almost static Sweden and EU.



Sources: China National Bureau of Statistics; statistical authorities of Sweden and EU.

Meanwhile, our business enjoys risk mitigators inherent in Chinese residential development.

1 Land Acquisition	Land is always sold with pre-approved zoning, shortening the development process
	Land is sold only by government entities
2 Pre-sales	100% upfront cash payment during pre-sales phase ✓ In 2020, contracted sales were RMB 2.6 billion and cashflow from sales RMB 2.3 billion
	Pre-sales launched within 9-12 months of land acquisition
3 Construction and Control	All projects are 100% owned and operated with rigorous cost and quality control ✓ Fixed-price general contractor procurement ✓ Historically deliveries have been on schedule



Section C

Strategic focus

Pages 15—28

Strategic focus

Focus 1: Data-driven decision-making

Data drives White Peak's decision-making. We study trends in both primary-market housing purchases and in land acquisition using government databases, and we are continually looking for new ways to better understand the numbers. Such a data-driven approach helps us make key business decisions on land purchases, project positioning & design, procurement, cost-control, construction & sales, and organizational development.



Land Acquisition

Data-driven underwriting

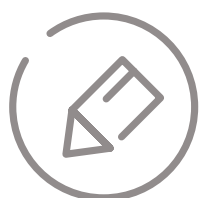
The comprehensiveness of our research and analysis sets us apart from most of our peers. We employ data-driven underwriting to ensure due diligence before every investment decision. This comprehensive approach covers (1) macro and micro analysis at the city and district levels to grasp the market and policy context of the project and (2) quantification and modeling of the market supply and demand dynamics.



Construction

Data-driven phasing

During construction we rely on data to make phasing decisions. The start date for the next phase and each phase's size is determined by our analysis of the supply-demand dynamics, as we aim to maintain a stable inventory that suits the pace of sales. This requires careful planning and integrated inputs from design, sales and construction management supports active risk management. This approach enables us to mitigate risks in advance.



Position & Design

Data-driven positioning & design

Our data-driven approach enables us to differentiate our products and better cater to local customers' preferences at the positioning and design stage. Through big data, on-site customer interviews, and a thorough understanding of local competing projects, we can tailor the type and design of products, unit sizes and the price range for our target market.



Sales

Data-driven pricing & sales management

White Peak factors in specific variables to determine the best price for its projects. The most important variable is understanding what buyers want. We use our local teams and data-driven analysis to identify customers' needs, and we analyze historical transactions to determine the price elasticity of demand and make adjustments as required.



Procurement & Cost Control

Data-driven procurement & cost management

White Peak's procurement process and cost management utilizes a supplier database of purchases from each supplier, past performance evaluation records and relevant data to model cost-drivers. This enables us to rank vendors based on performance and compatibility with our values. We also review costs throughout the development process to effectively monitor alignment with the project's budget.



Organizational Development

Data-driven & merit-based remuneration

Our KPI and remuneration systems are data-oriented, with each employee given a clear target at the beginning of the year. Mid-year and final reviews determine a score that impacts the employee's annual bonus and salary adjustments. Final KPI scores are reviewed by the Compensation & Benefits Committee. An employee's personal/company KPI ratio will be increasingly weighted toward the company's as the employee gains seniority.

Strategic focus

Focus 1: Data-driven decision-making

White Peak's company culture is built around data-driven decision making and transparency. Much of our focus is on sourcing data externally and internally and developing analytical tools to understand it. Analytics are embedded in our daily operations.

1. Source data

Example: Data sourcing for project positioning and design

Our foundation for developing an appropriate product positioning and design strategy is rooted in identifying the right data. The experience gained through our 14-year history and over 30 projects is invaluable.

External data

- Macro market data analysis
- Site visits and local interviews by our local teams with market participants, buyers, experts, and government
- Analysis and sourcing of local data from multiple key licensed databases and public sources
 - SouFun-CREIS, Statistical Yearbooks, Global Demographics, National Bureau of Statistics, Thomson Reuters
- Secondary qualitative research
 - Media, experts, research reports

Internal data

- 'Reality checks', e.g., on pricing, inventory, and products, based on the outcomes of more than 20 previous projects
- Customer segmentation internal database
- Our existing projects' product matrix and sales results analysis
- Interviews with our front-line sales team on market trend and customer preferences
- Interviews with our customers to understand their behavior

2. Develop data analytical tools

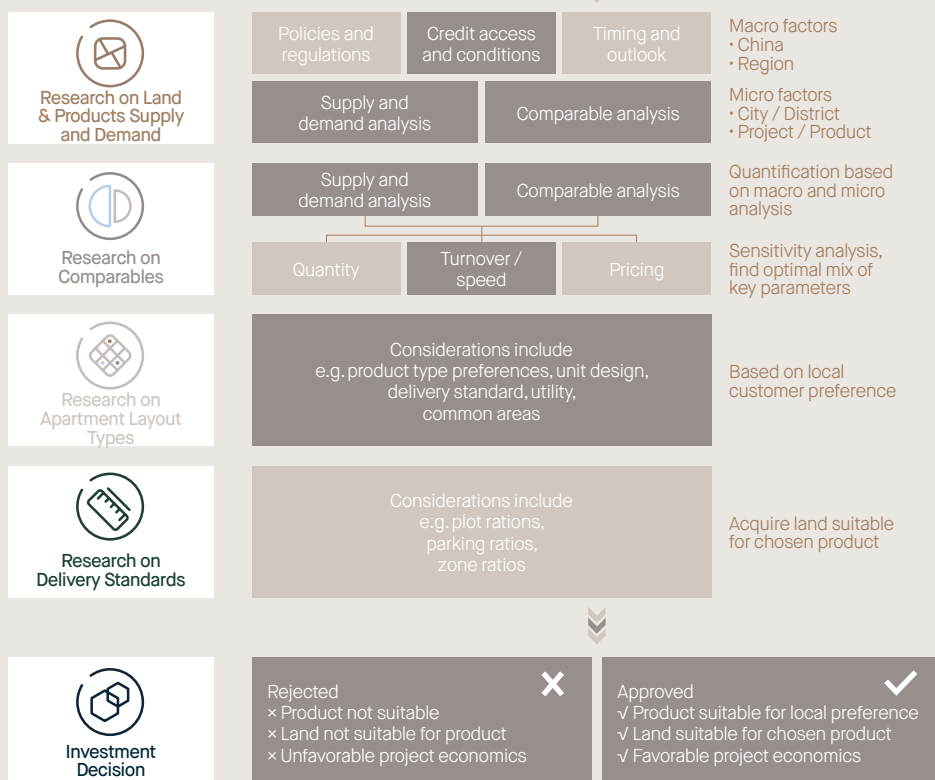
Example: Data-driven underwriting framework

With the external and internal data outlined above, we establish a rigorous analytical framework to conduct underwriting analysis for decision making on land purchases and product positioning.

3. Data analytics embedded in the process

Example: Data-driven design decisions

As a key part of the project design and due diligence process, we classify comparable projects by customer—such as first-time homebuyers, upgraders, or high-end buyers—and then research the product characteristics that apply to them in relation to the rate of uptake. This allows us to prioritize the features that sell.



Strategic focus

Focus 2: Integrated product with green focus

Our vision for green living is embodied in Hammarby Eco City

Proving that the White Peak vision for sustainable living is in line with the accelerated transition toward healthy and green lifestyles in China, Hammarby Eco City was one of the top-selling residential projects in the growing city of Yantai, Shandong Province, in 2020. This flagship project, scheduled to be delivered to residents in 2022, incorporates the sustainability concepts of the Hammarby Sjöstad model in Sweden and localizes them for China.

Integrating Swedish innovation and lifestyle elements, the impact of the Hammarby model in China is magnified by our partnerships with a number of well-known Swedish companies that are also committed to sustainability.



From top: Hammarby Eco City entrance.
Envac vacuum waste receptacles

"Green and sustainable housing is gaining popularity due to the work and lifestyle changes prompted by the COVID-19 pandemic. China is going to be the crest of the green home wave and White Peak is excited to be part of it through our continued development in green residential communities."

*Eric Hao,
Senior Partner, CEO of the China
Development Platform, White Peak*



Above: Hammarby Eco City apartment facade

Embracing unprecedented change

The COVID-19 impact

The COVID-19 pandemic is changing the way people live and work. The experience of being quarantined at home for weeks, even months, or even just working from home, along with the need to socially distance in public spaces, has caused many people to reconsider their living spaces and how conducive their homes are to a healthy lifestyle. People want clean air indoors, purified water and waste separation and disinfection to help protect against disease. They also want to live in a caring community that can support their physical, mental, and emotional wellbeing.

The popularity of Yantai Hammarby Eco City proves White Peak's vision meets the shift in China toward healthier and greener lifestyles that has been accelerated by the pandemic. In April 2020, after the reopening of our sales office, Hammarby Eco City sales rocketed to No.1 in Yantai, a growing city with a population of 7 million. Why? Because White Peak's vision of green and healthy living perfectly matches the priorities of Chinese consumers.

Yantai Hammarby Eco City apartments feature a dual-way fresh air system, in-house water purifiers, an underground vacuum waste collection system by Envac, along with a spacious communal green area and community living room.

2060 carbon neutrality target

"The Paris Agreement on climate change charts the course for the world to transition to green and low-carbon development... China will scale up its Intended Nationally Determined Contributions by adopting more vigorous policies and measures. We aim to have CO2 emissions peak before 2030 and achieve carbon neutrality before 2060."

— Chinese President Xi Jinping, September 2020.

White Peak's vision for green living is also well-aligned with China's emissions reduction goals. We incorporate sustainability throughout our business and projects, and are committed to reducing energy use by at least 20% from the national standard for all new projects funded by the proceeds of green bonds.

Strategic focus

Focus 2: Integrated product with green focus

Green solutions meet changing consumer aspirations

Design concepts	Facility features <ul style="list-style-type: none">— Weatherproof design— Natural landscaping— Community facilities suitable for all ages— International-standard ice hockey arena— Five-layer security system— Home alarm system— Single-switch light controls	Tangible products	Cozy temperature <ul style="list-style-type: none">— Air source heat pump— Solar water heating system— External wall and window insulation system
	Sustainable elements <ul style="list-style-type: none">— Green roofs and feature landscapes— Home energy monitors— Rainwater collection system— Solar power system— BREEAM* certification <p>*Building Research Establishment Environmental Assessment Method</p>		Fresh air <ul style="list-style-type: none">— Dual-way air purification system— Fresh air for all seasons
			Clean living <ul style="list-style-type: none">— Vacuum underground waste collection system— Kitchen water purification system— Central new air system

White Peak’s vision aligned with desire for green and healthy lifestyles

When White Peak made the decision to localize the original Hammarby model in China, we wanted to retain and emphasize the Swedish approach to green living. We wanted to share with Chinese consumers the Nordic lifestyle, which is based on sustainable and resident-friendly communities.

Growing together with China, White Peak has been ahead of the curve in spotting the growing environmental awareness in the country and the green ambitions of the nation’s policymakers.

Deeply rooted in the Chinese residential market for over a decade, White Peak understands the underlying healthy lifestyle desires that go beyond the demand for residential space as a result of China’s ongoing urbanization.

White Peak takes a long-term perspective when developing projects, requiring us to have an in-depth understanding of customers’ requirements. This is achieved through research and data-driven analysis.

With our established local teams, we are able to gather first-hand information on what customers are looking for through direct interactions and consultations. As a result, our solutions meet people’s requirements and expectations.

Our clean-air solution

In China, air quality has long been a cause of concern. Well aware that particulate matter can enter the bloodstream and potentially cause cancers, strokes and heart attacks, Chinese consumers are highly sensitized to air quality.

To ensure residents breathe healthy air, apartments at Hammarby Eco City feature a dual fresh air system that continuously exchanges the indoor air with the air outside, filtering out PM 2.5 particles in the process.

Environmentally friendly temperature control

Yantai is a coastal city, and the air is humid. Customers place a premium on being able to keep indoor temperatures within a comfortable range. At the same time, they want temperature control systems that are environmentally friendly.

Hammarby Eco City features an air-source heat pump system that enables indoor temperatures to be set at the most comfortable temperature ranges for humans, 18-25°C in winter and 23-28°C in summer. Moreover, Hammarby Eco City apartments incorporate a facade and window thermal insulation system, effectively preventing heat conduction. In addition, a solar water heating system is employed to guarantee environmentally friendly domestic hot water.

Building a healthy home environment

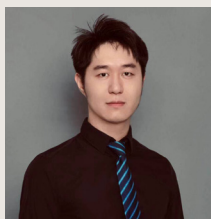
Chinese people are increasingly demanding a healthy environment. The quality of the air, including the smell and the concentration of bacteria and viruses, is factored into the decisions of homebuyers. So too is water quality. Water purification for safe water in the kitchen provides real health value. The healthiness of the home and community environment are key considerations when making the decision to buy.

White Peak works to raise the awareness of residents on the importance of underground vacuum garbage collection for more hygienic garbage removal, as well as the benefits of air filtration and water purification systems.

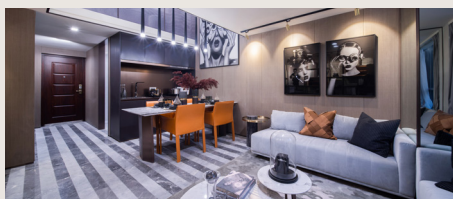
Voices on Hammarby Eco City

Seeing is believing

An interview with Aaron Zheng, Marketing and Sales Director of Yantai Hammarby Eco City



Aaron Zheng



From top: Hammarby Eco City Product Demonstration Zone model apartment and a green outdoor community area

How are consumer tastes changing?

There is growing demand for green living. China has seen rapid industrialization, which is good for growth, but not for the environment. Priorities are changing. Top-of-mind for Chinese consumers is the quality of the air we breathe. People are now better informed about things like PM2.5 particulate matter, the micro-particles that can enter the bloodstream with long-term health effects. We talk to our customers, and almost everyone tells us they have air purifiers in their apartments. Most would prefer a system built right into the house to guarantee a continuous, even flow of clean air. This is why the Hammarby Eco City product, with its two-way air system for fresh and filtered air, resonates with buyers.

What has been the greatest challenge?

Hammarby is a redevelopment of a former industrial area. Consumers are highly receptive to the idea of green living—so it is relatively easy to pitch our project concept. But there is a leap of imagination required because of its novelty. The harder part has been selling the actual apartments using the typical pre-sale method with models and plans. People want to be able to see a finished apartment before they commit, or at least better understand the workings of a green living space.

How did you tackle it?

Seeing is believing for Chinese consumers. We demonstrate the Swedish green technologies employed at Hammarby in our Product Experience Zone, where sales reps brief buyers on the workings and benefits of the green systems such as solar panels, energy-saving insulation and rainwater collection. These systems were carefully selected by White Peak to reduce the Eco City's environmental footprint.

This is ground-breaking. Most developers won't spend that sort of money up front to educate buyers, but we know it's worth it. In the end, the buyer gets what they are expecting – no surprises. Our business model is not solely profit-driven—you cannot devote yourself to green on that basis. We're in this for the long haul, and our products fit that long-term vision. So, we are unique in that we present our product in the same way customers will experience in the finished apartments. We're devoted to the happiness of the community through healthier living. Letting people experience that before they buy is essential, and our sales results as one of the top sellers in Yantai in 2020 speak for themselves.

Good-bye to all of that

Thoughts about Hammarby Eco City from a new homeowner

"It was love at first sight," says Lisa Dong, whose family bought a three-bedroom (98m²) apartment at the Yantai Hammarby Eco City in the summer of 2020. They looked at several projects in Yantai before making their choice.

Their timing was significant, shopping in the wake of the early stages of the COVID-19 pandemic. Lisa's family was forced to self-isolate for almost three months with only brief spells outdoors. "Such a long time in the same place really focused us on its shortcomings. It felt like a prison for the three of us. We noticed how poor the ventilation was and were desperate for fresh air."

Lisa, her husband and her teenage son currently live in a decades-old apartment building not far from the Eco City. Among the drawbacks of such older buildings is the collection of household rubbish in dumpsters on the street outside. Lisa was delighted to see that would not be the case at Eco City.

Eco City apartments employ a vacuum waste-collection system, which whisks the garbage into an underground holding area. "I'll be so happy not to endure smelly garbage as we come and go from our home."

Indoors, the apartments have a two-way air purification system. "Though some developers claim to sell fresh air, Eco City shows you how it's done. We could see the system working in the Product Experience Zone. It was exactly what we wanted."



Photo of Lisa Dong and her family

Even though their move-in date still lies in 2022, Lisa now considers herself part of the Hammarby Eco City community and even brings homemade food to share with the salespeople, who have begun calling her the Eco City's "unofficial spokeswoman." The couple are so in love with the Eco City that they frequently bring their friends to see Hammarby and explain how it perfectly balances the Swedish and Chinese lifestyles while being eco-friendly.

"We've been thinking about how we live, and the Hammarby concept is where we want to go. We feel that in our own small way we're helping address China's environmental problems."

Strategic focus

Focus 2: Integrated product with green focus

Alliance with like-minded Swedish partners to promote sustainability in China



"In order to create a truly sustainable world, for ourselves as well as future generations, it is essential that we succeed in developing cities with good living habitats by using long-lasting sustainable technologies."

— H.E. Helena Sångeland,
Swedish Ambassador to China



中国-瑞典哈马碧生态城联盟
CHINA - SWEDEN
HAMMARBY ECO CITY ALLIANCE

White Peak believes we can make a bigger impact in sustainability by working with like-minded partners. To help realize our vision of green living in China and achieve our long-term promise of sustainability, we initiated the China-Sweden Hammarby Eco City Alliance.

The Alliance lets us introduce market-leading Swedish technologies, processes and approaches that are in line with our vision for green living and enable us to provide an authentic and qualitative Nordic experience that meets the requirements of Chinese customers for healthy and environmentally friendly lifestyles.

The growing desire in China for high-quality real estate developments that are environmentally friendly is matched by the Chinese government's commitment to realize sustainable development. Green technology and ESG practices from Sweden can help serve the needs of many cities in China. Hammarby Eco City is a realization of the sustainability visions of China and Sweden, linking the green values of the two nations.

Alliance events in 2020



A commemoration of Sweden's contributions to sustainability in China: The Eco City Alliance model

As part of the celebration to mark the 70th anniversary of diplomatic relations between Sweden and China, the China-Sweden Hammarby Eco City Alliance, initiated and founded in May 2019 by leading Swedish enterprises operating in China including White Peak, Sweco, Envac and Business Sweden, held an event to highlight Chinese and Swedish collaboration on sustainable cities, and celebrated its one-year anniversary at the Swedish Embassy in China.

At the event, White Peak signed procurement agreements with four multinational companies including ABB Group, Assa Abloy, Envac AB, and IKEA to provide sustainable Swedish products and services for the Yantai Eco City. The total value of Swedish products to be purchased for the Eco City projects amounts to more than RMB 100 million.

The event was the fifth in a series focusing on opportunities for Nordic companies amid China's rapid urban development. Its aim was to promote cooperation and exchange experiences and business opportunities, especially those related to the urban environment, health, and wellbeing.

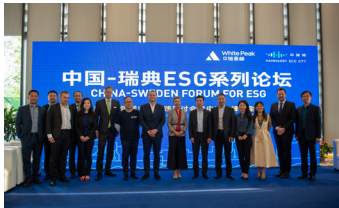


China-Sweden forum for ESG and workplace safety

White Peak hosted a forum highlighting China and Sweden's collaborations in ESG and workplace safety in China's real estate sector at the Hammarby Eco City in Yantai, Shandong Province.

The forum stressed "workplace safety," a key ESG issue that is among the labor force's fundamental needs which have seen fewer discussions in many societies. At White Peak, our employees and contractors are our most valuable stakeholders, and their workplace safety is our highest priority.

The forum concluded with the fifth annual White Peak Safety Day where White Peak employees and local contractors were awarded commendations for their success in ensuring safe working conditions for all stakeholders.



From left: White Peak Founder and CEO Jesper Jos Olsson speaks at the Swedish Embassy in China. The White Peak leadership team, stakeholders and Yantai officials gather onstage at the China-Sweden Forum

Strategic focus

Focus 3: Our comprehensive ESG approach

“White Peak embraces environmental awareness, corporate citizenship, and transparency.”

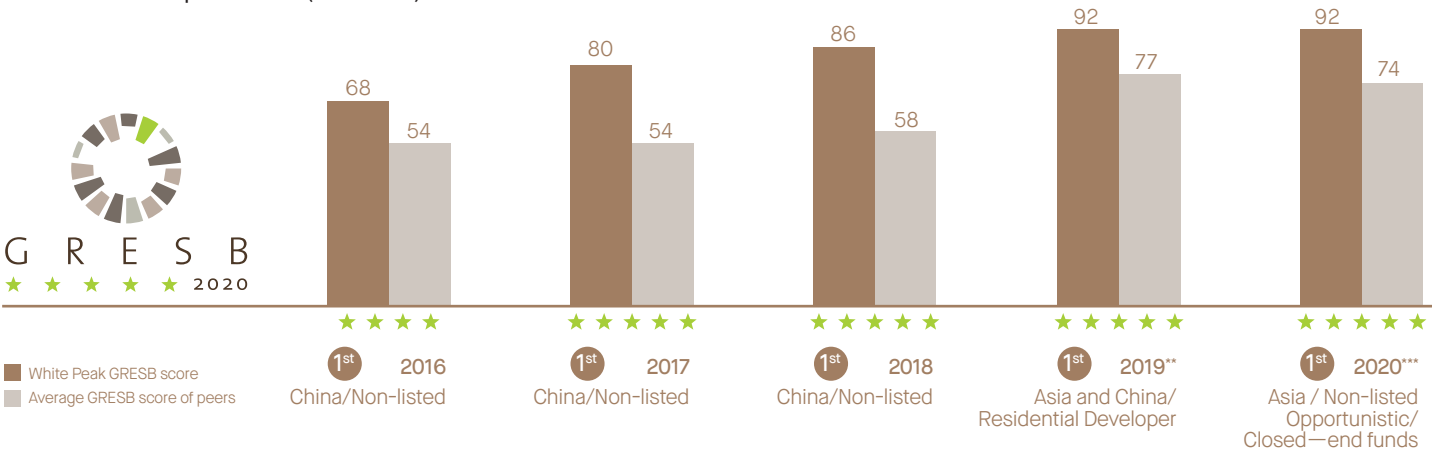
— Karen Xu,
Head of Investor Relations,
White Peak

As China embarks on the path to carbon neutrality, White Peak has a fundamentally different framework for thinking that puts it ahead of the curve in the real estate sector in China. We believe sustainability comes with responsibilities and we embed environment, social and governance (ESG) factors into our overall strategy and risk oversight by developing and meeting ESG KPIs.

As an Asian Leader in ESG, White Peak has achieved great results. This is not only demonstrated through the assessment of GRESB, a global leader in real estate and infrastructure ESG assessment, but also in the trust we have built with our stakeholders. We hold ourselves to the highest international standards, and as a result we are regarded as a reliable partner and developer in our business network. In March 2021, White Peak won the Asia Award for Best Performing Entity at the BRE China Awards 2021 and BREEAM 30th Anniversary gala event, in recognition of our achievements and leadership in sustainable development and social responsibility.

White Peak’s Zhongrui Eco City project in Shenyang also received a BREEAM Residential Award. White Peak’s awards are the result of the great importance it attaches to ESG throughout our operations for over a decade, especially our practice of international green building standards, innovative green financing and advanced concepts of green development.

GRESB assessment performance (2016-2020)*



* GRESB is the Global Real Estate Sustainability Benchmark.
** Before 2020, applicants for a GRESB assessment could choose their peer category. In 2019, White Peak chose the categories Chinese Residential Developer and Asia Residential Developer because we wanted to highlight that we are a residential developer as well as a fund manager.
*** In 2020, the categories changed, but we again ranked No.1 among our Asian peers with a score of 92 out of 100.

The following pages provide more details about White Peak’s ESG commitments and actions.

Environment

- Green product
- Green certification
- Green design
- Green financing
- Green operation

Social

- Employee care
- Health & Safety
- Community engagement
- Social responsibility

Governance

- Two-layer management structure
- Enhanced transparency through digital tools

Strategic focus

Focus 3: Our comprehensive ESG approach

Environment

We adhere to international green building standards, innovative green financing and green operations

Our green credentials

China is prepared to be a leader in green building, and White Peak is well-positioned to be at the forefront of that movement, as shown by the internationally recognized green certification our projects have received.

Three new projects gained gold precertification from LEED (Leadership in Energy and Environmental Design) in its Cities and Communities: Plan and Design program. This recognizes best-in-class green building strategies and is aligned with all of the United Nations Sustainable Development Goals.



LEED certification

Gold

Certification year

Cities and communities: plan and design

Zhongrui Eco City, Chengde (Chengde Pianling)
Zhongrui Eco City, Shenyang (Shenyang Shenbei)
Regency Mansion, Qingdao (Pingdu Print House)

2020
2020
2020

In the BREEAM (Building Research Establishment Environmental Assessment Method) rating, which assesses the sustainability value of assets to a robust and internationally recognized standard, four projects received VERY GOOD ratings from BREEAM in 2020.



"VERY GOOD" rating

Certification year

Sustainability assessment

Hammarby Eco City (A2 & B, Yantai)
Nordic Park, Yantai
Regency Palace, Qingdao (Qingdao Xiazhuang)
Regency Mansion, Qingdao (Pingdu Print House)
Zhongrui Eco City, Shenyang (Shenyang Shenbei)

2019
2020
2020
2020
2020

Green design

Hammarby Eco City model

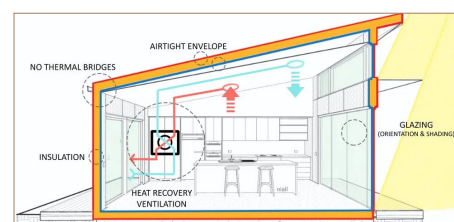
Our flagship Hammarby Eco City project in Yantai is modeled on the successful Hammarby Sjöstad redevelopment project in Stockholm, Sweden, a global model for sustainable development. It integrates world-class Swedish and Nordic technology, processes and approaches to sustainability in an environmentally friendly 24-hour community. We aim to implement this model in more Chinese cities, starting from those in our core markets: Shandong, Hebei and Liaoning provinces. See Focus 2 for more information on Yantai Hammarby Eco City.

Passive house design

White Peak's exploration of ways to make our projects greener never ceases. In 2020, we began constructing our Pian Ling Project in Chengde, Hebei Province, which employs the "passive house" design, a highly efficient building concept that eliminates the need for active heating and cooling systems, while at the same time enhancing indoor comfort and acoustic insulation. The project is expected to be completed in 2023.

Cross-laminated timber (CLT) & building with wood

CLT is being applied in the main wooden structures—beams, columns and floor—of the temporary sales center at our Tai'an Huanshan Road Project. CLT is not yet recognized by China's building standards for permanent high-rise structures. However, we are hoping to promote a change in the policy by showcasing the benefits of the material without violating the building codes.



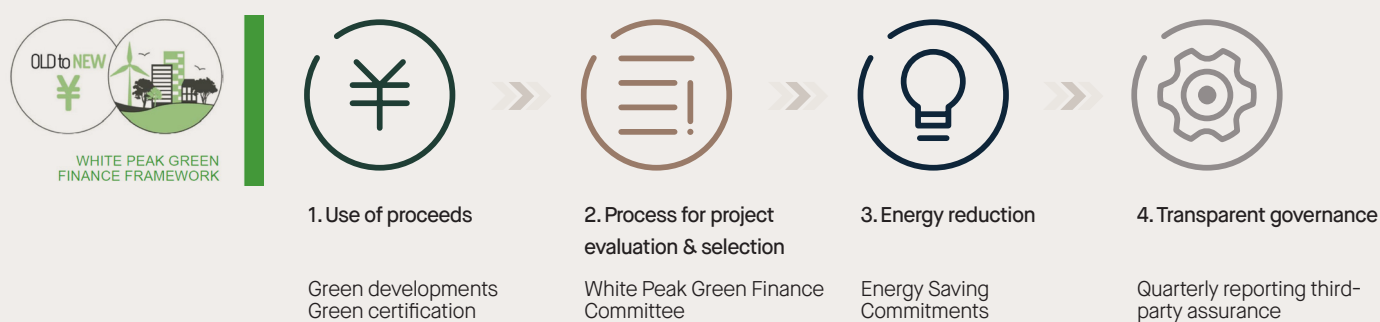
Strategic focus

Focus 3: Our comprehensive ESG approach

Green financing

In November 2020, White Peak RE IV Limited issued our second green bond under the Green Financing Framework. The green bond has an issuance size of SEK 600 million and will mature in 2023. The bond proceeds will be used for investments in accordance with the established Green Bond Framework ("Eligible Assets"). Notably, the projects will use 20% less energy than required by applicable national codes and regulations.

Our Green Bond Framework is rated Medium Green by Cicero. CICERO Shades of Green AS provides independent, research-based evaluations on the environmental robustness of green bond investment frameworks. Its Second Opinions are graded dark green, medium green and light green to offer investors better insight into the environmental quality of green bonds.



Green operation

White Peak wants to promote and lead sustainable development and green performance best practices in China's real estate sector, and we are committed to reducing our own environmental impact throughout our operations. In 2020, we added four new projects to our portfolio, and five more projects launched the pre-sales, which resulted in an associated increase in scope 1 and scope 2 emissions. The company's total energy efficiency was improved due to the measures at both the project and headquarters levels. These measures included promoting a low-carbon and eco-friendly office culture among employees and encouraging business travel by rail instead of air so as to reduce our carbon footprint.

In 2021 and beyond, we plan to conduct the Carbon Footprint life cycle analysis of our projects in accordance with ISO14067 or other relevant standards and framework. We will establish and implement our low-carbon management plans including green procurement policy and actively help our suppliers, contractors and service providers to understand their climate change impacts.

	2020	2019
Scope 1: Direct emissions of greenhouse gases (kg CO ₂ equivalent)*	79,787	6,079
Scope 2: Indirect emissions of greenhouse gases (kg CO ₂ equivalent)**	1,218,381	229,314
Total emissions of greenhouse gases (Scope 1 and 2) (kg CO ₂ equivalent)***	1,298,168	235,393

* Scope 1 includes direct emissions from White Peak and our subsidiaries' activities, including fuel combustion on site, such as gas boilers, fleet vehicles and air-conditioning leaks.

** Scope 2 includes indirect emissions from the generation of energy purchased from a utility provider.

*** Both Scope 1 and Scope 2 only encompass the greenhouse gas emissions of White Peak's offices and our subsidiaries. They exclude the construction sites.

Note: At present, it is difficult to measure Scope 3 Emissions, which are the emissions produced by suppliers of materials such as lime and cement, due to current industry standards. However, White Peak is working on ways to collect that data from our suppliers.

Strategic focus

Focus 3: Our comprehensive ESG approach

Social

As a responsible corporate citizen, we care for our stakeholders and society

Health
&
Safety

White Peak works closely with contractors and partners to develop and implement health and safety (H&S) protocols. While the construction industry is inherently risky, proper H&S training, as well as regular inspections, can mitigate some of the risks and reduce the number of accidents.

All our construction sites undergo regular quality and H&S audits carried out by Bureau Veritas, a recognized world leader in testing, inspection and certification services.

We also put great emphasis on preventing accidents by building awareness and improving behaviors. Our H&S management program comprises both H&S-themed events and daily activities. We have also devised regular training programs to raise H&S awareness among our employees, contract workers and stakeholders.

In September 2020, White Peak hosted a forum highlighting China and Sweden’s collaboration in ESG and workplace safety in China’s real estate sector at the Hammarby Eco City in Yantai, Shandong Province. More than 2,600 attendees, including White Peak’s employees and construction workers from more than 40 business partners, attended the event.



White Peak’s management team discusses safety issues.



Contractor workers receive awards on excellent performance in Health & Safety issues.



White Peak conducts regular Health & Safety trainings and site inspections.

Key performance indicators:



02

Fatalities
(2019: 0)

Injuries
(2019: 0)



82.7

Third-party
H&S inspection score
by Bureau Veritas
(2019: 81.9)



34,207

Number of participants in
construction safety
training courses
(2019: 17,070)

Strategic focus

Focus 3: Our comprehensive ESG approach

“Online courses have not only helped me resolve some real issues in my work, they have also provided me with a way to gain some know-how outside my own area of focus.”

– Ji Qin, staff of White Peak Tai’an project company, earned the most online course credits among all employees

Employee care

With a growing portfolio across North and Northeast China, it is important we align our workforce with White Peak’s organizational goals and strategies. Professional training is held throughout the year at both our headquarters and regional offices to enhance not only professional skills but also employees’ understanding of our company culture and objectives. The total number of training hours in 2020 amounted to 13,310 hours, which represents an average 32 hours per employee. The topics covered range from cost management, engineering, operations and design, to compliance, marketing and sales. Due to the COVID-19 pandemic, we also launched online training in areas such as how to think around problems and performance management, which were popular among employees.

Our annual employee survey helps us understand our staff better and where we need to improve. In this year’s survey, White Peak’s overall employee satisfaction score was 98%. Among all the aspects surveyed, employees expressed the most satisfaction with “work and team” and “personal growth and development”.

Key performance indicators:



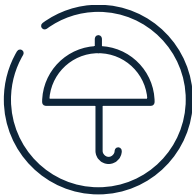
434

Total number of employees
(2019: 380)



48%

Female employee ratio
(2019: 48%)



100%

Commercial insurance
coverage rate
(2019: 100%)



98%

Employee satisfaction
score
(2018: 93%)



32

Training hours per
employee
(2019: 15)



100%

Insurance and housing
fund coverage rate
(2019: 100%)



90

Third-party quality
inspection score
(2019: 86)

Strategic focus

Focus 3: Our comprehensive ESG approach

Community engagement amid COVID-19

White Peak headquarters and our project companies have contributed in multiple ways to the fight against COVID-19. We have donated goods worth RMB 1.2 million to local governments in China. We also issued safety guidelines for workplaces and construction sites, and prevention and control measures have been put in place. As a result, none of our employees, business partners or contract workers has been infected with the virus.



Employees at White Peak headquarters receive nucleic acid tests in June 2020



Tai'an project company donated infrared thermometer to local emergency authority and Mount. Tai Management Committee.



White Peak bought 100,000 face masks for hospitals in Stockholm and delivered them at-cost.

We believe a community is created not by the buildings but by people. Our vision of serving and improving the lives of those around us is at the heart of our business. For example, our Chengde Project Company is dedicated to improving the lives of people in the community through its "Love Initiative". In 2020, the company rebuilt the road near the project neighborhood and made donations to Daba Village and Huilongshan primary schools. During the height of the COVID-19 epidemic in China, the company also donated goods to the local government.



White Peak Chengde Project Company visited Banjieta Village in Chengde and donated necessities to the village.



Hammarby Eco City organized family events that further linked the community together



Yantai Nordic Park held "science lab" event to inspire passion for science among kids



Yantai Nordic Park held a young talent show that have attracted many families in Fushan District to join

Strategic focus

Focus 3: Our comprehensive ESG approach

Governance

We are committed to transparent, open and efficient governance

Two-layer management structure

White Peak’s organizational structure aims to balance centralized governance with localized management to ensure the company can deliver on its sustainability promise. Our Beijing headquarters handles overall company operations, while the local offices are project-focused. By operating on these two levels, White Peak can dynamically and fluidly address opportunities and risks.

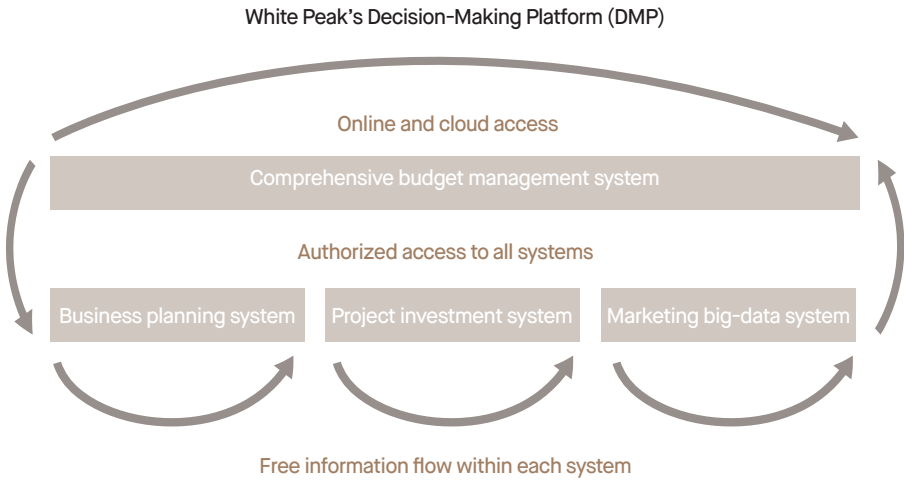
Differentiated responsibilities of headquarters & local offices:

HQ (centralised governance)	Local offices (personalised management)
<p>Functions</p> <ul style="list-style-type: none">• setting up procedures and standards• portfolio management• performance monitoring• quality control and risk mitigation• investor relations• strategic planning• business development• procurement and cost control• legal and contract management• financial management• IT / security	<p>Functions</p> <ul style="list-style-type: none">• local market intelligence• government relations and approval• safes force management• project implementation• quality, health and safety management• business development

Enhanced transparency through digital tools

Transparency is the key to good governance. It enhances operational efficiency and reduces risk. In 2020, we enhanced the digital approval system for all business decisions throughout the organization via our Mingyuan ERP (Enterprise Resource Planning) system and WeChat-based instant approval system. These initiatives have shortened decision-making time by 30% on average compared with 2019.

Mingyuan provides ERP solutions specifically designed for the real estate industry in China. Our cloud-based system includes functionalities related to cost and sales management. We plan to further develop this platform by gradually adding more functionalities related to areas such as planning, land management, quality control, procurement and customer service. Leveraging the cloud also allows collaborative decision-making to be mobile and transparent.





Section D

Performance

Pages 29—103

Project status

Yantai Hammarby Eco City (“Eco City”) Site A-2 and Site B

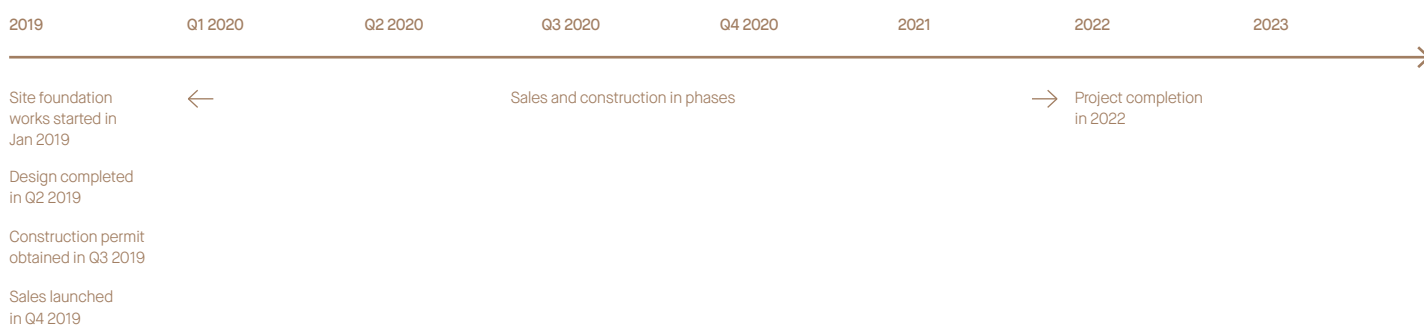


Eco City	Site A-2	Site B
Development type	Residential Loft Retail	Residential Loft Retail Ice Hockey Stadium
Land size, m ²	39,356	52,341
GFA, m ²	94,300	125,600
Number of residential units	812	1,075
Estimated year of project completion	2022	2023

Project Description

- Eco City (Site A-2) and Eco City (Site B) is the initial phase of the Eco City Project.
- The Eco City Project is an urban redevelopment project comprising eight land parcels for which White Peak has entered into an exclusive cooperation agreement with the local government, the purpose of which is the joint development and incorporation of the Hammarby Sjöstad planning concept over the next several years.

Site A-2 Estimated schedule



Site B Estimated schedule

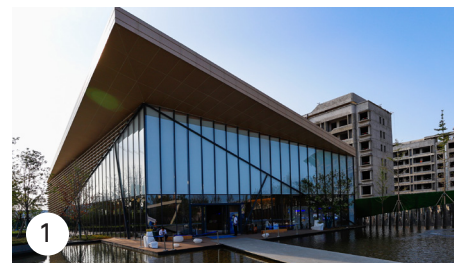


Project status

Yantai Hammarby Eco City (“Eco City”) Site A-2 and Site B

We have achieved important milestones in the Eco City project.

- Conceptual design prepared by Sweco has been approved;
- The Sales Centre construction has been completed;
- Construction is proceeding according to plan;
- Pre-sales of Eco City Site A-2 residential apartments launched in November 2019 with 680 units located at Site A-2 sold by the end of Q4 2020;
- Eco City Site B launched sales in August with 185 units sold by the end of Q4;
- Eco City obtained BREEAM rating of “Very Good”.



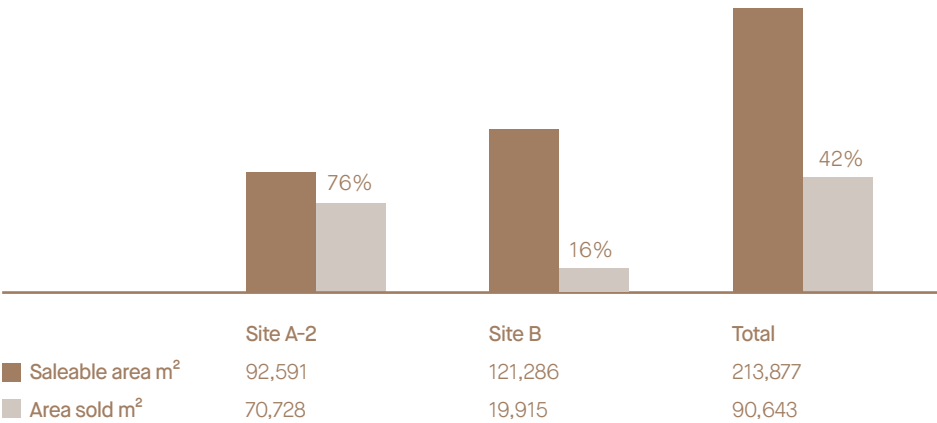
Project status

Yantai Hammarby Eco City (“Eco City”)

Site A-2 and Site B

Sales progress

- Sales of Site A-2 launched in November 2019 with Site B launched in Q3 2020;
- In total, 680 units located at Site A-2 had been sold by the end of Q4 2020;
- In total, 185 units located at Site B had been sold by the end of Q4 2020;
- In 2020, Eco City ranked No.1 in terms of sales among all projects in Zhifu District in Yantai;



Project status

Yantai Fushan Nordic Park ("Fushan Project")



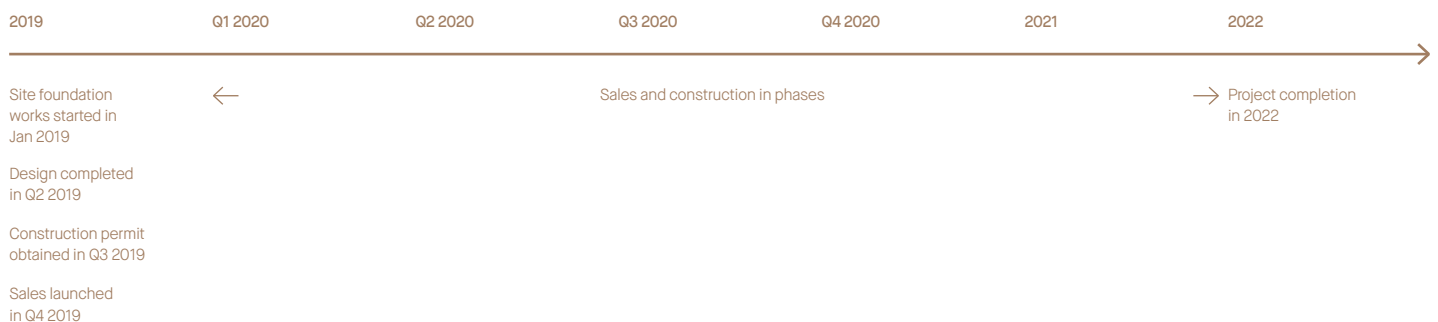
Yantai Fushan Nordic Park

Development type	Residential
Land size, m ²	99,500
GFA, m ²	245,832
Number of residential units	2,305
Estimated year of project completion	2022

Project Description

- Fushan Project is located in Fushan District, which is one of the five urban districts of Yantai.
- Fushan District has the lowest housing prices among all core districts in Yantai, therefore it represents the cheapest access to urban infrastructure and amenities for the newly urbanised population.
- Fushan Project comprises a parcel of residential land with a site area of 99,500 m² and a parcel of industrial land planned for an ice hockey stadium and an international school with a site area of 97,500 m².

Fushan Estimated schedule



Project status

Yantai Fushan Nordic Park ("Fushan Project")

Significant progress has been made on Fushan Nordic Park in Yantai.

- Design approved and construction permit obtained in Q3 2019;
- Construction of the Sales Centre and Ice Hockey Stadium is completed;
- Construction is proceeding according to plan;
- Pre-sales commenced in Q4 2019 with 1,424 units sold by the end of Q4 2020;
- Fushan Nordic Park obtained BREEAM rating of "Very Good".

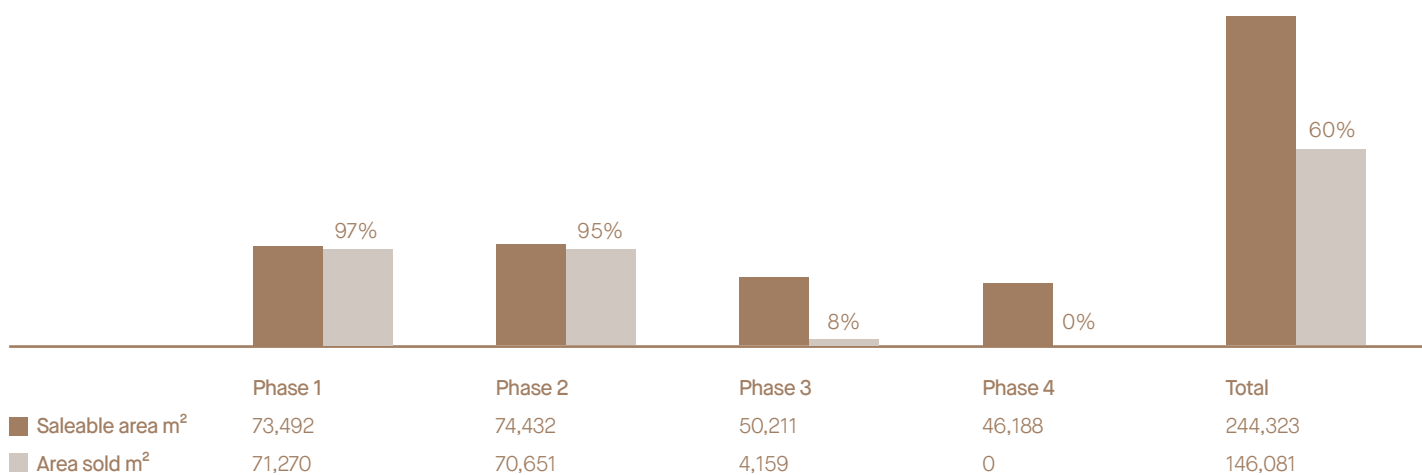


Project status

Yantai Fushan Nordic Park ("Fushan Project")

Sales progress

- Sales launched in Dec 2019;
- In total, 1,424 units had been sold in the Fushan Project by the end of Q4 2020;
- During 2020, the Fushan Project ranked No.1 in terms of sales among all projects in Fushan District of Yantai.



Project status

Pingdu Print House ("Print House Project")



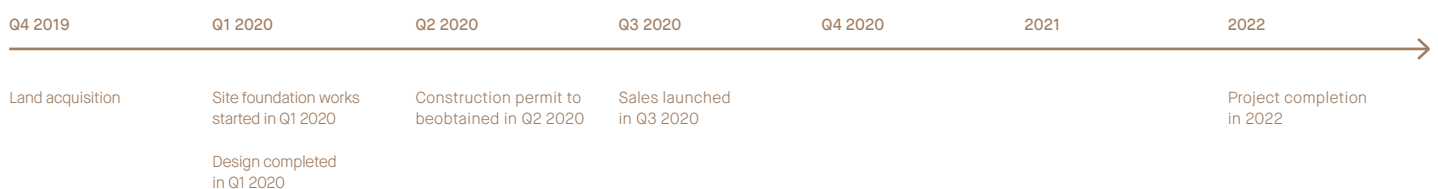
Pingdu Print House

Development type	Residential
Land size, m ²	24,733
GFA, m ²	44,509
Number of residential units	347
Estimated year of project completion	2022

Project Description

- Pingdu is a county level city in Qingdao, with a total population of around 1.38 million.
- RE IV Limited successfully acquired the land on December 11, 2019.
- White Peak has been active in Pingdu since 2008 and has sold around 1,100 units totaling 96,000 sqm residential area in the city over these years.

Print House Estimated schedule



Project status

Pingdu Print House

(“Print House Project”)

Significant progress has been made on Print House Project in Pingdu.

- Design approved and construction permit obtained in Q2 2020;
- Construction is proceeding according to plan;
- Pre-sales commenced in July 2020 with 213 units sold by the end of Q4 2020;
- Print House obtained BREEAM rating of “Very Good” and the LEED for Communities Precertification, achieving the LEED Gold level.



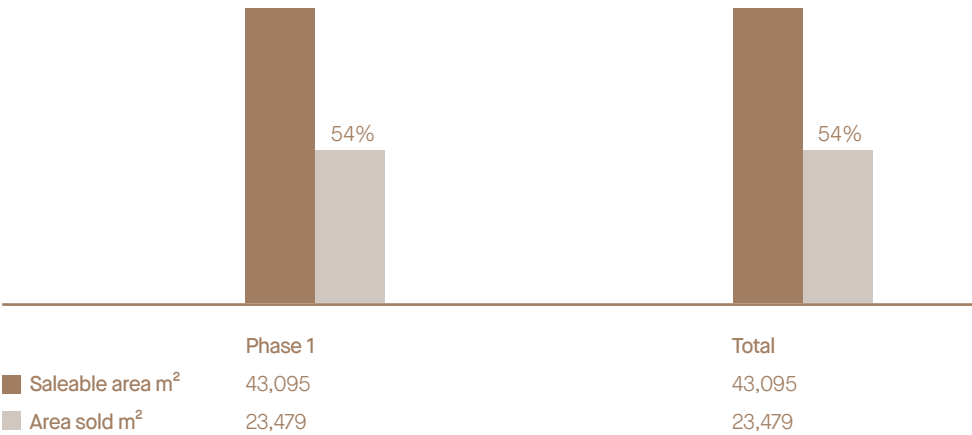
Project status

Pingdu Print House

("Print House Project")

Sales progress

- Sales launched in July 2020;
- In total, 213 units had been sold in the Print House Project by the end of Q4 2020.



Project status

Chengde Pian Ling ("Pian Ling Project")



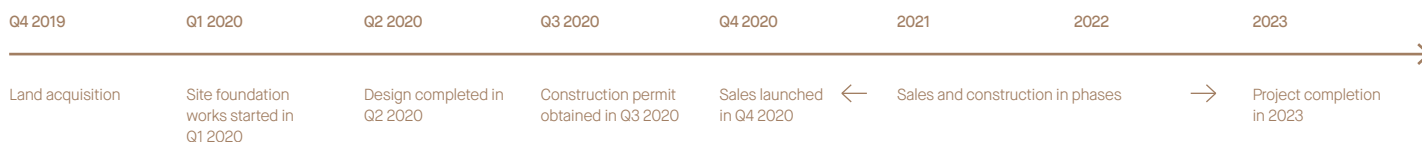
Chengde Pian Ling

Development type	Residential
Land size, m ²	120,215
GFA, m ²	181,432
Number of residential units	1,551
Estimated year of project completion	2023

Project Description

- Chengde Pian Ling Project comprises a land parcel with a site area of 120,215 m² and a planned GFA of 181,432 m², for residential uses.
- By the end of 2020, Chengde was made accessible via the high-speed rail within 1 hour from Beijing, which will boost the economic development and drive demand for housing over the next few years.
- Compared with the strong demand, the current residential inventory is limited, primarily because of the scarce land supply in Chengde due to its mountainous topography.
- RE IV Limited acquired the land on December 6, 2019.
- White Peak has been active in Chengde since 2017 and has sold approximately 1,200 units totaling 130,000 sqm residential area in the city over the past three years.

Pian Ling Estimated schedule

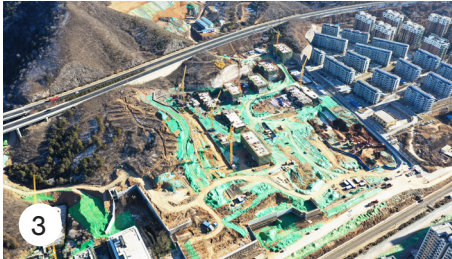
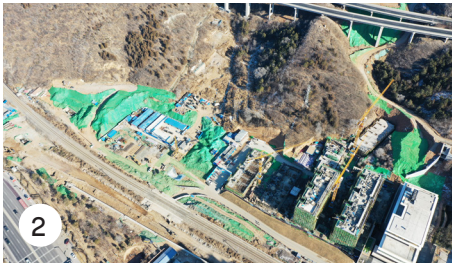
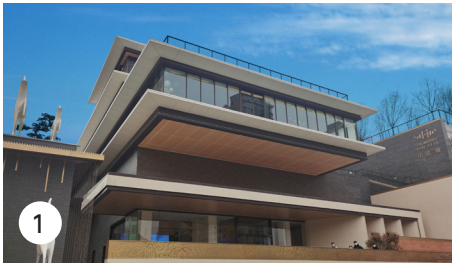


Project status

Chengde Pian Ling ("Pian Ling Project")

Significant progress has been made on Pian Ling Project in Chengde.

- Design approved and construction permit obtained in Q2 2020;
- Construction is proceeding according to plan;
- Pre-sales commenced in October 2020 with 190 units sold by the end of Q4 2020;
- Pian Ling obtained the LEED for Communities Precertification, achieving the LEED Gold level



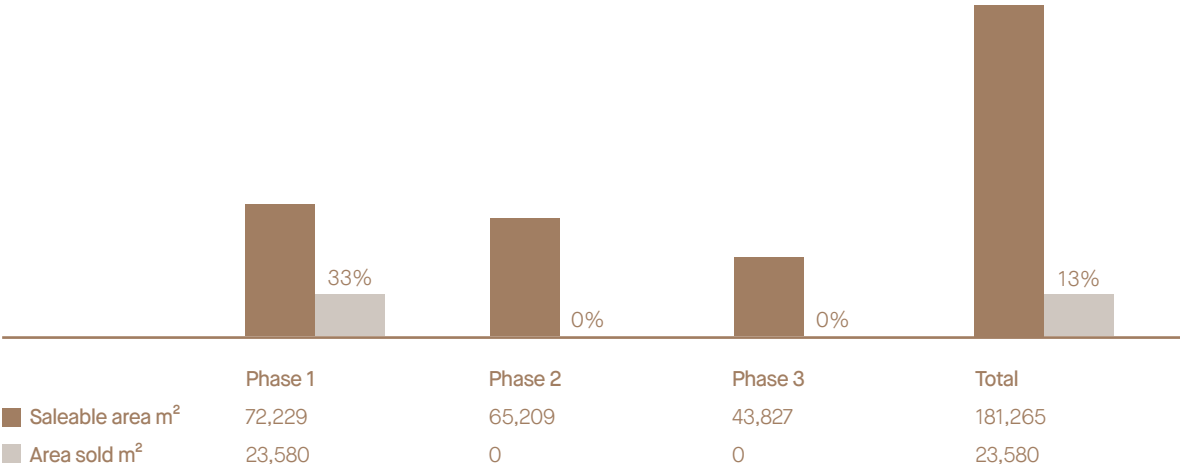
Project status

Chengde Pian Ling

("Pian Ling Project")

Sales progress

- Sales launched in October 2020;
- In total, 190 units had been sold in the Pian Ling Project by the end of Q4 2020.



Project status

Shenyang Shenbei ("Shenbei Project")



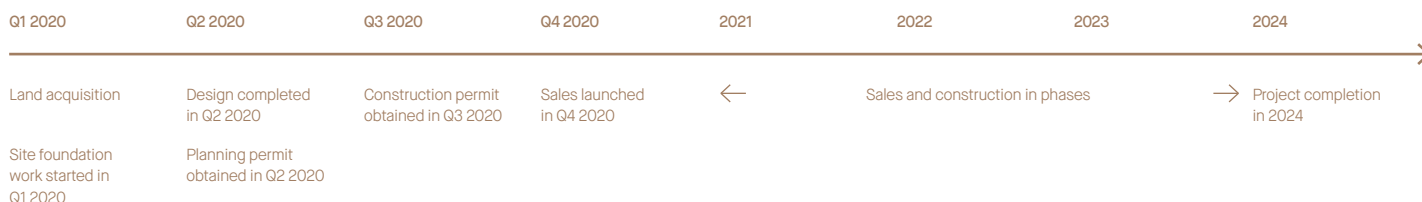
Shenyang Shenbei

Development type	Residential / Retail
Land size, m ²	141,553
GFA, m ²	283,106
Number of residential units	2,758
Estimated year of project completion	2024

Project Description

- Shenbei New District is the most affordable Shenyang district accessible to urban infrastructure and amenities for the new urbanizing population.
- RE IV Limited successfully acquired the land on February 20, 2020.
- White Peak has a strong team with extensive local market knowledge derived from the previous project in Shenyang (i.e. Yuhong Nordic Cloud project of Fund II).
- White Peak has been active in Shenyang since 2015 and has sold around 1,500 units totaling 120,000 sqm residential area in the city over the past five years.

Shenbei Project Estimated schedule

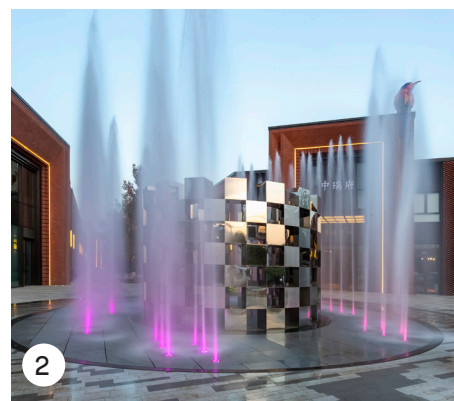


Project status

Shenyang Shenbei ("Shenbei Project")

Significant progress has been made on Shenbei Project in Shangyang.

- Design approved and construction permit obtained in Q2 2020;
- Construction is proceeding according to plan;
- Pre-sales commenced in November 2020 with 99 units sold by the end of Q4 2020;
- Shenbei obtained BREEAM rating of "Very Good" and the LEED for Communities Precertification, achieving the LEED Gold level.



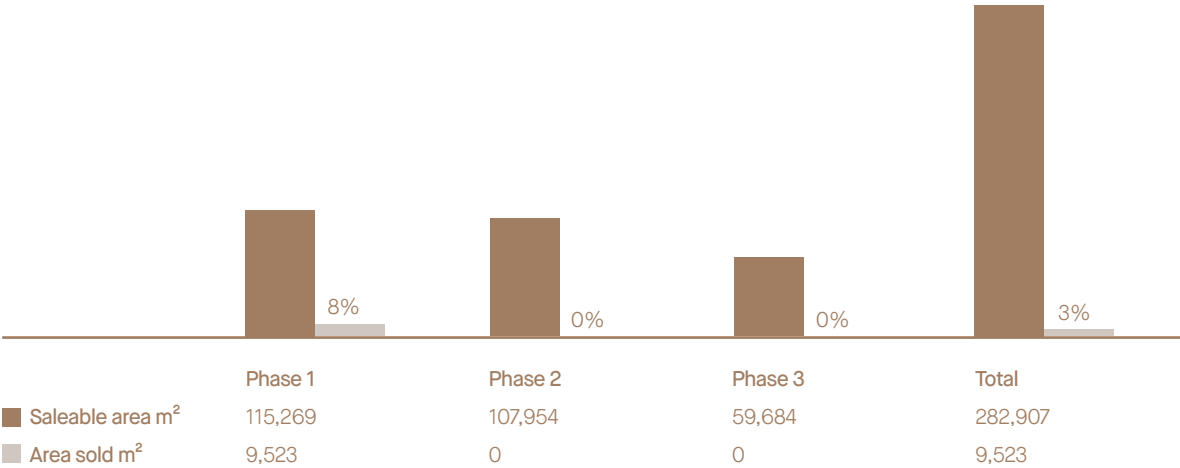
Project status

Shenyang Shenbei

("Shenbei Project")

Sales progress

- Sales launched in November 2020;
- In total, 99 units had been sold in the Shenbei Project by the end of Q4 2020.



Project status

Qingdao Xiazhuang ("Xiazhuang Project")



Qingdao Xiazhuang

Development type	Residential
Land size, m ²	46,666
GFA, m ²	47,133
Number of residential units	352
Estimated year of project completion	2023

Project Description

- Chengyang District is the northern access to downtown Qingdao. The Target Land is located in the south of Chengyang District and is adjacent to downtown.
- RE IV Limited successfully won the land auction on March 31, 2020.
- The land has a low plot ratio and is located at the foot of the famous scenic spot Mount. Lao. Thus the land will be developed into premium products attracting high-end customers.
- White Peak's presence in Qingdao dates back to as early as 2008. With over 10 years' experience in the market, White Peak invested in Ruiping Centre (Exited), Ruiping Financial Centre (Exited) and Nordic Light (Exited) for its Fund I, and Jiaozhou Central Park, Pingdu Weekly for Fund II and Pingdu Hongqi Road for Fund III. So far, White Peak has sold around 5,200 units in Qingdao.

Xiazhuang Project Estimated schedule

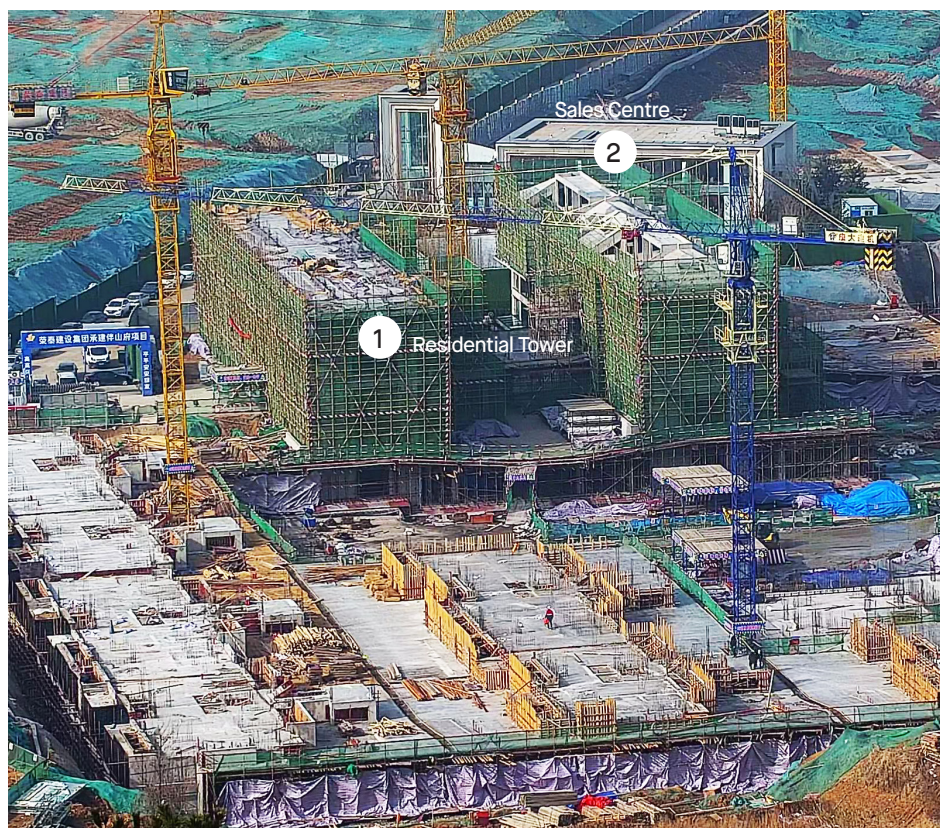


Project status

Qingdao Xiazhuang ("Xiazhuang Project")

Significant progress has been made on Xiazhuang Project in Qingdao.

- Design approved obtained in Q2 2020 and construction permit obtained in Q3 2020;
- Construction is proceeding according to plan;
- Pre-sales commenced in December 2020 with 39 units sold by the end of Q4 2020;
- Xiazhuang obtained BREEAM rating of "Very Good".



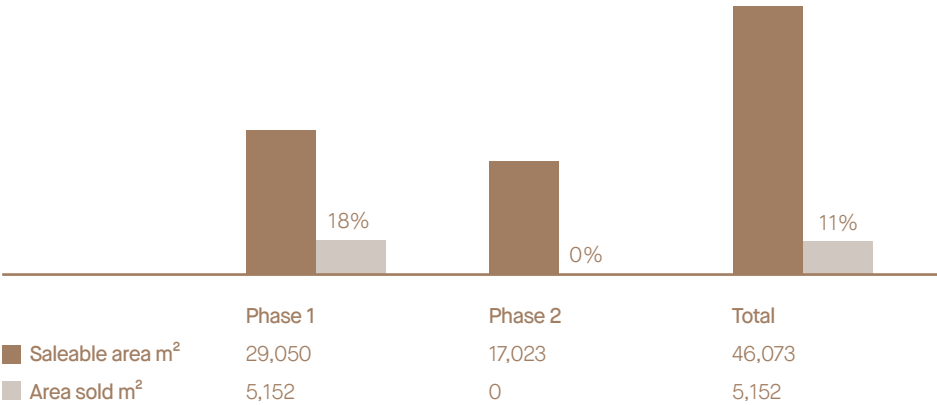
Project status

Qingdao Xiazhuang

("Xiazhuang Project")

Sales progress

• In total, 39 units had been sold in the Xiazhuang Project by the end of Q4 2020.



Project status

Yantai Jufu

(“Jufu Project”)



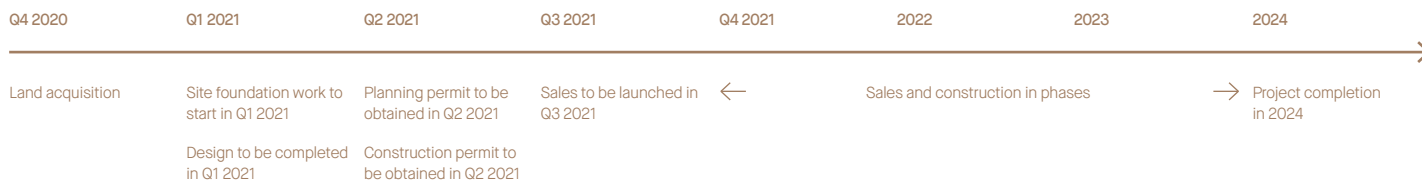
Yantai Jufu

Development type	Residential
Land size, m ²	89,387
GFA, m ²	178,763
Number of residential units	1,454
Estimated year of project completion	2024

Project Description

- Jufu Road project is RE IV Limited's 4th project in Yantai. Current developments are Eco-city (Site A-2) Project, Eco-city (Site B) Project, and Fushan Nordic Park Project. The project is located in the central living area of Fushan District.
- RE IV Limited successfully won the land auction on Oct 18, 2020.
- Jufu Project is located in the central living area of Fushan District, which is one of the five urban districts of Yantai.
- Fushan District has the lowest housing prices among all core districts in Yantai, therefore it represents the cheapest access to urban infrastructure and amenities for the newly urbanised population.

Jufu Project Estimated schedule



Project status

Tai'an Huanshan Road ("Huanshan Road Project")



Tai'an Huanshan Road

Development type	Residential
Land size, m ²	82,300
GFA, m ²	90,492
Number of residential units	513
Estimated year of project completion	2024

Project Description




- Huanshan Road project is White Peak's 3rd project in Tai'an. Current and previous developments are Chateau Mount. Tai (a Fund II project) and Cherry Garden (a Fund III project). The project is located in the Mountain Edge Area, an attractive area for potential buyers.
- RE IV Limited successfully won the land auction on October 26, 2020.

Huanshan Road Project Estimated schedule



Highlights of financial performance

Highlights of financial performance

	Valuation of properties under development for sale RMB Million	Book value of properties under development for sale RMB Million	Cash and cash equivalents RMB Million	
	6,908 ¹	6,276 ²	1,369 ³	
	Cumulative contract sales RMB Million	Cumulative contract GFA Square meter	Operating loss after tax during the period RMB Million	
	3,226 ⁴	298,457 ⁴	162 ⁵	
	Total borrowing RMB Million	Total bond payable RMB Million	Equity loan RMB Million	Loan to value %
	872 ⁶	958 ⁷	2,798 ⁸	6.7 ⁹

Notes:

1&2: Valuation is based on the latest independent third-party valuation while properties under development for sale is based on the book value of properties. Due to actual appreciation of the land and developments since acquisition, valuation is higher than property under development.

3. As of December 31, 2020, the Group had cash and bank balances in the amount of RMB 1,767 million, of which RMB 398 million was not counted towards cash and cash equivalents in the financial statements, since it can only be used for payment of construction costs when approval from related government authority is obtained.

4. As at December 31, 2020, the Group has cumulative contracted pre-sales amounting to RMB 3,225,602,910 (December 31, 2019: RMB 636,678,298) with cumulative contract GFA from pre-sale of residential properties of 298,457 (December 31, 2019: 61,381) square meters.

5. Development profits are only recognized at delivery.

6. Local loans related to the projects denominated in RMB and sourced in China. The repayment schedule is determined by sales progress of the project.

7. On July 5, 2019, the company issued SEK 600,000,000 Senior Secured Fixed Rate Bonds. The term of the bonds is 3 years and the coupon is 9%. On November 27, 2020, the company issued SEK 600,000,000 Senior Secured Fixed Rate Bonds. The term of the bonds is 3 years and the coupon is 8%. Please refer to Note 14 in consolidated financial statements for more information.

8. Long term subordinated shareholders loan, deemed as equity in the balance sheet.

9. Loan to Value means the ratio of Net Interest Bearing Debt to Gross Asset Value as per the latest Valuation.

Report of the directors and audited consolidated financial statements For the Year-ended 31 December 2020

Report of the directors

The directors submit their report together with the audited financial statements for the year ended 31 December 2020.

Principal activity

The principal activity of the Company is investment holding. The principal activity of the Company's subsidiaries is land and property development in the People's Republic of China (the "PRC").

Results and appropriations

The results of the Company and its subsidiaries for the year ended 31 December 2020 are set out in the consolidated income statement on page 63.

The directors do not recommend the payment of a dividend.

Directors

The directors of the Company during the year and up to the date of this report were:

Mr. Jesper Lars Jos OLSSON

Mr. HAO, XUETAO

Mr. Carl Fredrik JÄNGLIN (resigned on 20 March 2020)

No rotation requirement provisions are in the Company's Article of Association. All the current directors will remain in office.

Other directors of the company's subsidiaries during the year and up to the date of this report include:

Ms. WANG, JING

Directors' material interests in transactions, arrangements and contracts that are significant in relation to the Company's business

No transactions, arrangements, or contracts of significance in relation to the Company's business to which the Company's subsidiaries, fellow subsidiaries or its parent company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Management contracts

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

Debentures issued in the year

On 27 November 2020, the company issued senior secured bonds with ISIN SE0015195847 in an amount of SEK 600,000,000 under a framework of up to SEK 1,500,000,000. The tenor of the bonds are 3 years and the fixed interest rate is 8%.

Permitted indemnity provisions

At no time during the financial year and up to the date of this Directors' Report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

Business review

No business review is presented for the year ended 31 December 2020 as the Company has been able to claim an exemption under section 388(3) of the Companies Ordinance Cap. 622 since it falls within the reporting exemption.

Auditor

The financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Director

Mr. Jesper Lars Jos OLSSON

Hong Kong, 29 March 2021



羅兵咸永道

Independent Auditor's Report

To the Member of RE IV Limited
(incorporated in Hong Kong with limited liability)

Opinion

What we have audited

The consolidated financial statements of RE IV Limited (the "Company") and its subsidiaries (collectively the "Group") set out on pages 60 to 103, which comprise:

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

Our opinion

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

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants and International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("the Codes"), and we have fulfilled our other ethical responsibilities in accordance with the Codes.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
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羅兵咸永道

Independent Auditor's Report

To the Member of RE IV Limited (Continued)
(incorporated in Hong Kong with limited liability)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is related to assessment of the recoverability of properties under development for sale.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Assessment of the recoverability of properties under development for sale</p> <p>Refer to note 2 “Summary of significant accounting policies”, note 3 “Critical accounting estimates and judgements” and note 8 ‘Properties under development for sale’ to the consolidated financial statements.</p> <p>The Group had properties under development for sale (“PUD”) of approximately RMB6.3 billion as at 31 December 2020, which represented 74% of the Group’s total assets. The carrying amounts of PUD are stated at the lower of cost and net realisable value.</p> <p>Management assessed the recoverability of the PUD, taking into account the estimated costs to completion, estimated selling prices and estimated relevant selling expenses, under prevailing market conditions. In view of the magnitude of the PUD and the significant judgement involved in the recoverability assessment of PUD, this area is considered to be a key audit matter.</p>	<p>Our procedures in relation to the management’s assessment of the recoverability of properties under development for sale include:</p> <ul style="list-style-type: none"> • Testing key controls over cost budgeting for estimated cost to completion. • Evaluating management’s assessment of the estimated cost to completion by comparing, on a sample basis, the estimated cost to completion used in the assessment with the construction cost of properties with comparable locations and conditions and latest management approved budgets or signed construction contracts. • Evaluating management’s assessment of the estimated selling price by comparing, on a sample basis, the estimated selling price with the Group’s recent pre-sale contract prices or current market transaction prices of properties with comparable locations and conditions. • Evaluating management’s assessment of the estimated selling expenses by comparing, on a sample basis, the ratio of estimated selling expenses to estimated revenue with that in approved budget and our understanding of the market.



羅兵咸永道

Independent Auditor's Report

To the Member of RE IV Limited (Continued)
(incorporated in Hong Kong with limited liability)

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
	Based on the procedures performed above, we found the significant judgements and estimates applied by management were supportable in light of available evidence.

Other Information

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Consolidated Financial Statements

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



羅兵咸永道

Independent Auditor's Report

To the Member of RE IV Limited (Continued)
(incorporated in Hong Kong with limited liability)

Responsibilities of Directors for the Consolidated Financial Statements (Continued)

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

The directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's and ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



羅兵咸永道

Independent Auditor's Report

To the Member of RE IV Limited (Continued)
(incorporated in Hong Kong with limited liability)

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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



羅兵咸永道

Independent Auditor's Report

To the Member of RE IV Limited (Continued)
(incorporated in Hong Kong with limited liability)

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

The engagement partner on the audit resulting in this independent auditor's report is Chow Yam Kwok, Damien.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 March 2021

Consolidated balance sheet

As at 31 December 2020

		2020	2019
	Note	RMB	RMB
Assets			
Non current assets			
Fixed assets	6	36,797,452	52,390,162
Right-of-use assets	7	622,904	—
Other non-current assets	9	8,018,900	—
Deferred income tax assets	23	27,645,740	—
		<u>73,084,996</u>	<u>52,390,162</u>
Current assets			
Properties under development for sale	8	6,276,479,280	2,314,764,400
Prepayments, deposits and other receivables	9	341,379,056	442,134,983
Contract acquisition costs	10	53,128,751	—
Financial assets at fair value through profit or loss	11	22,010,332	7,029,841
Financial asset at fair value through other comprehensive income		1,808,859	—
Restricted cash	12	397,459,896	124,142,492
Cash and cash equivalents	12	1,369,254,499	390,896,716
		<u>8,461,520,673</u>	<u>3,278,968,432</u>
Total assets		<u>8,534,605,669</u>	<u>3,331,358,594</u>

Consolidated balance sheet (continued)

As at 31 December 2020

		2020	2019
	Note	RMB	RMB
Liabilities			
Non current liabilities			
Bank borrowings	13	482,161,762	100,000,000
Bonds payable	14	930,633,683	432,974,510
Financial liabilities at fair value through profit or loss	15	200,000,000	—
Lease liabilities	7	251,015	—
		<u>1,613,046,460</u>	<u>532,974,510</u>
Current liabilities			
Bank borrowings	13	390,169,706	100,000,000
Bonds payable	14	27,145,862	21,543,967
Trade and other payables	16	1,192,768,611	347,701,666
Contract liabilities	17	2,740,343,931	471,513,855
Lease liabilities	7	380,537	—
		<u>4,350,808,647</u>	<u>940,759,488</u>
Total liabilities		<u>5,963,855,107</u>	<u>1,473,733,998</u>
Net assets		<u>2,570,750,562</u>	<u>1,857,624,596</u>
Equity			
Paid-in capital	18	87,813	87,813
Equity loans	19	2,798,019,897	1,922,558,997
Accumulated losses		<u>(227,357,148)</u>	<u>(65,022,214)</u>
Total equity		<u>2,570,750,562</u>	<u>1,857,624,596</u>

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

The consolidated financial statements on pages 60 to 103 were approved by the Board of Directors on 29 March 2021 and were signed on its behalf.

Jesper Lars Jos OLSSON
Director

HAO, XUETAO
Director

Consolidated income statement

For the year ended 31 December 2020

		2020	2019
	Note	RMB	RMB
Revenue	20	51,619,016	—
Cost of sales	21	(59,529,483)	(2,719,352)
Gross loss		(7,910,467)	(2,719,352)
Selling expenses	21	(95,864,628)	(23,332,700)
Administrative expenses	21	(57,556,173)	(26,783,750)
Interest income		8,185,886	272,339
Finance cost	21	(45,118)	—
Other losses-net	21	(36,790,174)	(11,079,505)
Operating loss		(189,980,674)	(63,642,968)
Loss before income tax		(189,980,674)	(63,642,968)
Income tax credit	23	27,645,740	—
Loss for the year attributable to the equity holders of the Company		(162,334,934)	(63,642,968)

Consolidated statement of comprehensive income

For the year ended 31 December 2020

	2020	2019
	RMB	RMB
Loss for the year	(162,334,934)	(63,642,968)
Other comprehensive income	—	—
Total comprehensive income for the year attributable to the equity holder of the Group	(162,334,934)	(63,642,968)

Consolidated statement of changes in equity

For the year ended 31 December 2020

		Paid-in capital	Equity loans	Accumulated losses	Total
	Note	RMB	RMB	RMB	RMB
Balance at 1 January 2019		87,813	—	(1,379,246)	(1,291,433)
Comprehensive income					
Loss for the year		—	—	(63,642,968)	(63,642,968)
Other comprehensive income		—	—	—	—
Total comprehensive income		—	—	(63,642,968)	(63,642,968)
Inception of equity-natured shareholder's loans	19	—	1,922,558,997	—	1,922,558,997
Balance at 31 December 2019		87,813	1,922,558,997	(65,022,214)	1,857,624,596
Balance at 1 January 2020		87,813	1,922,558,997	(65,022,214)	1,857,624,596
Comprehensive income					
Loss for the year		—	—	(162,334,934)	(162,334,934)
Total comprehensive income		—	—	(162,334,934)	(162,334,934)
Inception of equity-natured shareholder's loans	19	—	875,460,900	—	875,460,900
Balance at 31 December 2020		87,813	2,798,019,897	(227,357,148)	2,570,750,562

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

Consolidated statement of cash flows

For the year ended 31 December 2020

		2020	2019
	Note	RMB	RMB
Cash flows from operating activities			
Cash used in operations	24	(1,093,095,800)	(1,048,458,436)
Net cash used in operating activities		(1,093,095,800)	(1,048,458,436)
Cash flows from investing activities			
Interest received		8,185,886	272,339
Disposal of financial assets at fair value through profit or loss		12,386,100	—
Purchase of fixed assets		(3,344,654)	(52,466,196)
Purchase of financial assets at fair value through profit or loss		(30,820,020)	(11,146,342)
Net cash used in investing activities		(13,592,688)	(63,340,199)
Cash flows from financing activities	24		
Issuance of bonds		450,450,000	424,371,178
Proceeds from bank borrowings		837,210,300	200,000,000
Repayment of bank borrowings		(167,900,000)	—
Equity loans from immediate holding company		875,460,900	880,983,552
Interest paid on bonds and bank borrowings		(76,476,285)	(1,583,333)
Principal elements of lease payments		(316,782)	—
Interest paid on lease liabilities		(45,118)	—
Proceeds from financial liabilities at fair value through profit or loss		200,000,000	—
Net cash generated from financing activities		2,118,383,015	1,503,771,397
Net increase in cash and cash equivalents		1,011,694,527	391,972,762
Cash and cash equivalents at beginning of the year		390,896,716	1,615,713
Effects of exchange rate changes on cash and cash equivalents		(33,336,744)	(2,691,759)
Cash and cash equivalents at end of the year		1,369,254,499	390,896,716

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

Notes to the consolidated financial statements

1. General information

Re IV Limited (the "Company") and its subsidiaries (the "Group") are engaged in land and property development in the People's Republic of China (the "PRC"). The Company is a limited liability incorporated in Hong Kong on 13 November 2018. The registered address is 2602, Universal Trade Centre, 3-5A Arbuthnot Road, Central, Hong Kong.

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 29 March 2021.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The consolidated financial statements are for the Group consisting of RE IV Limited and its subsidiaries.

2.1 Basis of preparation

These consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"), Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and financial liabilities at fair value through profit or loss which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRS and IFRS require the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3.

(a) New standards, new interpretation and amendments to existing standards that have been adopted by the Group

In 2020, the Group has adopted the following amendments to existing standards issued by the HKICPA which are mandatory for the accounting periods beginning on or after 1 January 2020.

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

The Group has assessed the impact of the adoption of these amendments to existing standards and considered that there was no significant impact on the Group's results and financial position.

Notes to the consolidated financial statements

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(b) New standards, new interpretation and amendments to existing standards that have been issued but are not yet effective and have not been early adopted by the Group

The following new standards, new interpretation and amendments to existing standards have been issued and are mandatory for the Group's accounting periods beginning on or after 1 January 2021 or later periods, but the Group has not early adopted them:

HKFRS/IFRS 17	Insurance Contracts
Amendments to HKAS/ IAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS/ IAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS/ IAS 37	Onerous Contracts – Costs of Fulfilling a Contract
Amendments to HKFRS/IFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS/IFRS 10 and HKAS/IAS 28	Sale or Contribution of Assets between an investor and its Associate or Joint Venture
Amendments to HKFRS/IFRS 16	Covid-19-related Rent Concessions
Annual Improvements to HKFRS/IFRS Standards 2018-2020	

The Group will apply the above new standards and amendments to the existing standards from 1 January 2021 or later periods. The Group has already commenced an assessment of the related impact to the Group. The Group expects that there will be no substantial changes to Group's significant accounting policies and presentation of the financial information will be resulted.

2.2 Subsidiaries

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Separate financial statements

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

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

Notes to the consolidated financial statements

2. Summary of significant accounting policies (Continued)

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers. The executive management, consisting of the Group CEO and Senior Partner of the Company (the "Executive Management"), who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the chief operating decision-makers who make strategic and operational decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Group's functional currency and Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognized in the consolidated income statement.

Net of those capitalized in properties under development for sale, all other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within other gains/(losses).

2.6 Financial assets

(a) Classification

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

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

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

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

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

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

Notes to the consolidated financial statements

2. Summary of significant accounting policies (Continued)

2.6 Financial assets

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

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

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

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Notes to the consolidated financial statements

2. Summary of significant accounting policies (Continued)

2.7 Financial liabilities

Financial liabilities All financial liabilities are initially measured at fair value and subsequently measured at amortised cost using the effective interest method or at FVPL.

(a) Financial liabilities at FVPL

Financial liabilities at FVPL Financial liabilities are classified as at FVPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as FVPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

For financial liabilities that are designated as at FVPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated profits upon derecognition of the financial liability.

(b) Financial liabilities at amortized cost

Financial liabilities including bank borrowings, bond payable and trade and other payables are subsequently measured at amortized cost, using the effective interest method.

2.8 Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. Changes in the fair value of derivative instruments that do not qualify for hedge accounting are recognized immediately in the consolidated income statement.

2.9 Financial guarantee contracts

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

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

Such financial guarantees are given to banks on behalf of certain purchasers of the Group's properties to secure mortgage loans. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognized. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortization of fees recognized in accordance with IFRS 15, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by management's judgement. The fee income earned is recognized on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated income statement within other operating expenses.

Notes to the consolidated financial statements

2. Summary of significant accounting policies (Continued)

2.10 Fixed assets

Fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation on fixed assets is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

— Temporary sales centre	3 years
— Electronic equipment	3 years
— Office equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'Other losses/gain-net' in the consolidated income statement.

2.11 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.12 Properties under development for sale

Properties under development for sale are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties in the ordinary course of business, less applicable variable selling expense and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Development cost of properties comprise land use rights, construction costs, capitalized borrowing costs including foreign exchange difference and professional fees incurred during the development period of a normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

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

All lands in mainland China are state-owned and no individual land ownership right exists. The Group acquired the rights to use certain land and the premiums paid for such rights are recorded as land use rights. Land use rights which is held for development for sales are properties under development for sale and measured at lower of cost and net realisable value.

Notes to the consolidated financial statements

2. Summary of significant accounting policies (Continued)

2.13 Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.14 Paid-in capital

Paid-in capital is classified as equity.

2.15 Equity loans

Shareholder's loans with no obligation to repay its principal or to pay any distribution are classified as part of equity.

2.16 Borrowings

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

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

2.17 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

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

2.18 Trade and other payables

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

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Notes to the consolidated financial statements

2. Summary of significant accounting policies (Continued)

2.19 Contract assets/liabilities

In the case of fixed price contracts, the customer pays the fixed amount based on a payment schedule. If the performance obligations fulfilled by the Group exceed the total payments received to date, a contract asset is recognized. If the total payments received to date exceed the performance obligation fulfilled, a contract liability is recognized. The contract assets are transferred to receivables when the Group's rights to the contract consideration become unconditional.

The Group recognizes the incremental costs of obtaining a contract with a buyer as contract acquisition cost if the Group expects to recover those costs.

2.20 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

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

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

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

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Notes to the consolidated financial statements

2. Summary of significant accounting policies (Continued)

2.21 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities. Revenue is shown, net of discounts. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity.

Sales of properties

Revenues are recognized when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

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

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

Construction service

Service income is recognized overtime when the related services are rendered to customers.

Notes to the consolidated financial statements

2. Summary of significant accounting policies (Continued)

2.22 Interest income

Interest income on financial assets at amortized cost calculated using the effective interest method is recognized in the income statement as part of other income. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.23 Leases

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

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date

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

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and lease period.

3. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience as well as other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimate and assumption that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Income tax

The Group is subject to income taxes in the PRC. Significant judgment is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expenses in the period in which such determinations is made.

Notes to the consolidated financial statements

3. Critical accounting estimates and judgments (Continued)

(b) Land appreciation tax ("LAT")

The Group is subject to land appreciation taxes in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its land appreciation tax calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgment is required in determining the amount of land appreciation and its related taxes. The Group recognized these land appreciation taxes based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expenses in the periods in which such taxes are finalised with local tax authorities.

(c) Deferred tax assets

Deferred tax assets in relation to certain temporary differences and tax losses, which are recognized when management considers it probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilization may be different.

(d) Estimation of net realizable value of properties under development for sale

Property under development for sale is reviewed by management for impairment at each balance sheet date. The recoverable amount is the higher of estimated selling price of the properties in the ordinary course of business, less estimated costs to complete the development of properties and applicable variable selling expenses and carrying amount of the properties under development for sale. Management makes judgments on whether such events or changes in circumstances have occurred, and makes estimates mainly for selling price and cost to complete the development of the properties in determining the recoverable amount.

(e) Estimation for total properties construction cost

The Group makes estimations on properties construction cost upon recognition of respective costs of sales. Such estimates are substantiated by detail budgetary information as developed by the management, and will be assessed periodically, as the constructions progresses. Should these estimates depart from their actual finalized costs, such differences would affect the accuracy of costs of sales recognized.

(f) Estimation for construction revenue

The Group recognizes revenue according to the progress towards complete satisfaction of performance obligation of the individual contract of construction works. The progress is determined by the aggregated cost for the individual contract incurred at the end of the reporting period compared with the estimated budgeted cost. Management's estimation of the cost incurred to date and the budgeted cost is primarily based on construction budget and actual cost report prepared by internal quantity surveyors, where applicable. Corresponding revenue from contract work is also estimated by management based on the progress and budgeted revenue. Because of the nature of the activities undertaken in construction contracts, the date at which the contract activity is entered into and the date when the activity is completed usually fall into different accounting periods. The Group regularly reviews and revises the estimation of both contract revenue and contract cost in the budget prepared for each construction contract as the contract progresses.

(g) Presentation and measurement of investee companies

The Group made investments that involved complex terms and arrangements during the year. Judgement is required in determining the appropriate classification for these investments including assessing the relevant activities of the investee companies and its decisions making process on those activities that involving the Group, if any and its other investors, the rights and power of the Group and other investors on the investee companies and the Group's returns from the investments. Different conclusions around these judgements may materially impact how these investments presented and measured in the consolidated financial statements of the Group.

Notes to the consolidated financial statements

4. Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: foreign exchange risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The board of directors reviews and agrees policies for managing each of these risks and they are summarized below.

(a) Foreign exchange risk

Currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. The Group's currency risk exposure primarily relates to cash and cash equivalents in USD and SEK, bonds payable and bank borrowings denominated in SEK.

Exposure

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in RMB, was as follows:

	31 December 2020		31 December 2019	
	In USD	In SEK	In USD	In SEK
	RMB	RMB	RMB	RMB
Cash and cash equivalents	765,047,375	21,641,425	35,657,074	20,441,031
Bonds payable	—	(957,779,545)	—	(454,518,477)
Bank borrowings	—	(280,231,468)	—	—

Sensitivity

As shown in the table above, the Group is primarily exposed to changes in RMB/USD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD denominated financial instruments.

	31 December 2020	31 December 2019
	RMB	RMB
RMB/USD exchange rate – increase 5%	38,252,369	1,782,854
RMB/USD exchange rate – decrease 5%	(38,252,369)	(1,782,854)
RMB/SEK exchange rate – increase 5%	1,082,071	1,022,052
RMB/SEK exchange rate – decrease 5%	(1,082,071)	(1,022,052)

Notes to the consolidated financial statements

4. Financial risk management (Continued)

4.1 Financial risk factors (Continued)

(a) Foreign exchange risk (Continued)

No profit or loss impact from bonds payable and bank borrowings for the changes in RMB/SEK exchange rates as the changes are capitalized under properties under development for sales as borrowing costs.

As at 31 December 2020, the Group has put in place a RMB/SEK FX options to mitigate the risk of an appreciation of SEK against RMB. The foreign currency option grants:

(i) The right to purchase Swedish Krona (SEK) of SEK 681,000,000 from RMB 539,961,941 at the rate of 1.2612 until 12 March 2021 (31 December 2019: SEK 735,000,000 from RMB 553,047,404 at the rate of 1.3290 on 9 March 2020).

(ii) The right to purchase Swedish Krona (SEK) of SEK 350,000,000 from RMB 276,679,842 at the rate of 1.2650 until 15 July 2021 (31 December 2019: Nil)

Other than the amounts as disclosed above, the amounts of other financial assets and liabilities of the Group are mainly denominated in the functional currency of respective entities within the Group.

(b) Credit risk

The Group is exposed to credit risk in relation to its deposits with banks. Deposits and the financial assets at fair value through profit or loss are only placed in banks with good reputations. Land tender deposits are placed with government. Therefore, the Group's credit risk is considered to be limited.

(c) Liquidity risk

Cash flow forecasting is performed by the Group. The Group's finance department monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory and legal requirements.

The table below analyses the Group's derivative and non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Notes to the consolidated financial statements

4. Financial risk management (Continued)

4.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	Less than 1 year	Between 1 and 2 years	More than 2 years but less than 5 years	Total undiscounted cash flows	Carrying amount
	RMB	RMB	RMB	RMB	RMB
As at 31 December 2020					
Non-derivative financial liabilities					
Bank borrowings (including interest)	409,435,044	499,896,283	—	909,331,327	872,331,468
Bonds payable (including interest)	81,059,400	557,879,400	514,965,600	1,153,904,400	957,779,545
Trade and other payables	1,153,268,858	—	—	1,153,268,858	1,153,268,858
Lease liabilities	380,537	213,397	60,667	654,601	631,552
Financial liabilities with embedded derivative					
Financial liabilities at fair value through profit or loss	—	—	200,000,000	200,000,000	200,000,000
	1,644,143,839	1,057,989,080	715,026,267	3,417,159,186	3,184,011,423

As at 31 December 2020

Non-derivative financial liabilities

Bank borrowings (including interest)	114,000,000	114,000,000	—	228,000,000	200,000,000
Bonds payable (including interest)	40,218,120	40,218,120	487,086,120	567,522,360	454,518,477
Trade and other payables	319,340,939	—	—	319,340,939	319,340,939
	473,559,059	154,218,120	487,086,120	1,114,863,299	973,859,416

Trade and other payables exclude other current tax payable.

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern as well as to provide returns for equity holders and benefits for the stakeholders.

Management of the Group monitors capital for all companies owned by White Peak Real Estate IV L.P., the Company's ultimate holding company, collectively. The Company utilizes paid in capital or shareholder loans to meet the capital needs, if necessary, the Company will also provide fund to or receive fund from other project companies controlled by the same ultimate holding company.

Notes to the consolidated financial statements

4. Financial risk management (Continued)

4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liabilities, wither directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's financial assets that are measured at fair value at 31 December 2020 and 2019.

	Level 1	Level 2	Level 3	Total
	RMB	RMB	RMB	RMB
At 31 December 2020				
Financial assets at fair value through profit or loss	—	22,010,332	—	22,010,332
Financial asset at fair value through other comprehensive income	—	—	1,808,859	1,808,859
Financial liabilities at fair value through profit or loss	—	—	200,000,000	200,000,000
At 31 December 2019				
Financial assets at fair value through profit or loss	—	7,029,841	—	7,029,841

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. There was no instrument included in level 1 at 31 December 2020.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Instrument included in level 2 represent Foreign Currency Option.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Financial liabilities at fair value through profit or loss is included in Level 3 as at 31 December 2020. Consider that there is no material change from the transaction date up to the 31 December 2020 in relevant market data in determining the fair value of the financial instrument, therefore, it is believe that the consideration received on transaction date is a good proxy of the fair value as at 31 December 2020.

Financial asset at fair value through other comprehensive income is included in Level 3 as at 31 December 2020. The fair value is measured by using discounted cash flow with future cash flows that are estimated based on expected recoverable amounts and discounted at rates that reflect management's best estimation of the expected risk level. The unobservable input includes the expected future cash flow at discounted rates that correspond to the expected risk level.

Except for financial assets at fair value through profit or loss and the financial liabilities at fair value through profit or loss, the carrying amounts of the Group's financial assets and financial liabilities approximated their fair values due to their short maturities.

Notes to the consolidated financial statements

5. Segment information

The Group is principally engaged in the land and property development.

The executive management, consisting of the Group CEO and Senior Partner of the Group (the "Executive Management") are regarded as the chief operating decision makers of the Group. The Executive Management review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Executive Management consider the business from geographic perspectives. Reportable geographic segments identified are Yantai, Chengde, Pingdu, Qingdao, Shenyang and Tai'an.

The Executive Management assess the performance of the operating segments based on the segment results. Corporate income/ expenses, other (losses)/gains, net, are not included in the results for each operating segment that is reviewed by the Executive Management.

(a) Segment results

Segment results for the years ended 31 December 2020 and 2019 are as follows:

	Segment result	
	2020	2019
	RMB	RMB
Property development		
Yantai	(81,427,444)	(49,473,434)
Chengde	(20,111,704)	(1,441,277)
Pingdu	(14,268,357)	(832,450)
Qingdao	(16,436,006)	—
Shenyang	(18,632,570)	—
Tai'an	(16,282,677)	—
Total	(167,158,758)	(51,747,161)
Unallocated corporate expenses	(11,533,160)	(816,302)
Other losses, net	(11,288,756)	(11,079,505)
Loss before income tax	(189,980,674)	(63,642,968)

The Group primarily operates in Mainland China.

The unallocated corporate expenses mainly pertains the administrative expenses of the head office.

Segment revenues is recognized for the years ended 31 December 2020 and 2019 are as follows:

	Segment revenue	
	2020	2019
	RMB	RMB
Property development		
Yantai	51,619,016	—
Qingdao	1,274,830	—
	52,893,846	—
Less: Inter-segment revenue	(1,274,830)	—
Revenue from external customers	51,619,016	—

Notes to the consolidated financial statements

5. Segment information (Continued)

(b) Other profit and loss disclosure

Amounts included in the measurement of segment result:

	Selling expenses		Depreciation of property, plant and equipment	
	2020	2019	2020	2019
	RMB	RMB	RMB	RMB
Property development				
Yantai	(63,871,942)	(23,182,700)	(18,334,146)	(76,034)
Chengde	(5,929,413)	—	(220,426)	—
Pingdu	(8,769,739)	(150,000)	(278)	—
Qingdao	(5,982,181)	—	(6,744)	—
Shenyang	(11,029,707)	—	(375,770)	—
Tai'an	(281,646)	—	—	—
	(95,864,628)	(23,332,700)	(18,937,364)	(76,034)

Notes to the consolidated financial statements

5. Segment information (Continued)

(c) Segment assets

The segment assets by geographical areas are as follows

	Segment assets		Addition to non-current assets	
	2020	2019	2020	2019
	RMB	RMB	RMB	RMB
Property development				
Yantai	3,821,846,282	1,962,905,907	1,163,971	52,390,161
Chengde	954,101,897	583,290,824	609,450	—
Pingdu	361,455,254	128,074,043	30,493	—
Qingdao	558,890,384	—	105,216	—
Shenyang	1,169,042,389	—	2,383,858	—
Tai'an	856,101,051	—	—	—
Total segment assets	7,721,437,257	2,674,270,774	4,292,988	52,390,161
Unallocated assets:				
Prepayments and other receivables	—	348,213,000		
Financial assets at fair value through profit or loss	22,010,332	7,029,841		
Cash and cash equivalents	791,158,080	301,844,979		
	813,168,412	657,087,820		

As at 31st December 2020 and 2019, segments assets were located in Mainland China. Investments in financial assets are managed by head office and are not considered to be segment assets.

(d) Segment liabilities

No liabilities are included in the internal reporting that are used by the Executive Management for performance assessment and resource allocation. Accordingly, no segment liabilities are presented.

Notes to the consolidated financial statements

6. Fixed assets

	Temporary sales centre	Electronic equipment	Office equipments	Total
	RMB	RMB	RMB	RMB
Year ended 31 December 2019				
Opening net book amount	—	—	—	—
Additions	51,687,913	435,596	342,687	52,466,196
Depreciation	—	(67,485)	(8,549)	(76,034)
Closing net book amount	51,687,913	368,111	334,138	52,390,162
As at 31 December 2019				
Cost	51,687,913	435,596	342,687	52,466,196
Accumulated depreciation	—	(67,485)	(8,549)	(76,034)
Net book amount	51,687,913	368,111	334,138	52,390,162
Year ended 31 December 2020				
Opening net book amount	51,687,913	368,111	334,138	52,390,162
Additions	2,399,714	418,129	526,811	3,344,654
Depreciation	(18,634,904)	(209,694)	(92,766)	(18,937,364)
Closing net book amount	35,452,723	576,546	768,183	36,797,452
As at 31 December 2020				
Cost	54,087,627	853,725	869,498	55,810,850
Accumulated depreciation	(18,634,904)	(277,179)	(101,315)	(19,013,398)
Net book amount	35,452,723	576,546	768,183	36,797,452

Notes to the consolidated financial statements

7. Right-of-use assets and lease liabilities

	2020	2019
	RMB	RMB
Right-of-use assets		
Offices	419,846	—
Motor vehicles	203,058	—
	622,904	—
Lease liabilities		
Current	380,537	—
Non-current	251,015	—
	631,552	—

Additions to the right-of-use assets during the year ended 31 December 2020 were RMB 948,334 (2019: Nil).

The consolidated income statement shows the following amounts relating to leases:

	2020	2019
	RMB	RMB
Depreciation charge of right-of-use assets		
Offices	(246,827)	—
Vehicles	(78,603)	—
	(325,430)	—
Short-term lease expenses	—	332,448
Interest expense (included in finance cost)	45,118	—

The total cash outflow for leases, including short-term lease for the year ended 31 December 2020 is RMB 361,900 (2019 : RMB 332,448).

The Group leases various offices and vehicles. Rental contracts are typically made for fixed periods of 2 to 3 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Notes to the consolidated financial statements

8. Properties under development for sale

	2020	2019
	RMB	RMB
As at 1 January	2,314,764,400	1,291,108,000
Additions	3,961,714,880	1,023,656,400
As at 31 December	6,276,479,280	2,314,764,400

The analysis as at 31 December 2020 of the properties under development for sale is as follows:

	2020	2019
	RMB	RMB
Current	6,276,479,280	2,314,764,400
Land use rights	4,600,364,362	2,011,269,775
Development costs	1,512,075,765	271,763,993
Borrowing costs capitalized	164,039,153	31,730,632
	6,276,479,280	2,314,764,400

Notes to the consolidated financial statements

9. Other non-current assets and prepayments, deposits and other receivables

	2020	2019
	RMB	RMB
Non-current assets		
Other non-current assets		
Other deposits	3,858,900	—
Other receivables	4,160,000	—
	<u>8,018,900</u>	<u>—</u>
Current assets		
Prepayments, deposits and other receivables		
Land tender and other deposits	—	408,213,000
Prepayment of expenses to a related party which is controlled by the same key management (note 27)	55,435,138	—
Prepayments to contractors	36,701,037	8,892,678
Other tax recoverable	245,568,316	24,799,034
Note receivable	2,550,000	—
Others	1,124,565	230,271
	<u>341,379,056</u>	<u>442,134,983</u>

The fair values of prepayments, deposits and other receivables are not materially different from their book values and are denominated in RMB.

Notes to the consolidated financial statements

10. Contract acquisition costs

	2020	2019
	RMB	RMB
Contract acquisition costs	53,128,751	—

The contract acquisition costs pertain sales commission for contracted property sales. The costs have been deferred to the balance sheet and will be charged to the consolidated income statement when the related revenue is recognized.

11. Financial assets at fair value through profit or loss

	2020	2019
	RMB	RMB
Foreign currency option (Note)	22,010,332	7,029,841
Note receivables	1,808,858	—
	23,819,190	7,029,841

Changes in fair values of financial assets at fair value through profit or loss are recorded in the other gains/(losses)-net, in the consolidated income statement.

Note:

The foreign currency option represents:

a. The right to purchase Swedish Krona (SEK) of SEK 681,000,000 from RMB 539,961,941 at the rate of 1.2612 until 12 March 2021 (31 December 2019: SEK 735,000,000 from RMB 553,047,404 at the rate of 1.3290 until 9 March 2020).

b. The right to purchase Swedish Krona (SEK) of SEK 350,000,000 from RMB 276,679,842 at the rate of 1.2650 until 15 July 2021 (31 December 2019: Nil)

Notes to the consolidated financial statements

12. Cash and bank balances

Cash and bank balances include the following:

	2020	2019
	RMB	RMB
Cash and cash equivalents (Note a)	1,369,254,499	390,896,716
Restricted cash (Note b)	397,459,896	124,142,492
	<u>1,766,714,395</u>	<u>515,039,208</u>

Notes:

(a) The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	2020	2019
	RMB	RMB
United States Dollar ("USD")	765,047,375	35,657,074
Hong Kong Dollar ("HKD")	237,064	305,011
Swedish Krona ("SEK")	21,641,425	20,441,031
RMB	<u>582,328,635</u>	<u>334,493,600</u>
	<u>1,369,254,499</u>	<u>390,896,716</u>

(b) The amount represented guarantee deposits for construction of pre-sale properties denominated in RMB placed in designated bank accounts.

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

Notes to the consolidated financial statements

13. Bank Borrowings

	2020	2019
	RMB	RMB
Secured long-term bank borrowings	872,331,468	200,000,000
Less: Amounts repayable within 1 year included in current liabilities	(390,169,706)	(100,000,000)
	482,161,762	100,000,000

The maturity of the secured long-term bank borrowings is as follow:

	2020	2019
	RMB	RMB
Within 1 year		
- Borrowings from banks in China (note b)	387,100,000	100,000,000
- Borrowing from bank in Sweden (note a)	3,069,706	—
In the second year		
- Borrowings from banks in China (note b)	205,000,000	100,000,000
- Borrowing from bank in Sweden (note a)	277,161,762	—
	872,331,468	200,000,000

The maturity of the secured long-term bank borrowing is as follow:

	2020	2019
	RMB	RMB
Borrowings from banks in China	5.8%	5.7%
Borrowing from bank in Sweden	8.2%	Nil

Notes:

(a) During the year, the Group received a two-year credit from a Swedish bank amounting to SEK 350,000,000, equivalent to RMB 278,145,000. As at 31 December 2020, the borrowing amounted to SEK 352,625,478, equivalent to RMB 280,231,468 (31 December 2019: Nil).

The bank borrowing is pledged by all the shares of the Company.

(b) As at 31 December 2020, borrowings from banks in China amounted to RMB 592,100,000 (31 December 2019: RMB 200,000,000). The borrowings are secured by the related project companies' properties under development with a carrying value of RMB 1,829,121,709. (31 December 2019: RMB 467,155,746).

The maturity date of the borrowings from banks in China is two years or based on specific hurdles of the property pre-sale, whichever is earlier. A 20% repayment of the principal amount is due when the contracted pre-sales area reaches 30% of the saleable area. When pre-sales reach 50%, a 50% repayment is required. The outstanding amount shall be fully repaid when the contracted pre-sales area for the project reaches 80% of the saleable area.

As at 31 December 2019, the management team estimated that the contracted pre-sales area will reach 50% of the saleable area in 2020, which means a 50% repayment of the principal amount was required.

As at 31 December 2020, the management team estimated that the contracted pre-sales area of two of the projects will reach 80% of the saleable area within one year, and another project is expected to reach 50% pre-sales, which will then trigger a full repayment and a 50% repayment, respectively of the respective borrowings.

The Chinese bank borrowings are denominated in RMB.

Notes to the consolidated financial statements

14. Bonds payable

	2020	2019
	RMB	RMB
Current	27,145,862	21,543,967
Non-current	930,633,683	432,974,510
	957,779,545	454,518,477

On 5 July 2019, the Company issued senior secured bonds amounting to SEK 600,000,000. The tenor of the bonds are 3 years and the fixed interest rate is 9%.

On 27 November 2020, the Company issued another SEK 600,000,000 in senior secured fixed rate bonds. The tenor of the bonds are 3 years with a fixed interest rate of 8%.

The bond payable is pledged by all the shares of the Company.

The effective interest rate of the bond payable is 10.1% due to the amortization of initial expenses. (2019: 10.2%).

The current portion represented interest accrued at the year end date.

15. Financial liabilities at fair value through profit or loss

	2020	2019
	RMB	RMB
Non-current	200,000,000	—

The financial liabilities at fair value through profit or loss represents an unsecured interest-free loan of RMB 200 million, embedded with (a) derivative which give the third party lender potential voting rights and interest in one of our property development projects (b) a management service contract and (c) an additional interest-free loan of not less than RMB 60 million (or loans, as required in the circumstances) after the successful land acquisition.

The repayment, under the mutual agreement with the third party lender, is based on the sales of properties under development and the cash utilization of the same property development project with an expected repayment term of 3 years.

16. Trade and other payables

	2020	2019
	RMB	RMB
Tender deposit from contractors	—	177,460,000
Payables and accruals to contractors	1,124,724,041	130,373,837
Other current tax payable	39,499,753	28,360,727
Other payables	28,544,817	11,507,102
	1,192,768,611	347,701,666

The fair values of trade and other payables are not materially different from their book values.

The carrying amounts of trade and other payables are denominated in RMB.

Notes to the consolidated financial statements

17. Contract liabilities

The Group has recognized the following revenue-related contract liabilities:

	2020	2019
	RMB	RMB
Contract liabilities for pre-sale property (Note b)	2,705,060,088	396,513,855
Contract liabilities for construction services (Note c)	35,283,843	75,000,000
	2,740,343,931	471,513,855

The Group has received payments from customers based on contracts pertaining to its pre-sale activities and construction service. Payments under pre-sale contracts are usually received in advance (i.e. before the recognition of revenue and before the transfer of property or any services are performed). The contract liabilities related to property sales increased during the year since the Group has initiated its pre-sale of certain properties during the year.

Notes:

(a) The following table shows how much of the revenue recognized in the current reporting period relates to carried-forward contract liabilities

	2020	2019
	RMB	RMB
Revenue from construction service	51,619,016	—

(b) The following table shows the amount of unsatisfied performance obligations resulting from fixed price contracts from property pre-sale with an original expected timing of revenue recognition in more than one year:

	2020	2019
	RMB	RMB
Revenue expected to be recognized after one year	3,225,602,910	636,678,298

As at 31 December 2020, the Group has cumulative contract sum from pre-sale of residential properties of RMB 3,225,602,910 (2019: RMB 636,678,298) with cumulative contract GFA from pre-sale of residential properties of 298,457 (2019: 61,381) square meter at 31 December 2020.

(c) The following table shows the amount of unsatisfied performance obligations resulting from variable price contracts from construction service with an original expected timing of revenue recognition in more than one year:

	2020	2019
	RMB	RMB
Revenue expected to be recognized within one year	73,380,984	—
Revenue expected to be recognized after one year	—	125,000,000
	73,380,984	125,000,000

Notes to the consolidated financial statements

18.	Paid-in capital	2020	2019
		RMB	RMB
	Issued and fully paid:		
	100,000 ordinary shares (2019: 100,000 ordinary shares)	87,813	87,813

19.	Equity loans	2020	2019
		RMB	RMB
	Shareholder's loans - White Peak Holdings IV Limited	2,798,019,897	1,922,558,997

During the period ended 31 December 2018, the immediate holding company, White Peak Holdings IV Limited, has provided an interest free shareholder loan to the Company, which is subordinated to the bonds. The loan was interest free, unsecured and with no fixed repayment terms. During the year ended 31 December 2019, the immediate holding company had provided other loans of similar terms and made the whole balance as non-reciprocal in nature and the Company is not required to pay back the loan. During the year ended 31 December 2020, the immediate holding company provided additional loans of RMB 875,460,900, which was also of similar terms as the loans granted in 2019 and was non-reciprocal in nature. Considering the equity characteristics of the shareholder's loans, they have been classified as equity in its entirety.

20.	Revenue	2020	2019
		RMB	RMB
	Construction services	51,619,016	—

Revenue of construction service is recognized over time by construction progress.

Notes to the consolidated financial statements

21. Expenses by nature

Expenses included in cost of sales, selling expenses, administrative expenses, finance cost and other losses-net are analyzed as follows:

	2020	2019
	RMB	RMB
Cost of construction service		
- Development costs	50,938,995	—
Professional service expenses	39,833,225	19,262,580
Employee benefit expense	21,771,029	9,057,749
Marketing expenses	53,750,418	14,303,883
Contract acquisition cost	53,128,751	—
Less: Contract acquisition cost deferred relating to future property sales	(53,128,751)	—
Office and consumption	14,516,685	4,049,632
Tax and levies	8,590,489	3,625,526
Travel and accommodation	956,821	665,924
Depreciation		
- Fixed assets	18,937,364	76,034
- Right-of-use assets	325,430	—
Auditor's remuneration	3,185,966	1,344,330
Short-term lease payments	—	332,448
Fair value loss of financial assets at fair value through profit or loss	3,453,429	4,116,501
Foreign exchange difference	76,150,200	15,566,336
Less: Foreign exchange difference capitalized to properties under development for sales	(43,497,206)	(8,603,332)
Finance cost	88,856,433	23,127,300
Less: Finance cost capitalized to properties under development for sales	(88,811,315)	(23,127,300)
Others	827,613	117,696
	249,785,576	63,915,307

Notes to the consolidated financial statements

22. Employee benefit expense

	2020	2019
	RMB	RMB
Wages and salaries	27,654,373	9,333,772
Social security costs	6,042,296	3,418,883
Retirement benefit costs – defined contribution plans	1,137,715	1,126,463
	34,834,384	13,879,118
Less: capitalized in properties under development	(13,063,355)	(4,821,369)
	21,771,029	9,057,749

23. Income tax expenses

Taxation on the Group's loss before income tax differs from the theoretical amount that would arise using the enacted tax rate of PRC as follows:

	2020	2019
	RMB	RMB
Loss before income tax	(189,980,674)	(63,642,968)
Tax calculated at a tax rate of 25%	(47,495,169)	(15,910,742)
Income not subjected to tax	(153,893)	(960,053)
Expenses not deductible	6,894,376	4,853,061
Recognition of previously unrecognized tax losses	(11,661,861)	—
Tax losses not recognized	24,770,807	12,017,734
	27,645,740	—

Deferred income tax assets are recognized for tax losses carried forwards to the extent that realisation of the related tax benefit through the future taxable profits is probable.

The net movements in deferred taxation are as follows:

	2020	2019
	RMB	RMB
Deferred tax asset on tax losses		
At beginning of year	—	—
Credited to the consolidated income statement	27,645,740	—
At end of year	27,645,740	—

As at 31 December 2020, the Group did not recognized deferred tax assets of RMB 25,673,829 (2019: RMB 12,564,883) in respect of losses amounting to RMB 102,695,314 (2019: RMB 50,259,532) that can be carried forward against future taxable income; the tax losses will expire in 2023, 2024 and 2025.

Notes to the consolidated financial statements

24. Cash flow information

(a) Cash used in operations

	2020	2019
	RMB	RMB
Loss before income tax	(189,980,674)	(63,642,968)
Adjustments for:		
– Depreciation of fixed assets	18,937,364	76,034
– Depreciation of right-of-use assets	325,430	—
– Interest income	(8,185,886)	(272,339)
– Finance cost	45,118	—
– Exchange losses	33,391,089	6,963,004
– Fair value loss on financial assets at fair value through profit or loss	3,453,429	4,116,501
Operating loss before working capital changes	(142,014,130)	(52,759,768)
Changes in working capital:		
– Increase in restricted cash balances	(273,317,404)	(124,142,492)
– Increase in properties under development for sale	(3,829,406,359)	(991,925,768)
– Decrease/(Increase) in prepayments, deposits and other receivables	92,737,027	(442,134,983)
– Increase in contract acquisition costs	(53,128,751)	—
– Increase in trade and other payables	845,012,600	90,990,720
– Increase in contract liabilities	2,268,830,076	471,513,855
– Increase in financial assets at fair value through other comprehensive income	(1,808,859)	—
Cash used in operations	(1,093,095,800)	(1,048,458,436)

Notes to the consolidated financial statements

24. Cash flow information (Continued)

(b) Reconciliation of liabilities arising from financing activities

	Bank borrowings	Bonds payable	Equity loans from immediate holding company	Lease liabilities	Financial liabilities at fair value through profit or loss
	RMB	RMB	RMB	RMB	RMB
As at 1 January 2019	—	—	1,041,575,445	—	—
Proceeds	200,000,000	424,371,178	880,983,552	—	—
Interest paid on bonds and bank borrowings	(1,583,333)	—	—	—	—
Non-cash transaction:					
Finance cost capitalized to properties under development for sales	1,583,333	21,543,967	—	—	—
Foreign exchange adjustment	—	8,603,332	—	—	—
As at 31 December 2019	200,000,000	454,518,477	1,922,558,997	—	—
As at 1 January 2020	200,000,000	454,518,477	1,922,558,997	—	—
Proceeds	837,210,300	450,450,000	875,460,900	—	200,000,000
Repayment	(167,900,000)	—	—	—	—
Principal elements of lease payments	—	—	—	(316,782)	—
Interest paid on bonds and bank borrowings	(35,943,885)	(40,532,400)	—	—	—
Interest paid on lease liabilities	—	—	—	(45,118)	—
Non-cash transaction:					
Finance cost capitalized to properties under development for sales	39,139,133	49,672,182	—	—	—
Finance cost	—	—	—	45,118	—
Increase in lease liabilities from entering into new contracts	—	—	—	948,334	—
Foreign exchange adjustment	(174,080)	43,671,286	—	—	—
As at 31 December 2020	872,331,468	957,779,545	2,798,019,897	631,552	200,000,000

25. Financial guarantees

The financial guarantees represented the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain customers from sales of properties. The outstanding guarantees amounted to RMB 1,004,954,560 as at 31 December 2020 (31 December 2019: RMB 74,360,000).

Such guarantees terminate upon: (i) the issuance of the real estate ownership certificate which will generally be available within six months after the Group delivers possession of the relevant property to its purchasers; (ii) the completion of the mortgage registration; and (iii) the issuance of the real estate miscellaneous right certificate relating to the relevant property.

Notes to the consolidated financial statements

26. Capital commitments

Commitments for properties under development

Commitments represent the contracted but not incurred development cost, mainly of construction contractors, attributable to properties under development for sales as at 31 December 2020 as follows:

	As at 31 December 2019	As at 31 December 2018
	RMB	RMB
Contracted but not provided for	2,697,496,823	491,364,997

27. Related party transactions

Name	Relationship with the Company
White Peak Holdings IV Limited	Immediate holding company
White Peak Real Estate IV L.P.	Ultimate holding company
WP Group Limited	Controlled by the same key management
Beijing Dingfeng Real Estate Investment Consulting Company Limited (Beijing Dingfeng)	Controlled by the same key management

(1) Purchase of service

	2020	2019
	RMB	RMB
Charged to the consolidated income statement:		
Administrative fees to WP Group Limited	2,970,189	244,607
Consulting service fees to Beijing Dingfeng	27,994,143	19,262,580
	30,964,332	19,507,187

Capitalized to properties under development for sale:

Initial construction design consultancy fees, site investigation fees, safety inspection fees and engineering quality control fees to Beijing Dingfeng

40,937,752	49,202,568
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Administrative fees were paid to WP Group Limited, which are recharged based on actual expenses incurred.

Consulting service fee, initial construction design consultancy fees, site investigation fees, safety inspection fees and engineering quality control fees were paid to Beijing Dingfeng, which are charged based on actual cost incurred.

Notes to the consolidated financial statements

28. Implications of COVID-19

Regarding the outbreak of COVID-19, the management team is monitoring the situation closely. So far none of our employees or their families have been infected. Both the headquarter in Beijing and our respective project offices have been able to maintain normal operation as the strict control measures implemented by the Chinese government have proven to be effective. The onsite constructions and sales have so far also been going according to plan. We are, however, conscious about the global impact of COVID-19 on the Chinese economy and will continue to closely monitor the situation and be financially prudent.

29. Subsequent event

On 1 Feb 2021, a subsidiary acquired a land successfully in Shandong Province. The price of the land is RMB 880,000,000.

Notes to the consolidated financial statements

30. Particulars of principal subsidiaries

Details of the principal subsidiaries are as follows:

Name of subsidiary	Place of incorporation/ establishment	Registered capital	Effective equity interest indirectly held by the Company		Principal activities	Paid-up capital
			2020	2019		
Yantai Jinghui Property Co., Ltd	Yantai, Shandong, PRC	RMB 360,000,000	100%	100%	Real estate development	RMB 241,000,000
Yantai Zhuji Hammarby Ruiming Property Co., Ltd (Note)	Yantai, Shandong, PRC	RMB 400,000,000	100%	100%	Real estate development	RMB 339,999,550
Yantai Zhuji Hammarby Ruituo Property Co., Ltd (Note)	Yantai, Shandong, PRC	RMB 500,000,000	100%	100%	Real estate development	RMB 446,000,000
Chengde Changruida Development Co., Ltd	Chengde, Hebei, PRC	RMB 70,000,000	100%	100%	Real estate development	RMB 70,000,000
Qingdao Junshi Development Co., Ltd	Qingdao, Shandong, PRC	USD 18,000,000	100%	100%	Real estate development	RMB 122,184,900
Shenyang White Peak Ruizhi Development Co., Ltd	Shenyang, Liaoning, PRC	USD 130,000,000	100%	100%	Real estate development	RMB 722,130,400
Qingdao Sino-Sweden Huachuang Commercial Management Co., Ltd	Qingdao, Shandong, PRC	USD 27,000,00	100%	—	Real estate development	RMB 189,824,850
Tai'an Ruifeng Real Estate Development Co., Ltd	Tai'an, Shandong, PRC	USD 115,000,000	100%	—	Real estate development	RMB 408,456,000
Qingdao Ruihaichengchuang Commercial Management Co., Ltd	Qingdao, Shandong, PRC	USD 20,000,000	100%	—	Project management	RMB 35,059,500
Yantai Jingsheng Real Estate Co., Ltd	Yantai, Shandong, PRC	RMB 450,000,000	100%	—	Real estate development	RMB 422,849,136
Laizhou Hengrui Commercial Management Co., Ltd	Laizhou, Shandong, PRC	USD 20,000,000	100%	—	Project management	RMB 3,272,550
Shandong Huading Cultural Tourism Industry Development Co., Ltd	Shandong, PRC	RMB 830,000,000	100%	—	Real estate development	RMB 457,527,000
Qingdao Zhongruihaichuang Commercial Management Co., Ltd	Qingdao, Shandong, PRC	USD 51,000,000	100%	—	Real estate development	RMB 195,708,000
Penglai White Peak Commercial Management Co., Ltd	Penglai, Shandong, PRC	USD 15,000,000	100%	—	Real estate development	RMB 58,473,936

Note: The Group pledged 7.5% share of a subsidiary, Yantai Zhuji Hammarby Ruiming Property Co., Ltd and 20.18% share of another subsidiary, Yantai Zhuji Hammarby Ruituo Property Co., Ltd to a contractor of certain property development projects.

Notes to the consolidated financial statements

31. Immediate and ultimate holding company

The directors regard White Peak Holdings IV Limited, a company incorporated in Jersey, as being the immediate holding company.

The directors regard White Peak Real Estate IV L.P., a partnership incorporated in Jersey, as being the ultimate holding company.

32. Benefits and interests of directors

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

There are no loans, quasi-loans or other dealings in favour of directors, their controlled bodies corporate and connected entities (2019: Nil).

During the year and at the year end, no director of the Company had or has a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Group's business, to which the Group was or is a party (2019: Nil).

Notes to the consolidated financial statements

33. Company Balance Sheet

	2020	2019
	RMB	RMB
Assets		
Non-current assets		
Investment in subsidiaries	35,939,754	35,939,754
Current assets		
Financial assets at fair value through profit or loss	22,010,332	7,029,841
Amounts due from subsidiaries	3,608,275,895	2,243,986,841
Cash and cash equivalents	72,399,180	49,768,638
	3,702,685,407	2,300,785,320
Total assets	3,738,625,161	2,336,725,074
Liabilities		
Non-current liabilities		
Bonds payable	930,633,683	432,974,510
Bank borrowings	277,161,762	—
	1,207,795,445	432,974,510
Current liabilities		
Accruals	615,439	382,985
Bonds payable	27,145,862	21,543,967
Bank borrowings	3,069,706	
Amount due to subsidiaries	192,411	266,831
	31,023,418	22,193,783
Total liabilities	1,238,818,863	455,168,293
Net assets	2,499,806,298	1,881,556,781
Equity		
Paid-in capital	87,813	87,813
Equity loans	2,798,019,897	1,922,558,997
Accumulated losses	(298,301,412)	(41,090,029)
Total equity	2,499,806,298	1,881,556,781

Jesper Lars Jos OLSSON
Director

HAO, XUETAO
Director

Notes to the consolidated financial statements

33. Company Balance Sheet (Continued)

Note:

Reserve movement of the company

	Equity loan	Retained earnings/ (accumulated Losses)	Total
	RMB	RMB	RMB
Balance at 1 January 2019	—	351,448	351,448
Comprehensive income			
Loss for the year	—	(41,441,477)	(41,441,477)
Other comprehensive income	—	—	—
Total comprehensive income	—	(41,441,477)	(41,441,477)
Inception of equity-natured shareholder loans	1,922,558,997	—	1,922,558,997
Balance at 31 December 2019	1,922,558,997	(41,090,029)	1,881,468,968
Balance at 1 January 2020	1,922,558,997	(41,090,029)	1,881,468,968
Comprehensive income			
Loss for the year	—	(257,211,383)	(257,211,383)
Other comprehensive income	—	—	—
Total comprehensive income	—	(257,211,383)	(257,211,383)
Inception of equity-natured shareholder loans	875,460,900	—	875,460,900
Balance at 31 December 2020	2,798,019,897	(298,301,412)	2,499,718,485



Section E

Environmental impact report Pages 104—112

Use of Green Bond proceeds

Green Bond issued in 2019 (ISIN: SE0012741064)

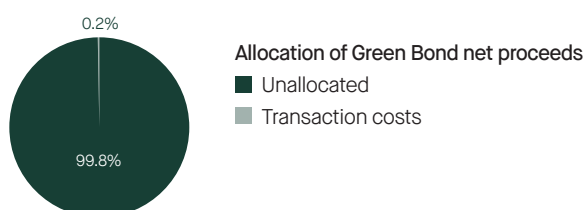
As of December 31, 2020, the net proceeds from the green bond in the amount of SEK 583.9 million (i.e. roughly RMB 464 million) had been fully used to finance the following property development projects and transaction costs



Eligible assets financed by Green Bond net proceeds	Allocation of Green Bond net proceeds ^{1,2,3}	
Fushan Project, Yantai	SEK 207.6 million	35.6%
Pian Ling Project, Chengde	SEK 271.1 million	46.4%
Print House Project, Pingdu	SEK 26.0 million	4.5%
Shenbei Project, Shenyang	SEK 75.3 million	12.9%
Total of eligible assets allocated	SEK 580 million	99.3%
Total of eligible assets allocated	SEK 580 million	99.3%
Transaction costs ⁴	SEK 3.9 million	0.7%
Total net proceeds³	SEK 583.9million	100%

Green Bond issued in 2020 (ISIN: SE0015195847)

As of December 31, 2020, SEK 0.7 million of the net proceeds from the green bond in the amount of SEK 585 million (i.e. roughly RMB 465 million) had been used to finance transaction costs



Eligible assets financed by Green Bond net proceeds	Allocation of Green Bond net proceeds ^{1,2,3}	
Total of Eligible assets allocated	—	0%
Transaction costs ⁴	SEK 0.7 million	0.2%
Unallocated	SEK 584.3 million	99.8%
Total net proceeds³	SEK 585.0 million	100%

¹ As at December 31, 2020

² An independent assurance provider, PricewaterhouseCoopers has issued a limited assurance report. Please refer to pages 110 to 112 of this report for further details.

³ Pursuant to the Green Bond Terms and Conditions, Net Proceeds is defined as the proceeds from a Bond Issue after deduction has been made for the Transaction Costs payable by the Issuer to the Joint Bookrunners and the Issuing Agent for the services provided in relation to the placement and issuance of the Bonds. Therefore, the Net Proceeds is in the amount of SEK 583.9 million for the green bond issued in 2019 and SEK 585.0 million for the green bond issued in 2020.

⁴ Pursuant to Green Bond Terms and Conditions, Transaction costs means all fees, cost and expenses, stamp, registration and other taxes incurred by the issuer or any other member of the Group in connections with (i) a Bond issue and (ii) the listing of the Bonds.

Reporting criteria

- A Green Bond is added to the Environmental Impact Report when it is issued during the reporting period.
- A Green Bond is removed from the Environmental Impact Report when it has been fully repaid.
- Allocation and use of net proceeds are reported based on actual amount of funds transferred to each Eligible Assets; and each Eligible Assets are approved by the White Peak Green Finance Committee of the Company

Environmental impact of eligible asset portfolio

Yantai Fushan Nordic Park ("Fushan Project")



Yantai Fushan Nordic Park

Development type	Residential
Land size, m ²	99,500
GFA, m ²	245,832
Number of residential units	2,305
Estimated year of project completion	2022

Green Bond proceeds allocated	SEK 207.6 million
Green certification	Obtained BREEAM (Very Good) in January 2020 Plan to be certified under the following certification system: <ul style="list-style-type: none"> Chinese Green Building Label (Chinese Green Building Design 2 star)

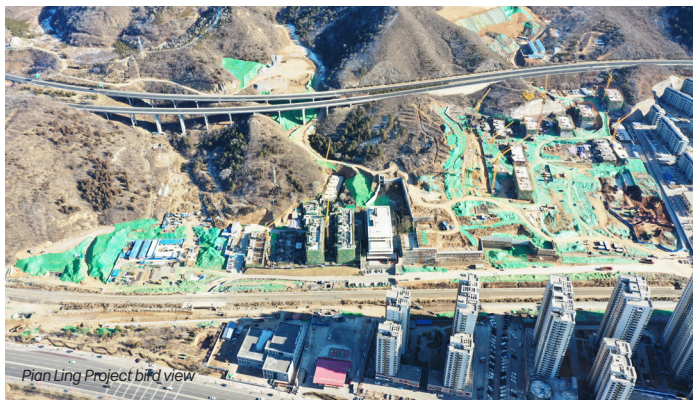
Estimated environmental impact		
Energy performance*	9~13F	≥14F
National codes and regulations (<i>Residential Building Energy Conservation Design Standards JGJ26-2010</i>)	10 w/m ²	8.8 w/m ²
YantaiFushan Nordic Park	7.8 w/m ²	6.9 w/m ²
Energy saving ratio	22%	22%

Note:

Energy Performance is calculated through simulations among building shape co-efficiency, window-wall ratio and thermal performance parameters of the maintenance structure.

Environmental impact of eligible asset portfolio

Chengde Pian Ling ("Pian Ling Project")



Chengde Pian Ling Project

Development type	Residential
Land size, m ²	120,215
GFA, m ²	181,432
Number of residential units	1,551
Estimated year of project completion	2023

Green Bond proceeds allocated	SEK 271.1 million
Green certification	Obtained LEED for Communities Precertification (Gold level) in December 2020 Plan to be certified under the following certification system: • BREEAM (Very Good)

Estimated environmental impact

Energy performance*	4~8F	9~13F	≥14F
National codes and regulations (<i>Residential Building Energy Conservation Design Standards JGJ26-2010</i>)	18.9 w/m ²	17.4 w/m ²	15.5w/m ²
Chengde Pian Ling	13.2 w/m ²	12.2 w/m ²	10.9 w/m ²
Energy saving ratio	30%	30%	30%

Note:

Energy Performance is calculated through simulations among building shape co-efficiency, window-wall ratio and thermal performance parameters of the maintenance structure.



Environmental impact of eligible asset portfolio

Pingdu Print House ("Print House Project")



Pingdu Print House

Development type	Residential/Retail
Land size, m ²	24,733
GFA, m ²	44,509
Number of residential units	347
Estimated year of project completion	2022

Green Bond proceeds allocated	SEK 26.0 million
Green certification	Obtained the LEED for Communities Precertification (Gold level) in October 2020 and BREEAM rating of "Very Good" in December 2020

Estimated environmental impact

Energy performance*	4~8F	9~13F
National codes and regulations (<i>Residential Building Energy Conservation Design Standards JGJ26-2010</i>)	11.1 w/m ²	10 w/m ²
Pingdu Print House	6.93 w/m ²	7.0 w/m ²
Energy saving ratio	37%	30%

Note:

Energy Performance is calculated through simulations among building shape co-efficiency, window-wall ratio and thermal performance parameters of the maintenance structure.

Environmental impact of eligible asset portfolio

Shenyang Shenbei ("Shenbei Project")



Shenyang Shenbei

Development type	Residential / Retail
Land size, m ²	141,553
GFA, m ²	283,106
Number of residential units	2,758
Estimated year of project completion	2024

Green Bond proceeds allocated	SEK 75.3 million
Green certification	Obtained the LEED for Communities Precertification (Gold level) in October 2020 and BREEAM rating of "Very Good" in December 2020

Estimated environmental impact		
Energy performance*	4~8F	9~13F
National codes and regulations (<i>Residential Building Energy Conservation Design Standards JGJ26-2010</i>)	17.2 w/m ²	15.9 w/m ²
Shenyang Shenbei	9.6 w/m ²	11.92 w/m ²
Energy saving ratio	44%	25%

Note:

Energy Performance is calculated through simulations among building shape co-efficiency, window-wall ratio and thermal performance parameters of the maintenance structure.



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Independent Practitioner's Assurance Report

To the Board of Directors of RE IV Limited

We have been engaged to perform a limited assurance engagement on the selected information described below and identified by footnote 2 on page 105 of the Environmental Impact Report section in the Bond Investor Report of RE IV Limited (the "Company") as at 31 December 2020.

Selected Information

The scope of our work was limited to assurance over the selected information ("Selected Information") marked by footnote 2 on page 105 of the Environmental Impact Report section in the Bond Investor Report and set out in Appendix 2 as summarised below:

- Allocation and use of net proceeds from green bonds in the eligible assets (the "Eligible Assets")

Our assurance does not extend to information in respect of earlier periods or to any other information included in the Environmental Impact Report or the whole Bond Investor Report as at 31 December 2020.

Reporting Criteria

The criteria used by the Company to prepare the Selected Information is set out in Appendix 1 of this report (the "Reporting Criteria").

Directors' Responsibilities

The directors of the Company are responsible for:

- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing objective Reporting Criteria for preparing the Selected Information;
- measuring and reporting the Selected Information based on the Reporting Criteria; and
- the content of the Environmental Impact Report section and the whole Bond Investor Report as at 31 December 2020.

Practitioner's Independence and Quality Control

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements..



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Practitioner's Responsibilities

It is our responsibility to express a conclusion on the Selected Information based on our work performed and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our work in accordance with International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we plan and perform our work to form the conclusion.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. The extent of procedures selected depends on the practitioner's judgment and our assessment of the engagement risk. Within the scope of our work we performed amongst others the following procedures:

- made enquires of the Company's management, including those involved in providing information relating to the Environmental Impact Report as at 31 December 2020;
- checked the approval of the Company's proposed Eligible Assets by the White Peak Green Finance Committee of RE IV Limited; and
- checked, on a sample basis, the allocation and use of proceeds to supporting payment documents and ensured that these are for the Eligible Assets as approved by the White Peak Green Finance Committee of RE IV Limited.

Our work did not include reviewing the effectiveness of systems, processes and controls that generated the Selected Information. Thus, our work was not performed for the purposes of expressing an opinion on the effectiveness and performance of the Company's management systems, processes and controls, and not for the purposes of expressing an opinion on any statutory financial statements.

Inherent Limitation

The Selected Information needs to be read and understood together with Reporting Criteria, which the Company is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. The Reporting Criteria used for reporting of the Selected Information are as at 31 December 2020.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Selected Information as at 31 December 2020 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

Restriction on Use

Our report has been prepared for and only for the board of directors of the Company and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of the report.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 29 March 2021



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Appendix 1 Reporting Criteria

- A Green Bond is added to the Environmental Impact Report when it is issued during the reporting period.
- A Green Bond is removed from the Environmental Impact Report when it has been fully repaid.
- Allocation and use of net proceeds are reported based on actual amount of funds transferred to each Eligible Assets; and each Eligible Assets are approved by the White Peak Green Finance Committee of the Company

Appendix 2 Allocation and use of Green Bond Net Proceeds

Green Bond issued in 2019

Eligible Assets financed by Green Bond net proceeds

Allocation and use of Green Bond net proceeds

SEK

Fushan Project, Yantai

207.6 Million

Pian Ling Project, Chengde

271.1 Million

Print House Project, Pingdu

26.0 Million

Shenbei Project, Shenyang

75.3 Million

Green Bond issued in 2020

Eligible Assets financed by Green Bond net proceeds

Allocation and use of Green Bond net proceeds

SEK

Nil

Nil

