



2020 ANNUAL REPORT

寶龍地產控股有限公司

POWERLONG REAL ESTATE HOLDINGS LIMITED

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

Stock code: 1238





CONTENTS



Group Introduction	2
Corporate Information	3
Milestones and Awards	4
Chairman's Statement	8
Overview of Business	12
Management Discussion and Analysis	32
Directors and Senior Management	45
Corporate Governance Report	51
Report of the Directors	62
Independent Auditor's Report	75
Consolidated Balance Sheet	80
Consolidated Statement of Comprehensive Income	82
Consolidated Statement of Changes in Equity	83
Consolidated Statement of Cash Flows	85
Notes to the Consolidated Financial Statements	87
Five-year Financial Summary	183



GROUP INTRODUCTION

Powerlong Real Estate Holdings Limited (1238.HK) (the “**Company**” or “**Powerlong**”) and its subsidiaries (collectively, the “**Group**”) are dedicated to developing and operating high quality, large-scale and multi-functional commercial real estate projects. On 14 October 2009, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). On 30 December 2019, Powerlong Commercial Management Holdings Limited (9909.HK) (“**Powerlong CM**”), a subsidiary of the Company, was listed on the Main Board of the Stock Exchange, as the first service provider in commercial management and operation on the Stock Exchange that operated based on an asset-light model.

As at 31 December 2020, the Group had developed, owned and operated 193 real estate projects. Its commercial projects cover the series of “Powerlong One Mall”, “Powerlong City”, “Powerlong Plaza” and “Powerlong Land” products, while its residential projects cover various formats including middle and high class commodity housings and villas, complemented by high-standard office buildings and hotel projects with comprehensive service support. With its multidimensional and diversified business scope, Powerlong has been improving the retail supporting facilities in and thereby enhancing the quality of local cities. From supporting the urbanization of the People’s Republic of China (“**China**” or the “**PRC**”) to its integration into the Yangtze River Delta, Powerlong has always followed closely the strategic direction at the PRC’s national level and focused on city clusters, which enjoy policy back-up under the PRC’s macro strategy and which are highly vivid in their economic development. While fulfilling the growing demand for complex real estate in the PRC, Powerlong has provided various job opportunities to the society and realized people’s demands and dreams for their lives.

The successful development of the Group is attributable to the innovative vision of the Chairman of the Board, Mr. Hoi Kin Hong, who has instilled his insights and visions since the beginning of the Group’s corporate development and driven its evolvement along the way. Adhering to the corporate mission of “Create space full of love”, and upholding the corporate values of “simple, true, mutual benefit and endless progression”, the Group will continue to uphold the belief of “Honest, Modest, Innovative, Devoted”, to build the Group into a well-respected, century-lasting and world-leading operator of city space, and create values for its customers, staff, shareholders and society.





CORPORATE INFORMATION



DIRECTORS

Executive Directors

Mr. Hoi Kin Hong (Chairman of the Board)
Mr. Hoi Wa Fong (Chief executive officer)
Mr. Xiao Qing Ping
Ms. Shih Sze Ni Cecilia
Mr. Zhang Hong Feng

Non-executive Director

Ms. Hoi Wa Fan

Independent Non-executive Directors

Mr. Ngai Wai Fung
Mr. Mei Jian Ping
Mr. Ding Zu Yu

AUDIT COMMITTEE

Mr. Ngai Wai Fung (Chairman)
Mr. Mei Jian Ping
Mr. Ding Zu Yu

REMUNERATION COMMITTEE

Mr. Mei Jian Ping (Chairman)
Mr. Hoi Wa Fong
Mr. Ding Zu Yu

NOMINATION COMMITTEE

Mr. Hoi Kin Hong (Chairman)
Mr. Mei Jian Ping
Mr. Ding Zu Yu

COMPANY SECRETARY

Ms. Hai Di
Ms. Suen Pui Chun Hannah

AUTHORIZED REPRESENTATIVES

Mr. Hoi Wa Fong
Ms. Suen Pui Chun Hannah

REGISTERED OFFICE

P.O. Box 309
Ugland House
Grand Cayman KY1-1104
Cayman Islands

PLACE OF BUSINESS IN HONG KONG

Unit 5603, 56th Floor
The Center
99 Queen's Road Central
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

Powerlong Tower
1399 Xinzhen Road
Minhang District
Shanghai
PRC
Postal Code: 201101

PRINCIPAL SHARE REGISTRAR

Suntera (Cayman) Limited
Suite 3204, Unit 2A,
Block 3, Building D,
P.O. Box 1586,
Gardenia Court,
Camana Bay,
Grand Cayman, KY1-1100
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

Bank of Communication Co., Ltd.
Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
Bank of China Limited
China Minsheng Banking Corp., Ltd.
China Construction Bank Corporation
The Bank of East Asia Limited
Industrial Bank Co., Ltd.
Ping An Bank Co., Ltd.
China Zheshang Bank Co., Ltd.

AUDITOR

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

HONG KONG LEGAL ADVISOR

Sidley Austin

WEBSITE

www.powerlong.com



MILESTONES AND AWARDS

JAN

- Amid the adversity under COVID-19, the Group donated HK\$20 million for the combat of COVID-19 by supporting the grant of half-concession of rent for 69 days to tenants of the Group's shopping malls

FEB

- Became constituent stock of each of "Hang Seng Composite LargeCap & MidCap Index" and "Hang Seng Stock Connect Hong Kong Index"

JUL

- Released the new five-year strategic plan and highlighted the "1+1+N" strategic layout goals

AUG

- Successful issue of 6.25% senior notes in the amount of US\$200 million due 2024
- "Positive" outlook graded by S&P and Moody's, both being international rating agencies

SEP

- New project acquired in Wuhan, being the first step into Hubei Province

OCT

- Hangzhou Qingshan Lake Powerlong Plaza Phase 1 commenced operation
- Successful issue of 5.95% senior notes in the amount of US\$200 million due 2025

NOV

- Jinhua Yongkang, Hangzhou Dajiangdong and Shaoxing Keqiao Powerlong Plazas commenced operation

DEC

- Suzhou Xingyun, Quanzhou Taishang, Zhangzhou Longwen, Yancheng Chengdong Powerlong Plazas and Hangzhou Qingshan Lake Powerlong Plaza Phase 2 commenced operation
- Outperformed the Group's target with contracted sales of RMB81.55 billion

MILESTONES AND AWARDS



CORPORATE AWARDS

Enterprise Research Institute of the Development Research Center of the State Council, Tsinghua University Institute of Real Estate Studies, China Index Academy

- 2020 China TOP 100 Real Estate Developers
- 2020 TOP 10 Brands of China Commercial Real Estate Companies
- 2020 TOP 10 Brands of China Commercial Real Estate Projects – Powerlong Plaza
- 2019-2020 China Real Estate Developers with High Social Responsibility
- 2019-2020 China Benchmarking Real Estate Developers for Poverty Alleviation
- 2020 China Excellent Listed Real Estate Company by Commercial Operation
- 2020 China Mainland TOP 10 Real Estate Company Listed in Hong Kong by EVA (Economic Value Added)
- 2020 China Mainland TOP 10 Real Estate Company Listed in Hong Kong by Financial Stability
- 2020 China Mainland TOP 10 Real Estate Company Listed in Hong Kong by Investment Value
- 2020 China TOP 10 Commercial Real Estate Developers – Powerlong Commercial Management Holdings Limited

China Real Estate Research Association, China Real Estate Association, China Real Estate Appraisal

- 2020 Best 50 of China Real Estate Developers
- 2020 Best 10 of China Real Estate Developers with Corporate Responsibility
- 2020 Best 10 of China Commercial Real Estate Developers with Comprehensive Strengths – Powerlong Commercial Management Holdings Limited

Green Ranking

- 2020 Top 10 Chinese Green Property Award
- 2020 Top 10 Chinese Green Property (Commercial) Award
- 2020 Top 10 Chinese Green Property (Private Business) Award
- 2020 Top 10 Chinese Green Property (Operating Indicators) Award
- 2020 Top 50 Chinese Real Estate Developers Green Credit Index
- 2020 Top 10 Chinese Green Public Constructions – Hangzhou Taoyuan Powerlong Plaza
- Green Construction Creativity Role Model – Shaoxing Zhuji Powerlong Plaza

Media and other Social Association Awards

- 2020 First Real Estate Quality Award – Most Influential Brand (awarded by First Finance)
- 2020 Top 50 Growth Enterprises Among Shanghai's Top 100 (No. 32) (awarded by Liberation Daily)
- 2020 Top 100 Shanghai Private Businesses (No. 16) (awarded by Liberation Daily)
- China Real Estate Industry Trend Award – 2020 China's Influential Real Estate Brand (awarded by Guandian)
- China Commercial Real Estate Award for Operations and Management Innovation (awarded by "China Commercial Real Estate Industry 2020 Evaluation Committee")
- The 17th (2020) Blue Chips Annual Conference – Blue Chips Enterprises (awarded by the Economic Observer)
- The 10th anniversary (2020) IF China Commercial Real Estate Summit – Outstanding Enterprise (awarded by The Economic Observer)
- The 10th anniversary (2020) IF China Commercial Real Estate Summit – Outstanding Project – Shanghai Baoyang Powerlong Plaza (awarded by The Economic Observer)



- 2020 China Valuable Real Estate Awards – Valuable Real Estate Listed Companies of the Year (awarded by National Business Daily)
- 2020 Top 50 Value of Chinese Commercial Real Estate Brand (No. 4) (awarded by China Real Estate Business Weekly)
- 2020 Most Influential Commercial Operators – Powerlong Commercial (awarded by “China Real Estate Huabiao Award Sub-committee”)
- 2020 Enterprises with the Best Brands in Terms of Investment Value – Powerlong Group (awarded by “China Real Estate Huabiao Award Sub-committee”)
- 2020 Oscar of the Time – 2020 City Operator (awarded by Shidai Weekly)
- China Real Estate Gold Brick Award – 2020 Real Estate Developers with Comprehensive Strengths (awarded by 21st Century Economic Journal)
- Golden Wisdom Award – China Real Estate Listed Companies (2020) Award for Operation and Management (awarded by “Financial Sector”)
- Property Developers with Value of Social Contributions of the Year (awarded by Yidian Zixun)
- The 5th Golden HK Stock Annual Award-giving Ceremony – Best Real Estate Company (awarded by Zhitong Finance)
- 2020 1st Listed Real Estate Developers Award for Financial Soundness – Tao Zhu Gong Awards (awarded by Property Sector Capital Forum)
- 2020 Advanced Entities for Fostering the Combat against COVID-19 – Powerlong Group (awarded by Fujian Commercial Association of Shanghai)
- Award for Outstanding Contributions Against COVID-19 (awarded by the Committee under CCP Federation of Enterprises (Chambers of Commerce) in Shanghai and the Federation of Enterprises (Commerce) in Shanghai)
- Combat against COVID-19 – Member Enterprises with Outstanding Contributions (awarded by China Real Estate Chamber of Commerce)

PERSONAL AWARDS RECEIVED BY MR. HOI KIN HONG

- 2020 Top 100 Contributors to the Real Estate Industry in China (awarded by Enterprise Research Institute of the Development Research Center of the State Council, Tsinghua University Institute of Real Estate Studies, China Index Academy)
- 2020 Contributors to the Real Estate Brands in China (awarded by Enterprise Research Institute of the Development Research Center of the State Council, Tsinghua University Institute of Real Estate Studies, China Index Academy)

PERSONAL AWARDS RECEIVED BY MR. HOI WA FONG

- 2020 Top 10 Gold-Medal CEO of China Real Estate Listed Companies (awarded by Enterprise Research Institute of the Development Research Center of the State Council, Tsinghua University Institute of Real Estate Studies, China Index Academy)
- Leading Commercial Property Individuals in China (awarded by “China Commercial Real Estate Industry 2020 Evaluation Committee”)
- Leading Individuals in Chinese Property Sector 2020 (awarded by “China Real Estate Huabiao Award Sub-committee”)
- 2020 Top 10 Chinese CEO of the Year (awarded by Leju Finance, Sina Finance, Chinese Entrepreneurs Association, China Real Estate Association and CPMRI)



CHAIRMAN'S STATEMENT



Facing the intense international competition, as a PRC enterprise, the Company strives to keep up its business growth rate and quality standards so as to stay aligned with the economic development of the country. The Group will be persistent in its pursuit of better performance.

HOI KIN HONG
Chairman

DEAR SHAREHOLDERS,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of the Company, I am pleased to present to all shareholders the audited annual results of the Group for the year ended 31 December 2020. Amidst the ongoing effect of a long-term mechanism in the real estate market and the overall stability of the real estate market, the Group precisely comprehended the market trend and made substantial achievement in pushing ahead its strategic moves.

During the year ended 31 December 2020, the Group recognized a revenue of approximately Renminbi (“**RMB**”) 35,495 million and profit attributable to owners of approximately RMB6,093 million, representing year-on-year increases of approximately 36.3% and 50.8%, respectively. Basic earnings per share was RMB147.1 cents. The Board recommended the payment of a final dividend of HK\$33.0 cents per ordinary share for the year ended 31 December 2020 (the “**Final Dividend**”). Together with the interim dividend of HK\$12.0 cents per ordinary share for the six months ended 30 June 2020, the total dividend for the year ended 31 December 2020 amounted to HK\$45.0 cents per ordinary share, representing an increase of approximately 25.0% as compared with the total annual dividend (exclusive of special dividend) for the corresponding period in 2019.

CONTRACTED SALES HITTING ANOTHER RECORD HIGH

During the year ended 31 December 2020, the Group's annual contracted sales target was further raised to RMB75 billion. For the year ended 31 December 2020, the Group's contracted sales hit another record high, reaching RMB81,551 million and a year-on-year growth of approximately 35.1% as compared to the corresponding period in 2019, and fully meeting the annual target.

The Group's contracted sales continued to hit a record high, which was mainly attributable to (i) the Group's strategic focus on Yangtze River Delta and the Guangdong-Hong Kong-Macau Bay Area, thereby attaining economies of scale; (ii) the Group's ongoing efforts in strengthening its product research and development and the precise positioning of its products, and its commitment to quality and emphasis on customer experience in developing its products; (iii) for residential projects, the “369” development model adopted by the Group to speed up the process

of construction, sales and collection of sales proceeds, which has proven to be highly effective; and (iv) the localized sales strategies adopted by the Group to accommodate local market needs and satisfy the requirements of the local governments of the PRC. The Group's ability to handle large projects was further strengthened, with 11 projects each of which achieving contracted sales of more than RMB2 billion. During the year ended 31 December 2020, the key contributing projects of the Group (together with its associates and joint ventures) were located in Jinhua, Ningbo, Taizhou, Shaoxing, Wenzhou, Hangzhou, Haikou, Changzhou and Zhuhai.

REMARKABLE STRENGTHS IN THE APPROACH TO EXPANSION OF LAND BANK

The Group adheres to the “1+1+N” development strategy, focusing on Yangtze River Delta and the Guangdong-Hong Kong-Macau Bay Area while exploring other premium regions that offer opportunities; and to precisely lay out strategic plans and grasp the policy directions in a timely manner, in strict adherence to the principle of value investment. The Group remained diversified in its land acquisition channels and added 39 parcels of quality land during the year ended 31 December 2020.

As at 31 December 2020, the Group had 193 projects across China, including 141 projects in the Yangtze River Delta, accounting for 73% of the Group's portfolio nationwide, with the Group's precise planning in strategic key cities, value investment with reasonable costs, perseverance in diversified expansion, as well as extension in resource integration and strategic cooperation with leading enterprises in the industry.

As at 31 December 2020, the Group had a quality land bank amounting to a total GFA of approximately 36.5 million square meters, which is sufficient to support the Group's own property development pipeline for the forthcoming three to five years. To date, approximately 70% of the land bank of the Group is located in the Yangtze River Delta region. From the perspective of the geographical location of the Group's land bank, current land bank in the first-tier, new first-tier and second-tier cities represents an aggregate of 81.5% of the Group's land bank under development and held for future development. The Group is confident that its quality land resources will continuously drive the Group's long-term and healthy development.

NEW OPPORTUNITIES IN COMMERCIAL MANAGEMENT AND OPERATION

The listing of Powerlong CM on the Main Board of the Stock Exchange on 30 December 2019 has made Powerlong CM the first service provider in commercial management and operation on the Stock Exchange that operated based on an asset-light model. The Group will capitalize on such opportunity and focus on building up the core competence of Powerlong CM, uplift its organizational capability in commercial management and operation, and achieve leap-frog development in commercial management and operation.

During the year ended 31 December 2020, the Group completed and commenced operation of six new shopping malls, alongside the successful commencement of operation of three asset-light projects operated and managed by the Group. As at 31 December 2020, the Group held and managed 48 commercial plazas and managed six asset-light projects, outperforming other industry players in terms of quantity and GFA of managed projects.

Having entered the commercial real estate industry for 17 years, the Group has been awarded TOP 10 Brands of China Commercial Real Estate Companies (中國商業地產公司品牌價值十強) for ten consecutive years. Powerlong Plazas operated by the Group have been awarded TOP 10 Brands of China Commercial Real Estate Projects (中國商業地產項目品牌價值十強) for eleven consecutive years.

ONGOING IMPROVEMENT IN THE STRUCTURE AND COSTS OF FINANCING

In optimizing debt structure, the Group has diversified its financing channels in order to maintain the finance costs at a relatively low level. During the year ended 31 December 2020, despite the relatively tight financing environment for the real estate industry, the Group's consolidated effective interest rate was slightly decreased to 6.44% when compared to that in the previous year. The net gearing ratio of the Group decreased to 73.9%, which was primarily attributable to the ongoing management of the Group's financial leverage for the purpose of sustainable growth.

As at 31 December 2020, cash and cash equivalents and restricted cash of the Group amounted to RMB28,276 million, and the loans maturing within one year amounted to RMB20,667 million, securing sound liquidity.

OUTLOOK

The year 2021 will be a year of opportunities as well as challenges for property developers. The full economic recovery after COVID-19 will energize the industry. Under the keynote of "properties being for residential dwellings instead of speculation" and "adoption of city-specific policies", the pace of market supply and demand in 2021 will gradually become more stable and demand will be more rational. In an increasingly more concentrated industry, property development shall be strategically deployed in a reasonable way and in line with the rotational development opportunities in different cities, and shall also be focused on regions with competitive advantage. Focus shall be drawn to key cities; detailed analysis shall be conducted on the demand from different customer groups; and cooperation shall be fortified, to embrace the greater room for development.

Based on the current trend and its own development needs, the Group will further increase its contracted sales target for 2021 to RMB105 billion. The Group will apprehend customer needs and create multidimensional signposts. It will upgrade the "369" development model, for better sell-through rates and faster cash inflow. Ongoing efforts will be made to study and learn from benchmarking enterprises, enhance its professional and project-specific marketing capabilities, and substantially shorten the life cycle of development and sales.

To achieve its five-year strategic goals, the Group will continue to enhance its superiority in terms of land bank. In the future, the Group will adhere to the "1+1+N" development strategy, focusing on Yangtze River Delta and the Guangdong-Hong Kong-Macau Bay Area while exploring other premium regions that offer opportunities. In key regional hubs, the Group will strengthen market tracking and research, adhere to precise product positioning, and strictly comply with the principle of value investment in acquiring land bank.

In the year 2021 the Group will have quite a few new shopping centres opening. The Group will integrate its significant resources to facilitate the opening of 13 shopping malls within the year. It will continue to uphold its customer-centered philosophy, fabricate high-quality products of superior standard, and create commercial spaces with love; uplift its capability in tenant sourcing, and extend the breadth and depth of brands of strategic cooperation; enhance smart commerce, build up a digitized Powerlong, and continue to foster the "new commerce" strategies. Meanwhile, the Group will further expand the commercial operational service segment by way of strategic acquisitions and investments.

The Group will continue to foster a steady and safe system of financial control, with intensive efforts on the enhanced digitized development of financial management for better management effectiveness. Meanwhile, the Group will control the overall debt scale, optimize its financing structure, constantly enhance its financing capability and lower its financing cost.

The Group will proactively promote the parallel development of both its talents and the enterprise, and call for employees' revamped re-definition of themselves. The Group will mobilize individuals for the betterment of their self-achievements; integrate resources for the enhancement of working efficiency; and provide multidimensional incentives for unleashing their potentials. The Group will continue to establish a platform and create opportunities for the career development of its staff, with a view to converging bright people and gathering dedication and power.

The Board believes in "concerted efforts, love and care". Adhering to the corporate mission of "Create space full of love", the Group will link up living space with the well-being of everything, and create the best experience of living space and services. It will firmly gather the wisdom and power of all fellow folks of Powerlong, to build the Group into a well-respected, century-lasting and world-leading operator of city space.

APPRECIATION

This year marked the eleventh anniversary of the Company's listing on the Main Board of the Stock Exchange. In tandem with the overall development of China's real estate market and the continual achievement of the operating goals of the Group, the Company also achieved leap-frog enhancement in its corporate governance and value creation, which would not have been possible without the strenuous support of the community at large. On behalf of the Board, I would like to express my gratitude to the Company's shareholders (the "**Shareholders**"), investors, customers and business partners for their trust and support, and to the staff members for their devotion and perseverance. The Group will remain firm on its beliefs, continue to provide products and services of ever better quality to its customers, create better return for its Shareholders and investors, and create better value for the society.

Hoi Kin Hong
Chairman

2 March 2021



OVERVIEW OF BUSINESS

Total GFA of approximately

61.6

million sq.m.



CHINA



OVERVIEW

Property Development

As at 31 December 2020, the Group owned and operated 193 property development projects which are at different phases of development. The Group currently has 62 fully completed projects, among which 14 are located in Shanghai Municipality, 16 in Zhejiang Province, 10 in Jiangsu Province, 2 in Anhui Province, 7 in Shandong Province, 1 in Tianjin Municipality, 1 in Henan Province, 1 in Sichuan Province and 10 in Fujian Province. The Group had 131 projects under development or held for future development, among which 3 are located in Shanghai Municipality, 62 in Zhejiang Province, 34 in Jiangsu Province, 3 in Guangdong Province, 5 in Shandong Province, 4 in Tianjin Municipality, 2 in Henan Province, 3 in Jiangxi Province, 1 in Chongqing Municipality, 1 in Hubei Province, 11 in Fujian Province and 2 in Hainan Province.

Property Investment

As at 31 December 2020, the Group held investment properties, mainly shopping malls, with a total GFA of approximately 5,642,485 square meters. These shopping malls are located in Shanghai Municipality; Hangzhou, Shaoxing, Ningbo and Jinhua in Zhejiang Province; Nanjing, Zhenjiang, Wuxi, Changzhou, Suqian and Yancheng in Jiangsu Province; Bengbu and Fuyang in Anhui Province; Yantai, Tai'an, Qingdao in Shandong Province; Tianjin Municipality; Zhengzhou, Luoyang and Xinxiang in Henan Province; Chongqing Municipality; and Fuzhou, Xiamen, Quanzhou and Zhangzhou in Fujian Province.

Commercial Operational Services and Residential Property Management Services

The Group provides commercial operation and residential property management services to the projects developed by the Group and other third parties. For commercial operation service, it includes market positioning and business tenant sourcing services, commercial operation and management services and other value-added services. For residential property management service, it includes pre-sale management service, property management service and community value-added services.

Hotel Development

The Group continued to develop its hotel business as a source of long-term recurring income, including the core businesses of international branded hotels and self-owned branded chain hotels. As at 31 December 2020, the Group owned and managed eight international branded hotels and eleven self-owned branded chain hotels.



OVERVIEW OF BUSINESS

GFA (AS AT 31 DECEMBER 2020)

As at 31 December 2020, the development status of the property projects of the Group was as follows:

Province/ municipality	Project	Type	Total GFA ('000 sq.m.)	Properties completed ('000 sq.m.)	Properties under development ('000 sq.m.)	Properties held for future development ('000 sq.m.)
Shanghai Municipality	Shanghai Baoyang Powerlong Plaza (上海寶楊寶龍廣場)	Commercial	270	270	-	-
	Shanghai Caolu Powerlong Plaza (上海曹路寶龍廣場)	Commercial	168	168	-	-
	Shanghai Fengxian Powerlong Plaza (上海奉賢寶龍廣場)	Commercial	179	179	-	-
	Shanghai Fengxian Situan Powerlong Plaza (上海奉賢四團寶龍廣場)	Commercial/ residential	215	-	-	215
	Shanghai Hongqiao Powerlong Land (上海虹橋寶龍天地)	Commercial/ residential	308	308	-	-
	Shanghai Jiading Powerlong Plaza (上海嘉定寶龍廣場)	Commercial	193	193	-	-
	Shanghai Jiading Powerlong Land (上海嘉定寶龍天地)	Commercial	158	-	158	-
	Shanghai Jiuting Center (上海九亭中心)	Commercial	301	301	-	-
	Shanghai Lingang Powerlong Plaza (上海臨港寶龍廣場)	Commercial	86	86	-	-
	Shanghai Lingang Powerlong Mansion (上海臨港寶龍世家)	Commercial/ residential	85	85	-	-
	Shanghai Luodian Powerlong Plaza (上海羅店寶龍廣場)	Commercial	36	36	-	-
	Shanghai Maqiao Longhu Tianlang (上海馬橋龍湖天現)	Commercial	139	139	-	-
	Shanghai Qibao Powerlong City (上海七寶寶龍城)	Commercial	382	382	-	-
	Shanghai Qingpu Powerlong Plaza (上海青浦寶龍廣場)	Commercial	348	348	-	-
	Shanghai Wujing Powerlong Plaza (上海吳淞寶龍廣場)	Commercial	91	91	-	-
	Shanghai Wujing Powerlong Plaza Phase II (上海吳淞寶龍廣場二期)	Commercial	83	83	-	-
	Shanghai Yangpu District Huanchuang Centre (上海楊浦環創中心)	Commercial	173	-	173	-
Sub-total	17	-	3,215	2,669	331	215
Zhejiang Province	Ningbo TOD Fengyong New Town 1-18/21 Land Lot Jinyuan (寧波TOD奉甬新城1-18/21地塊錦園)	Residential	46	46	-	-
	Ningbo TOD Fengyong New Town 3-02 Land Lot Qinxueyuan (寧波TOD奉甬新城3-02地塊沁學園)	Residential	78	78	-	-
	Ningbo TOD Fengyong New Town 3-05 Land Lot Shengyuan (寧波TOD奉甬新城3-05地塊升園)	Residential	61	-	61	-
	Ningbo TOD Fengyong New Town 3-08 Land Lot Yongyuan (寧波TOD奉甬新城3-08地塊雍園)	Residential	73	73	-	-
	Ningbo TOD Fengyong New Town 3-14 Land Lot Yunshang Jiayuan (寧波TOD奉甬新城3-14地塊雲尚嘉園)	Commercial/ residential	321	321	-	-
	Ningbo TOD Fengyong New Town 3-18 Land Lot Shuoyuan (寧波TOD奉甬新城3-18地塊碩園)	Commercial/ residential	127	-	127	-
	Ningbo TOD Fengyong New Town 4-17 Land Lot Longchen Jingting (寧波TOD奉甬新城4-17地塊龍宸環庭)	Commercial/ residential	214	-	214	-
	Ningbo TOD Fengyong New Town 4-22 Land Lot Lanqin Jingting (寧波TOD奉甬新城4-22地塊瀾沁環庭)	Commercial/ residential	119	-	119	-
	Ningbo TOD Fengyong New Town 4-23 Land Lot Chiuyan (寧波TOD奉甬新城4-23地塊弛園)	Residential	130	-	130	-
	Ningbo Powerlong Sanjiang Palace (寧波寶龍三江觀邸)	Residential	143	143	-	-

Province/ municipality	Project	Type	Total GFA ('000 sq.m.)	Properties completed ('000 sq.m.)	Properties under development ('000 sq.m.)	Properties held for future development ('000 sq.m.)
	Ningbo Powerlong Mansion (寧波寶龍世家)	Residential	120	120	-	-
	Ningbo Powerlong Land (寧波寶龍天地)	Commercial	63	63	-	-
	Ningbo Powerlong One Mall (寧波寶龍一城)	Commercial/ residential	530	-	530	-
	Ningbo Fenghua Dacheng Road Project (寧波奉化大成路項目)	Commercial/ residential	212	-	212	-
	Ningbo Gaoxin Powerlong Plaza (寧波高新寶龍廣場)	Commercial	351	-	351	-
	Ningbo Jiangbei Powerlong Plaza (寧波江北寶龍廣場)	Commercial/ residential	284	-	284	-
	Ningbo Jiangbei Cicheng Huguang Tianyue (寧波江北慈城湖光天樾)	Commercial/ residential	108	-	108	-
	Ningbo Ninghai Powerlong Land (寧波寧海寶龍天地)	Commercial/ residential	103	-	103	-
	Ningbo Wenchuanggang Project (寧波文創港項目)	Commercial/ residential	410	-	-	410
	Ningbo Wujiangkou Jianghuicheng (寧波五江口江匯城)	Commercial/ residential	679	-	679	-
	Ningbo Xiangshan Land Lot Project (寧波象山土地塊項目)	Commercial/ residential	182	-	182	-
	Ningbo New Long Island Garden (寧波新長島花園)	Residential	221	221	-	-
	Ningbo Yinzhou Powerlong Plaza (寧波鄞州寶龍廣場)	Commercial	134	134	-	-
	Ningbo Yuyao Project Land Lot A-1 (寧波余姚項目地塊A-1)	Commercial/ residential	125	-	125	-
	Ningbo Yuyao Project Land Lot A-2 (寧波余姚項目地塊A-2)	Commercial/ residential	106	-	106	-
	Hangzhou Binjiang Powerlong City (杭州濱江寶龍城)	Commercial	435	354	81	-
	Hangzhou Dajiangdong Powerlong Plaza (杭州大江東寶龍廣場)	Commercial/ residential	483	483	-	-
	Hangzhou Donghu City (杭州東湖城)	Residential	279	279	-	-
	Hangzhou Fuyang Powerlong Plaza (杭州富陽寶龍廣場)	Commercial	193	193	-	-
	Hangzhou Gongshu Powerlong Plaza (杭州拱墅寶龍廣場)	Commercial	199	-	199	-
	Hangzhou Jinnan Powerlong Plaza (杭州錦南寶龍廣場)	Commercial/ residential	230	-	230	-
	Hangzhou Tech City Powerlong Plaza (杭州科技城寶龍廣場)	Commercial	344	-	344	-
	Hangzhou Lin'an Powerlong Plaza (杭州臨安寶龍廣場)	Commercial/ residential	404	404	-	-
	Hangzhou Lin'an Powerlong Rongxin Xinshidi (杭州臨安寶龍融信新世邸)	Commercial/ residential	134	-	134	-
	Hangzhou Lin'an Hengtan Road Land Lot Project (杭州臨安橫潭路地塊項目)	Commercial/ residential	187	-	-	187
	Hangzhou Lin'an Qiyunfu (杭州臨安栖雲府)	Residential	86	-	86	-
	Hangzhou Qingshan Lake Powerlong Plaza (杭州青山湖寶龍廣場)	Commercial/ residential	501	-	501	-
	Hangzhou Xiasha Powerlong Plaza (杭州下沙寶龍廣場)	Commercial	357	357	-	-
	Hangzhou Xiaoshan Powerlong Plaza (杭州蕭山寶龍廣場)	Commercial	223	223	-	-

OVERVIEW OF BUSINESS

Province/ municipality	Project	Type	Total GFA (‘000 sq.m.)	Properties completed (‘000 sq.m.)	Properties under development (‘000 sq.m.)	Properties held for future development (‘000 sq.m.)
	Hangzhou Yuhang Xingchuangcheng (杭州餘杭星創城)	Commercial/ residential	699	–	699	–
	Jinhua Jinyi Land Lot Project (金華金義地塊項目)	Commercial/ residential	431	–	431	–
	Jinhua Lanxi Powerlong Plaza (金華蘭溪寶龍廣場)	Commercial/ residential	360	–	360	–
	Jinhua Pan’an Powerlong Land (金華磐安寶龍天地)	Commercial/ residential	315	–	315	–
	Jinhua Yiwu Powerlong Hongxing Tianpo (金華義烏寶龍紅星天鉞)	Commercial/ residential	346	–	346	–
	Jinhua Yiwu Meide Powerlong Mansion (金華義烏美的寶龍世家)	Commercial/ residential	285	–	285	–
	Jinhua Yiwu Mentha Garden (金華義烏薄荷花苑)	Commercial/ residential	286	–	286	–
	Jinhua Yiwu Qingkou Powerlong Plaza (金華義烏青口寶龍廣場)	Commercial/ residential	301	–	224	77
	Jinhua Yiwu Zhong’an Powerlong Plaza (金華義烏眾安寶龍廣場)	Commercial/ residential	212	154	58	–
	Jinhua Yongkang Powerlong Plaza (金華永康寶龍廣場)	Commercial/ residential	348	348	–	–
	Shaoxing Keqiao Hangyuefu (紹興柯橋杭越府)	Commercial/ residential	383	–	383	–
	Shaoxing Keqiao Longxi Project (紹興柯橋龍禧項目)	Commercial	239	–	–	239
	Shaoxing Keqiao Xinglancheng (紹興柯橋星瀾城)	Commercial/ residential	491	–	357	134
	Shaoxing Paojiang Powerlong Plaza (紹興袍江寶龍廣場)	Commercial/ residential	579	488	91	–
	Shaoxing Shangyu Cao’e Scenic Area Project (紹興上虞曹娥景區項目)	Commercial/ residential	205	–	205	–
	Shaoxing Xinchang Powerlong Guangyu Jinyuanfu (紹興新昌寶龍廣宇錦源府)	Commercial/ residential	165	–	165	–
	Shaoxing Zhuji Powerlong Plaza (紹興諸暨寶龍廣場)	Commercial/ residential	348	–	348	–
	Shaoxing Zhuji Century Bay (紹興諸暨世紀江灣)	Residential	229	–	229	–
	Wenzhou Emerald World Project (溫州翡翠天地)	Residential	317	–	317	–
	Wenzhou Airport Powerlong Plaza (溫州空港寶龍廣場)	Commercial/ residential	480	–	480	–
	Wenzhou Pingyang Powerlong Mansion (溫州平陽寶龍世家)	Residential	80	–	80	–
	Wenzhou Rui’an Tanghe Shangpin (溫州瑞安塘河上品)	Commercial/ residential	246	–	246	–
	Wenzhou Future City No. 1 (溫州未來城壹號)	Commercial/ residential	400	–	400	–
	Taizhou Jiaojiao Powerlong City (台州椒江寶龍城)	Commercial/ residential	336	–	336	–
	Taizhou Linhai Duqiao Project (台州臨海杜橋項目)	Commercial/ residential	280	–	280	–
	Taizhou Luqiao Project Land Lot No. 5 (台州路橋項目地塊5)	Commercial/ residential	171	–	171	–

Province/ municipality	Project	Type	Total GFA ('000 sq.m.)	Properties completed ('000 sq.m.)	Properties under development ('000 sq.m.)	Properties held for future development ('000 sq.m.)
	Taizhou Luqiao Project Land Lot No. 6 (台州路橋項目地塊6)	Commercial/ residential	37	-	37	-
	Taizhou Tiantai Yuehu Lanting (台州天台越湖蘭庭)	Residential	88	-	88	-
	Taizhou Wenling Powerlong Plaza (台州溫嶺寶龍廣場)	Commercial/ residential	371	-	371	-
	Taizhou Wenling Longyu Huating (台州溫嶺龍譽華庭)	Residential	185	-	185	-
	Zhoushan Powerlong Plaza (舟山寶龍廣場)	Commercial/ residential	335	-	335	-
	Zhoushan Dinghai Powerlong Land (舟山定海寶龍天地)	Commercial/ residential	85	32	53	-
	Zhoushan Dinghai Cuican Mansion (舟山定海璀璨世家)	Commercial/ residential	89	-	89	-
	Zhoushan Putuo Powerlong Donghaifu (舟山普陀寶龍東海府)	Commercial/ residential	55	-	55	-
	Zhoushan Putuo Powerlong Land (舟山普陀寶龍天地)	Commercial/ residential	259	-	259	-
	Huzhou Wuxing Powerlong Xuhuicheng (湖州吳興寶龍旭輝城)	Commercial/ residential	385	-	385	-
	Huzhou Changxing Powerlong Mansion (湖州長興寶龍世家)	Commercial/ residential	190	6	184	-
	Huzhou Changxing Powerlong Mansion Phase 2 (湖州長興寶龍世家二期)	Residential	160	-	160	-
	Jiaxing Haining Powerlong Mansion (嘉興海寧寶龍世家)	Residential	119	39	80	-
Sub-total	78	-	19,885	4,559	14,279	1,047
Jiangsu Province	Nanjing Powerlong Land (南京寶龍天地)	Commercial	68	-	68	-
	Nanjing Fenghui G37 Project (南京鳳匯G37項目)	Commercial/ residential	161	-	42	119
	Nanjing Fenghui G30 Project (南京鳳匯G30項目)	Commercial/ residential	167	-	40	127
	Nanjing Gaochun Powerlong Plaza (南京高淳寶龍廣場)	Commercial/ residential	235	132	103	-
	Nanjing Gaochun Powerlong Plaza Phase 2 (南京高淳寶龍廣場二期)	Commercial/ residential	142	-	142	-
	Nanjing Jiangbei New City Project (南京江北新城項目)	Commercial	307	-	-	307
	Nanjing Jiangning Powerlong Plaza (南京江寧寶龍廣場)	Commercial	232	-	56	176
	Nanjing Jiangning Jinmaoyue (南京江寧金茂悅)	Residential	288	-	288	-
	Nanjing Liuhe Project (南京六合項目)	Commercial/ residential	366	-	-	366
	Nanjing Xuanwu Project (南京玄武項目)	Commercial	579	-	-	579
	Nanjing Yaohua New City Commercial and Office Land Lot Project (南京堯化新城商辦地塊項目)	Commercial	326	-	-	326
	Nanjing Qixia Fenghui Center (南京栖霞峰匯中心)	Commercial	386	-	386	-
	Wuxi Wangzhuang Powerlong Plaza (無錫旺莊寶龍廣場)	Commercial	287	287	-	-
	Wuxi Powerlong Mansion (無錫寶龍世家)	Commercial/ residential	444	186	212	46
	Wuxi Liangxi Project (無錫梁溪項目)	Residential	118	-	-	118
	Wuxi Xinwu Powerlong Plaza (無錫新吳寶龍廣場)	Commercial	285	-	155	130

OVERVIEW OF BUSINESS

Province/ municipality	Project	Type	Total GFA (‘000 sq.m.)	Properties completed (‘000 sq.m.)	Properties under development (‘000 sq.m.)	Properties held for future development (‘000 sq.m.)
	Wuxi Yixing Project Land Lot A (無錫宜興項目地塊A)	Commercial/ residential	220	–	220	–
	Wuxi Yixing Project Land Lots C-G (無錫宜興項目地塊C-G)	Commercial/ residential	453	–	453	–
	Wuxi Yuqi Powerlong Riverside Garden (無錫玉祁寶龍湖畔花城)	Commercial/ residential	346	346	–	–
	Xuzhou Powerlong Palace (徐州寶龍觀邸)	Residential	154	154	–	–
	Xuzhou Fengxian Powerlong Mansion (徐州豐縣寶龍世家)	Commercial/ residential	622	–	349	273
	Xuzhou Fenghuang Yuanzhe (徐州鳳凰源著)	Residential	124	–	124	–
	Xuzhou Pizhou Powerlong Plaza (徐州邳州寶龍廣場)	Commercial/ residential	917	–	–	917
	Changzhou Powerlong Plaza (常州寶龍廣場)	Commercial	1,078	637	312	129
	Changzhou Jinfeng Heming (常州錦鳳合鳴)	Commercial/ residential	333	–	333	–
	Yancheng Powerlong Plaza (鹽城寶龍廣場)	Commercial	493	493	–	–
	Yancheng Chengdong Powerlong Plaza (鹽城城東寶龍廣場)	Commercial/ residential	466	350	116	–
	Yancheng Tinghu Powerlong Plaza (鹽城亭湖寶龍廣場)	Commercial/ residential	321	–	321	–
	Suzhou Changshu Guli Mingshi Haoting (蘇州常熟古里名仕豪庭)	Residential	179	–	179	–
	Suzhou Changshu Xinzhuang Guanxi Heyuan (蘇州常熟辛莊觀溪和園)	Residential	189	–	189	–
	Suzhou Bay Tianpo (蘇州蘇州灣天鉞)	Residential	367	367	–	–
	Suzhou Taicang Powerlong Land (蘇州太倉寶龍天地)	Commercial	288	266	–	22
	Suzhou Zhangjiagang Project (蘇州張家港項目)	Residential	149	–	149	–
	Zhenjiang Powerlong International Garden (鎮江寶龍國際花園)	Residential	382	382	–	–
	Zhenjiang Yuefu (鎮江樾府)	Commercial/ residential	236	–	236	–
	Zhenjiang Powerlong Plaza (鎮江寶龍廣場)	Commercial	245	245	–	–
	Yangzhou Powerlong Plaza (揚州寶龍廣場)	Commercial	231	231	–	–
	Yangzhou Guangling Powerlong Plaza (揚州廣陵寶龍廣場)	Commercial/ residential	230	–	–	230
	Yangzhou Canal Powerlong Palace (揚州運河寶龍觀邸)	Commercial/ residential	272	–	272	–
	Suqian Powerlong Plaza (宿遷寶龍廣場)	Commercial	486	486	–	–
	Nantong Tianpo Garden (南通天鉞花園)	Commercial/ residential	478	277	201	–
	Huai'an Powerlong Mansion (淮安寶龍世家)	Commercial/ residential	269	269	–	–
	Huai'an Powerlong Land (淮安寶龍天地)	Commercial	154	59	–	95
	Taizhou Powerlong Mansion (泰州寶龍世家)	Residential	296	–	296	–
Sub-total	44	–	14,369	5,167	5,242	3,960

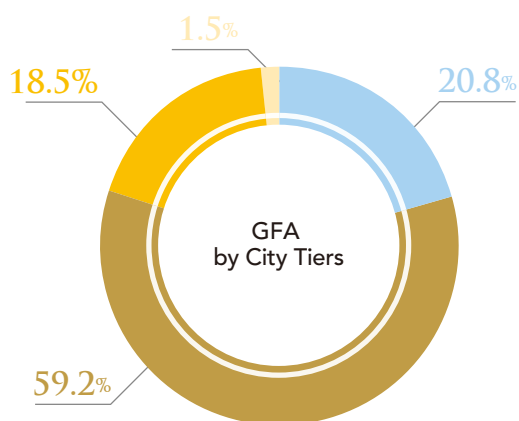
Province/ municipality	Project	Type	Total GFA (‘000 sq.m.)	Properties completed (‘000 sq.m.)	Properties under development (‘000 sq.m.)	Properties held for future development (‘000 sq.m.)
Anhui Province	Fuyang Powerlong Plaza (阜陽寶龍廣場)	Commercial	747	747	-	-
	Bengbu Powerlong Plaza (蚌埠寶龍廣場)	Commercial	512	512	-	-
Sub-total	2	-	1,259	1,259	-	-
Guangdong Province	Zhuhai Beiwei Project (珠海北圍項目)	Commercial/ residential	526	-	-	526
	Zhuhai Gaoxin Powerlong City (珠海高新寶龍城)	Commercial/ residential	397	-	325	72
	Zhuhai Jinwan Powerlong City (珠海金灣寶龍城)	Commercial/ residential	566	-	166	400
Sub-total	3	-	1,489	-	491	998
Shandong Province	Qingdao Chengyang Powerlong Plaza (青島城陽寶龍廣場)	Commercial	778	778	-	-
	Qingdao Jimo Powerlong Plaza (青島即墨寶龍廣場)	Commercial	618	618	-	-
	Qingdao Jimo Emerald Garden (青島即墨翡翠花園)	Commercial/ residential	272	6	266	-
	Qingdao Jiaozhou Powerlong Plaza (青島膠州寶龍廣場)	Commercial	352	352	-	-
	Qingdao Jiaozhou Powerlong Land (青島膠州寶龍天地)	Commercial	271	126	38	107
	Qingdao Licang Powerlong Plaza (青島李滄寶龍廣場)	Commercial	369	369	-	-
	Yantai Haiyang Powerlong Mansion (煙台海陽寶龍世家)	Commercial/ residential	549	-	201	348
	Yantai Haiyang Powerlong Land (煙台海陽寶龍天地)	Commercial	407	138	-	269
	Yantai Laishan Powerlong Plaza (煙台萊山寶龍廣場)	Commercial	169	169	-	-
	Yantai Penglai Powerlong Plaza (煙台蓬萊寶龍廣場)	Commercial	347	347	-	-
	Dongying Powerlong Land (東營寶龍天地)	Commercial	455	263	-	192
	Tai'an Powerlong Plaza (泰安寶龍廣場)	Commercial	273	273	-	-
Sub-total	12	-	4,860	3,439	505	916
Tianjin Municipality	Tianjin North Green Area Project (天津北綠地項目)	Commercial	110	-	-	110
	Tianjin Beitang Jiuli Qingchuan (天津北塘九里晴川)	Residential	262	-	262	-
	Tianjin Binhai Powerlong Plaza (天津濱海寶龍廣場)	Commercial	776	776	-	-

OVERVIEW OF BUSINESS

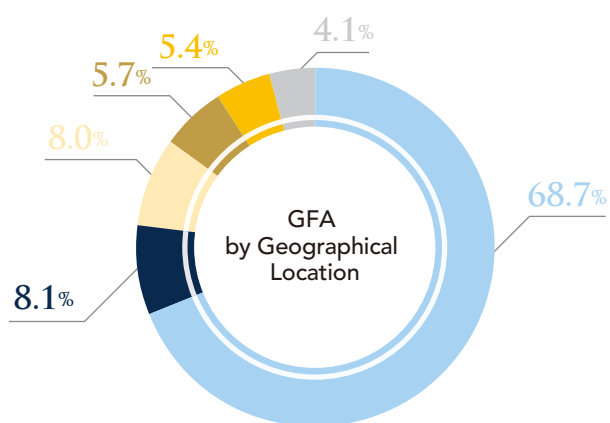
Province/ municipality	Project	Type	Total GFA ('000 sq.m.)	Properties completed ('000 sq.m.)	Properties under development ('000 sq.m.)	Properties held for future development ('000 sq.m.)
	Tianjin Yujiapu Powerlong Plaza (天津于家堡寶龍廣場)	Commercial	362	257	105	-
	Tianjin Yujing City (天津榆景城)	Residential	295	113	182	-
Sub-total	5	-	1,805	1,146	549	110
Henan Province	Luoyang Powerlong Plaza (洛陽寶龍廣場)	Commercial	1,364	1,357	-	7
	Xinxiang Powerlong Plaza (新鄉寶龍廣場)	Commercial	1,237	1,052	185	-
	Zhengzhou Powerlong Plaza (鄭州寶龍廣場)	Commercial	252	252	-	-
Sub-total	3	-	2,853	2,661	185	7
Jiangxi Province	Nanchang Hi-tech Project (南昌高新項目)	Commercial/ residential	801	-	-	801
	Nanchang Jiulonghu Project (南昌九龍湖項目)	Commercial/ residential	1,064	-	-	1,064
	Jingdezhen Powerlong Plaza (景德鎮寶龍廣場)	Commercial/ residential	522	-	-	522
Sub-total	3	-	2,387	-	-	2,387
Chongqing Municipality	Chongqing Hechuan Powerlong Plaza (重慶合川寶龍廣場)	Commercial	621	618	3	-
Sub-total	1	-	621	618	3	-
Hubei Province	Wuhan Powerlong Plaza (武漢寶龍廣場)	Commercial/ residential	388	-	388	-
Sub-total	1	-	388	-	388	-
Sichuan Province	Bazhong Powerlong Pavilion (巴中寶龍名邸)	Residential	178	178	-	-
Sub-total	1	-	178	178	-	-
Fujian Province	Quanzhou Anhai Powerlong Haoyuan (泉州安海寶龍豪苑)	Residential	54	54	-	-
	Quanzhou Anxi Powerlong Plaza (泉州安溪寶龍廣場)	Commercial/ residential	332	332	-	-
	Quanzhou Jinjiang Powerlong Plaza (泉州晉江寶龍廣場)	Commercial/ residential	771	771	-	-
	Quanzhou Jinjiang Powerlong Golden Jiayuan (泉州晉江寶龍金色家園)	Residential	144	144	-	-
	Quanzhou Jinjiang Powerlong Mansion (泉州晉江寶龍世家)	Commercial/ residential	159	159	-	-
	Quanzhou Jinjiang Xintang Powerlong Mansion (泉州晉江新塘寶龍世家)	Commercial/ residential	190	-	190	-

Province/ municipality	Project	Type	Total GFA ('000 sq.m.)	Properties completed ('000 sq.m.)	Properties under development ('000 sq.m.)	Properties held for future development ('000 sq.m.)
	Quanzhou Jinjiang Yunfu (泉州晉江雲府)	Commercial/ residential	346	-	346	-
	Quanzhou Taishang Powerlong Plaza (泉州台商寶龍廣場)	Commercial/ residential	684	145	539	-
	Quanzhou Yongchun Powerlong Plaza (泉州永春寶龍廣場)	Residential	383	383	-	-
	Xiamen Powerlong One Mall (廈門寶龍一城)	Commercial	380	298	82	-
	Xiamen Powerlong Lakeside Mansion (廈門寶龍御湖官邸)	Commercial/ residential	78	78	-	-
	Xiamen Tong'an Powerlong Plaza (廈門同安寶龍廣場)	Commercial	656	-	-	656
	Zhangzhou Powerlong General Avenue No. 1 (漳州寶龍將軍一號)	Residential	111	111	-	-
	Zhangzhou Longwen Powerlong Plaza (漳州龍文寶龍廣場)	Commercial/ residential	222	222	-	-
	Zhangzhou Changtai Health Town Project (漳州長泰健康小鎮項目)	Commercial/ residential	380	-	-	380
	Fuzhou Powerlong Plaza (福州寶龍廣場)	Commercial	228	228	-	-
	Fuzhou Lianjiang Project (福州連江項目)	Residential	190	-	190	-
	Fuzhou Yongtai Powerlong Mansion (福州永泰寶龍世家)	Residential	125	-	125	-
	Ningde Fuding Powerlong Mansion Land Lot A (寧德福鼎寶龍世家地塊A)	Commercial/ residential	177	174	3	-
	Ningde Fuding Powerlong Mansion Land Lot B (寧德福鼎寶龍世家地塊B)	Commercial/ residential	203	-	203	-
	Nanping Wuyishan Powerlong Plaza (南平武夷山寶龍廣場)	Commercial/ residential	205	-	-	205
Sub-total	21	-	6,018	3,099	1,678	1,241
Hainan Province	Haikou Global 100 Powerlong City (海口環球100寶龍城)	Commercial/ residential	2,057	337	668	1,052
	Haikou Meijin Project (海口美錦項目)	Commercial/ residential	245	-	-	245
Sub-total	2	-	2,302	337	668	1,297
Total	193	-	61,629	25,132	24,319	12,178

LAND BANK (AS AT 31 DECEMBER 2020)



City Tiers	GFA '000 square meters	Percentage %
First-Tier Cities	546	1.5
New First-Tier Cities	7,586	20.8
Second-Tier Cities	21,617	59.2
Third/Fourth-Tier Cities	6,748	18.5
Total	36,497	100.0



Geographical Location	GFA '000 square meters	Percentage %
Yangtze River Delta	25,074	68.7
Central and Western Region	2,970	8.1
West Strait Economic Zone	2,919	8.0
Bohai Rim	2,080	5.7
Hainan	1,965	5.4
Guangdong-Hong Kong-Macau Bay Area	1,489	4.1
Total	36,497	100.0

SHOPPING MALLS IN OPERATION

SHANGHAI



SHANGHAI BAOYANG POWERLONG PLAZA

Shanghai Baoyang

Powerlong Plaza

Opening Date:
December 2019

Area:
Approximately
74,000
square meters ^{Note}

Shanghai Qingpu

Powerlong Plaza

Opening Date:
September 2018

Area:
Approximately
61,000
square meters ^{Note}

Shanghai Wujing

Powerlong Plaza

Opening Date:
July 2017

Area:
Approximately
25,000
square meters ^{Note}

Shanghai Qibao

Powerlong City

Opening Date:
October 2016

Area:
Approximately
67,000
square meters ^{Note}

Shanghai Jiading

Powerlong Plaza

Opening Date:
October 2016

Area:
Approximately
74,000
square meters ^{Note}

Shanghai Baoshan

Powerlong Plaza

Opening Date:
December 2015

Area:
Approximately
14,000
square meters ^{Note}

Shanghai Lingang

Powerlong Plaza

Opening Date:
December 2015

Area:
Approximately
24,000
square meters ^{Note}

Shanghai Fengxian

Powerlong Plaza

Opening Date:
November 2015

Area:
Approximately
41,000
square meters ^{Note}

Shanghai Caolu

Powerlong Plaza

Opening Date:
December 2013

Area:
Approximately
31,000
square meters ^{Note}

Note: Underground parking spaces excluded.

SHOPPING MALLS IN OPERATION

TIANJIN



TIANJIN BINHAI POWERLONG PLAZA

Tianjin Binhai

Powerlong Plaza

Opening Date:
December 2019

Area:
Approximately
38,000
square meters ^{Note}

Tianjin Yujiapu

Powerlong Plaza ^{Note 1}

Opening Date:
December 2014

Area:
Approximately
34,000
square meters ^{Note}

JIANGSU PROVINCE



YANCHENG CHENGDONG POWERLONG PLAZA

Yancheng Chengdong

Powerlong Plaza

Opening Date:
December 2020

Area:
Approximately
78,000
square meters ^{Note}

Nanjing Gaochun

Powerlong Plaza

Opening Date:
December 2019

Area:
Approximately
59,000
square meters ^{Note}

Yangzhou

Powerlong Plaza

Opening Date:
January 2017

Area:
Approximately
51,000
square meters ^{Note}

Changzhou

Powerlong Plaza

Opening Date:
June 2016

Area:
Approximately
107,000
square meters ^{Note}

Zhenjiang

Powerlong Plaza

Opening Date:
September 2015

Area:
Approximately
69,000
square meters ^{Note}

Suqian

Powerlong Plaza

Opening Date:
September 2011

Area:
Approximately
121,000
square meters ^{Note}

Yancheng

Powerlong Plaza

Opening Date:
September 2011

Area:
Approximately
135,000
square meters ^{Note}

Wuxi Wangzhuang

Powerlong Plaza

Opening Date:
October 2010

Area:
Approximately
112,000
square meters ^{Note}

Note: Underground parking spaces excluded.

Note 1: Tianjin Yujiapu Powerlong Plaza has reopened in December 2020.

SHOPPING MALLS IN OPERATION

SHANDONG PROVINCE



QINGDAO JIAOZHOU POWERLONG PLAZA

Yantai Laishan

Powerlong Plaza

Opening Date:
December 2016

Area:
Approximately
39,000
square meters ^{Note}

Yantai Penglai

Powerlong Plaza

Opening Date:
November 2016

Area:
Approximately
44,000
square meters ^{Note}

Qingdao Jiaozhou

Powerlong Plaza

Opening Date:
February 2015

Area:
Approximately
76,000
square meters ^{Note}

Tai'an

Powerlong Plaza

Opening Date:
September 2012

Area:
Approximately 36,000
square meters ^{Note}

Qingdao Jimo

Powerlong Plaza

Opening Date:
December 2011

Area:
Approximately 122,000
square meters ^{Note}

Qingdao Licang

Powerlong Plaza

Opening Date:
December 2011

Area:
Approximately 111,000
square meters ^{Note}

Qingdao Chengyang

Powerlong Plaza

Opening Date:
October 2009

Area:
Approximately 209,000
square meters ^{Note}

FUJIAN PROVINCE



XIAMEN POWERLONG ONE MALL

Quanzhou Taishang

Powerlong Plaza

Opening Date:
December 2020

Area:
Approximately
106,000
square meters ^{Note}

Zhangzhou Longwen

Powerlong Plaza

Opening Date:
December 2020

Area:
Approximately
32,000
square meters ^{Note}

Xiamen

Powerlong One Mall

Opening Date:
September 2018

Area:
Approximately
122,000
square meters ^{Note}

Quanzhou Jinjiang

Powerlong Plaza

Opening Date:
December 2013

Area:
Approximately
129,000
square meters ^{Note}

Quanzhou Anxi

Powerlong Plaza

Opening Date:
December 2010

Area:
Approximately
55,000
square meters ^{Note}

Fuzhou

Powerlong Plaza

Opening Date:
April 2007

Area:
Approximately
95,000
square meters ^{Note}

Note: Underground parking spaces excluded.

SHOPPING MALLS IN OPERATION

ANHUI PROVINCE



FUYANG POWERLONG PLAZA

Fuyang

Powerlong Plaza

Opening Date:
December 2017

Area:
Approximately
107,000
square meters ^{Note}

Bengbu

Powerlong Plaza

Opening Date:
December 2009

Area:
Approximately
182,000
square meters ^{Note}

ZHEJIANG PROVINCE



HANGZHOU QINGSHAN LAKE POWERLONG PLAZA PHASE I

Hangzhou Dajiangdong

Powerlong Plaza

Opening Date:
November 2020

Area:
Approximately
45,000
square meters ^{Note}

Jinhua Yongkang

Powerlong Plaza

Opening Date:
November 2020

Area:
Approximately
64,000
square meters ^{Note}

Hangzhou Qingshan Lake

Powerlong Plaza Phase I

Opening Date:
October 2020

Area:
Approximately
98,000
square meters ^{Note}

Ningbo Yinzhou

Powerlong Plaza

Opening Date:
December 2019

Area:
Approximately
52,000
square meters ^{Note}

Hangzhou Lin'an

Powerlong Plaza

Opening Date:
November 2019

Area:
Approximately
57,000
square meters ^{Note}

Shaoxing Paojiang

Powerlong Plaza

Opening Date:
September 2019

Area:
Approximately
30,000
square meters ^{Note}

Hangzhou Binjiang

Powerlong City

Opening Date:
December 2016

Area:
Approximately
130,000
square meters ^{Note}

Hangzhou Fuyang

Powerlong Plaza

Opening Date:
December 2015

Area:
Approximately
22,000
square meters ^{Note}

Hangzhou Xiaoshan

Powerlong Plaza

Opening Date:
December 2015

Area:
Approximately
65,000
square meters ^{Note}

Hangzhou Xiasha

Powerlong Plaza

Opening Date:
November 2014

Area:
Approximately
22,000
square meters ^{Note}

Note: Underground parking spaces excluded.

SHOPPING MALLS IN OPERATION



HENAN PROVINCE



LUOYANG POWERLONG PLAZA

Xinxiang

Powerlong Plaza

Opening Date:
September 2012

Area:
Approximately
85,000
square meters ^{Note}

Luoyang

Powerlong Plaza

Opening Date:
December 2011

Area:
Approximately
133,000
square meters ^{Note}

Zhengzhou

Powerlong Plaza

Opening Date:
December 2009

Area:
Approximately
108,000
square meters ^{Note}



CHONGQING



CHONGQING HECHUAN POWERLONG PLAZA

Chongqing Hechuan

Powerlong Plaza

Opening Date: December 2014

Area:
Approximately
74,000 square meters ^{Note}

Note: Underground parking spaces excluded.

HOTELS

SHANGHAI



ARTELS+ COLLECTION LINGANG SHANGHAI

**ARTELS+
Wujing Shanghai**

Opening Date: December 2017

Number of Rooms (Suites): 210

Address:

No. 1, Lane 39, Shangyi Road,
Wujing, Minhang District,
Shanghai, China

**ARTELS+
Collection
Lingang Shanghai**

Opening Date: June 2017

Number of Rooms (Suites): 184

Address:

No. 3127, Hongyin Road, Pudong
District, Shanghai, China

**Le Meridien
Shanghai
Minhang**

Opening Date: October 2016

Number of Rooms (Suites): 241

Address:

No. 3199, Caobao Road,
Minhang District,
Shanghai, China

**Radisson
Exhibition Center
Shanghai**

Opening Date: May 2016

Number of Rooms (Suites): 226

Address:

No. 1550, Xin Fu Zhong Road,
Qingpu District, Shanghai, China

**Radisson Blu
Shanghai
Pudong Jinqiao**

Opening Date: January 2016

Number of Rooms (Suites): 196

Address:

No. 2, Lane 2449, Jinhai Road,
Pudong District, Shanghai, China

FUJIAN PROVINCE



ARTELS ANXI QUANZHOU

**ARTELS
Anxi Quanzhou**

Opening Date: September 2015

Number of Rooms (Suites): 98

Address:

No. 17, Jian'an Avenue,
Chengxiang, Anxi, Quanzhou,
Fujian Province, China

JIANGSU PROVINCE



ARTELS+ HUI'AN

ARTELS+ Hui'an

Opening Date:
June 2017

Number of Rooms
(Suites): 92

Address:
No. 180
Guangzhou Road,
Hui'an, Jiangsu
Province, China

Aloft Yancheng

Opening Date:
December 2013

Number of Rooms
(Suites): 299

Address:
No. 99 South Yingbin
Road, Tinghu District,
Yancheng, Jiangsu
Province, China

Four Points by Sheraton Taicang Suzhou

Opening Date:
June 2010

Number of Rooms
(Suites): 446

Address:
No. 288 East
Shanghai Road,
Taicang, Suzhou,
Jiangsu Province,
China

CHONGQING



ARTELS+ COLLECTION HECHUAN CHONGQING

ARTELS+ Collection Hechuan Chongqing

Opening Date: May 2018

Number of Rooms (Suites): 253

Address:
No. 223 Puyan Road,
Hechuan, Chongqing, China

ANHUI PROVINCE



WYNDHAM GRAND PLAZA ROYALE
POWERLONG FUYANG

Wyndham Grand Plaza Royale Powerlong Fuyang

Opening Date: December 2018

Number of Rooms (Suites): 178

Address:
No. 1000 intersection between Fuwang Road and
Huaihe Road Yingzhou District, Fuyang
Anhui Province, China

SHANDONG PROVINCE



ARTELS+ AND JUNTELS PENGLAI YANTAI

ARTELS+ Penglai Yantai

Opening Date: July 2020
Number of Rooms (Suites): 164
Address:
No. 2 Haibin Road, Penglai District,
Yantai, Shandong Province, China

JUNTELS Penglai Yantai

Opening Date: May 2020
Number of Rooms (Suites): 80
Address:
No. 2 Haibin Road, Penglai District,
Yantai, Shandong Province, China

ARTELS Qingdao

Opening Date: December 2011
Number of Rooms (Suites): 170
Address:
No. 689, Qingshan Road,
Licang District, Qingdao,
Shandong Province, China

Four Points by Sheraton Chengyang Qingdao

Opening Date: February 2011
Number of Rooms (Suites): 303
Address:
No. 271 Wenyang Road, Chengyang
District, Qingdao, Shandong
Province, China

Four Points by Sheraton Tai'an

Opening Date: December 2010
Number of Rooms (Suites): 300
Address:
No. 6 Daidao'an Road,
Taishan District, Tai'an,
Shandong Province, China

ZHEJIANG PROVINCE



JUNTELS BINJIANG HANGZHOU

JUNTELS Binjiang Hangzhou

Opening Date: December 2017

Number of Rooms (Suites): 175

Address:

Block 3, Powerlong City,
No. 3867 Binsheng Road,
Puyan Jiedao, Hangzhou,
Zhejiang Province, China

ARTELS+ Fuyang Hangzhou

Opening Date: November 2017

Number of Rooms (Suites): 161

Address:

next to No. 997 Wenju Street,
1/F Powerlong Plaza,
Fuyang District, Hangzhou,
Zhejiang Province, China

HENAN PROVINCE



ARTELS+ Xinxiang

ARTELS+ Xinxiang

Opening Date: August 2020

Number of Rooms (Suites): 168

Address:

Southeast corner of the junction of
Jinsui Avenue and Xin'er Street,
Hongqi District, Xinxiang,
Henan Province



MANAGEMENT DISCUSSION AND ANALYSIS



Create Space Full of Love!

HOI WA FONG
CEO

BUSINESS REVIEW

For the year ended 31 December 2020, the Group conducted its business activities in the following major business segments, namely (i) property development; (ii) property investment; (iii) commercial operation and residential property management; and (iv) other property development related businesses. During the year under review, property development remained as the main revenue stream of the Group.

Property Development

For the year ended 31 December 2020, the contracted sales of the Group together with its associates and joint ventures amounted to approximately RMB81,551 million (2019: approximately RMB60,350 million), representing an increase of approximately 35.1% as compared with the corresponding period in 2019. In 2020, the contracted sales area of the Group together with its associates and joint ventures amounted to 5,327,291 square meters (2019: 3,767,519 square meters), representing an increase of approximately 41.4% as compared with the corresponding period in 2019.

The Group's contracted sales for the year ended 31 December 2020 continued to hit a record high and experienced a significant year-on-year increase, which was mainly attributable to (i) the Group's strategic focus on Yangtze River Delta and the Guangdong-Hong Kong-Macau Bay Area, thereby attaining economy of scale; (ii) the Group's ongoing efforts in strengthening its product research and development and the precise positioning of its products, and its commitment to quality and emphasis on customer experience in developing its products; (iii) for residential projects, the "369" model adopted by the Group to speed up the process of construction, sales and collection of sales proceeds, which has proven to be highly effective; and (iv) the localized sales strategies adopted by the Group to accommodate local market needs and satisfy the requirements of the local governments of the PRC. The Group's ability to handle large projects was further strengthened, with 11 projects each of which achieving contracted sales of more than RMB2 billion. During the year ended 31 December 2020, the key contributing projects of the Group (together with its associates and joint ventures) were located in Jinhua, Ningbo, Taizhou, Shaoxing, Wenzhou, Hangzhou, Haikou, Changzhou and Zhuhai.

Set forth below is the distribution of the Group's contracted sales during the year ended 31 December 2020:

For the year ended 31 December 2020			
Distribution	Sales area sq.m.	Sales amount RMB'000	Average selling price RMB/sq.m.
Commercial	879,974	13,117,986	14,907
Residential	4,447,317	68,433,439	15,388
Total	5,327,291	81,551,425	15,308

Property Investment and Commercial Operational and Residential Property Management

To generate a stable and recurring income, the Group has also retained and operated certain commercial properties for leasing. As at 31 December 2020, the Group had an aggregate gross floor area (“GFA”) of approximately 5,642,485 square meters (2019: approximately 5,076,029 square meters) held as investment properties (including properties completed and under construction), representing an increase of approximately 11.2% as compared with 2019.

During the year ended 31 December 2020, the Group (together with its associates and joint ventures) has completed and commenced operation of six new shopping malls. Hangzhou Qingshan Lake Powerlong Plaza Phase 1 successfully commenced operation on 1 October 2020; Jinhua Yongkang Powerlong Plaza successfully commenced operation on 20 November 2020; Hangzhou Dajiangdong Powerlong Plaza successfully commenced operation on 28 November 2020; and three shopping malls, namely Yancheng Chengdong Powerlong Plaza, Quanzhou Taishang Powerlong Plaza and Zhangzhou Longwen Powerlong Plaza, successfully commenced operation on 19 December 2020.

During the year ended 31 December 2020, three of the asset-light projects operated and managed by the Group commenced operation. Shaoxing Keqiao Powerlong Plaza successfully commenced operation on 28 November 2020; Suzhou Xingyun Powerlong Plaza successfully commenced operation on 6 December 2020; and Hangzhou Qingshan Lake Powerlong Plaza Phase 2 successfully commenced operation on 31 December 2020.

With the Group’s enhanced ability of regionalized operation and management, increasing sophistication in tenant sourcing, upgraded tenant mix and continuous development of the commercial operation and management, as at 31 December 2020, the Group held and managed 48 commercial plazas and managed six asset-light projects, with the number of commercial plazas in operation held and the floor area in operation and management both being amongst the forefront of the industry.

Hotel Business

The Group continued to develop its hotel business as a source of its long-term recurring income with core businesses in operating international brand hotels and self-operated brand chain hotels.

As at 31 December 2020, the Group owned eight international brand hotels, namely Le Meridien Shanghai Minhang (上海閔行寶龍艾美酒店), Radisson Blu Shanghai Pudong Jinqiao (上海寶龍麗笙酒店), Radisson Exhibition Center Shanghai (上海國展寶龍麗筠酒店), Four Points by Sheraton Taicang Suzhou (蘇州太倉寶龍福朋喜來登酒店), Four Points by Sheraton Tai’an (泰安寶龍福朋喜來登酒店), Four Points by Sheraton Qingdao, Chengyang (青島城陽寶龍福朋喜來登酒店), Aloft Yancheng (鹽城雅樂軒酒店) and Wyndham Grand Plaza Royale Powerlong Fuyang (阜陽寶龍溫德姆至尊豪廷大酒店), and also owned and operated eleven self-owned brand chain hotels, namely ARTELS Qingdao (青島寶龍藝築酒店), ARTELS Anxi Quanzhou (泉州安溪寶龍藝築酒店), ARTELS+ Huaian (淮安藝悅酒店), ARTELS+ Fuyang Hangzhou (杭州富陽藝悅酒店), ARTELS+ Collection Lingang Shanghai (上海臨港藝悅精選酒店), ARTELS+ Collection Hechuan Chongqing (重慶合川藝悅精選酒店), ARTELS+ Wujing Shanghai (上海吳涇藝悅酒店), JUNTELS Binjiang Hangzhou (杭州濱江藝瑤酒店), JUNTELS Penglai Yantai (煙台蓬萊藝瑤酒店), ARTELS+ Penglai Yantai (煙台蓬萊藝悅酒店) and ARTELS+ Xinxiang (新鄉藝悅酒店).

Land Bank Replenishment

The Group's strategy is to maintain a portfolio of land bank which is sufficient to support the Group's own property development pipeline for the forthcoming three to five years. In the future, the Group will adhere to the "1+1+N" development strategy, focusing on Yangtze River Delta and the Guangdong-Hong Kong-Macau Bay Area while exploring other premium regions that offer opportunities; and to precisely lay out strategic plans and grasp the policy directions in a timely manner, in strict adherence to the principle of value investment.

As at 31 December 2020, the Group had a quality land bank amounting to a total GFA of approximately 36.5 million square meters, of which approximately 24.3 million square meters were properties under development and construction and approximately 12.2 million square meters were properties held for future development. The land bank under development will be used for the development of large-scale commercial and residential properties with quality residential properties, serviced apartments, office buildings and hotels. As at 31 December 2020, approximately 70% of the land bank of the Group is located in the Yangtze River Delta region.

During the year ended 31 December 2020, the Group upheld cautious and stringent standards on land investment decision, and the following prime land parcels were added to the Group's land bank:

Project Name	Land Nature	Site Area ('000 sq.m.)	Total GFA* ('000 sq.m.)	Attributable interest
Taizhou Linhai Duqiao Land Lot Project (台州臨海杜橋地塊項目)	Commercial/residential	68.4	211.1	93.4%
Yancheng Tinghu Hope Avenue Project (鹽城亭湖區希望大道項目)	Commercial/residential	126.9	241.1	47.5%
Yangzhou GZ138 Land Lot Project (揚州GZ138地塊項目)	Commercial/residential	115.1	191.1	99.2%
Huzhou Changxing Zhicheng Street Phase 2 Project (湖州長興雒城街道二期項目)	Residential	59.5	119.0	100.0%
Nanjing Qilin Commercial and Office Land Lot Project (南京麒麟商辦地塊項目)	Commercial	41.0	155.7	100.0%
Wenzhou Rui'an Tangxia Land Lot Project (溫州瑞安塘下地塊項目)	Commercial/residential	56.9	117.6	19.1%
Shaoxing Keqiao Qianqing Land Lot Project (紹興柯橋錢清地塊項目)	Commercial/residential	131.1	359.1	35.1%
Suzhou Zhangjiagang Chengxi Land Lot Project (蘇州張家港城西地塊項目)	Residential	54.5	109.0	33.0%
Wenzhou Huanglong Trade City Phase 2 Project (溫州黃龍商貿城二期項目)	Commercial/residential	88.7	266.0	39.0%
Ningbo Jiangbei Cicheng Land Lot Project (寧波江北區慈城地塊項目)	Commercial/residential	48.8	75.3	39.0%
Ningbo Xiangshan Old Town Area Land Lot Project (寧波象山舊城區地塊項目)	Commercial/residential	85.3	125.4	77.9%

MANAGEMENT DISCUSSION AND ANALYSIS

Project Name	Land Nature	Site Area	Total GFA*	Attributable interest
		('000 sq.m.)	('000 sq.m.)	
Fuzhou Yongtai Phase 1 Land Lot Project (福州永泰一期地塊項目)	Residential	45.3	98.2	34.3%
Taizhou Wenling Daxi Town Land Lot Project (台州溫嶺大溪鎮地塊項目)	Residential	69.2	138.3	77.9%
Hangzhou Lin'an Hengtian Road Land Lot Project (杭州臨安橫潭路地塊項目)	Commercial/residential	42.1	124.3	50.0%
Ningbo Fenghua District 3-05 Land Lot Project (寧波奉化區3-05地塊項目)	Residential	22.9	45.8	77.9%
Nanjing Xuanwu District Hongshan No. 8 Land Lot Project (南京玄武區紅山8號地塊項目)	Commercial/residential	123.5	401.1	67.5%
Nanjing Fenghui G30 Project (南京鳳匯G30項目)	Commercial/residential	47.3	118.2	44.2%
Shanghai Fengxian District Situan Land Lot Project (上海奉賢區四團地塊項目)	Commercial/residential	73.4	146.9	66.5%
Nanjing Fenghui G37 Project (南京鳳匯G37項目)	Commercial/residential	45.6	111.8	44.2%
Fuzhou Lianjiang Project (福州連江項目)	Residential	63.1	138.9	39.7%
Ningbo Fenghua District 4-22 Land Lot Project (寧波奉化區4-22地塊項目)	Commercial/residential	29.3	88.0	77.9%
Shaoxing Keqiao Longxi Project (紹興柯橋龍禧項目)	Commercial	55.0	137.9	97.9%
Ningbo Wenchuanggang Land Lot Project (寧波文創港地塊項目)	Commercial/residential	103.0	295.5	77.9%
Ningbo Fenghua District Dacheng Road Station Land Lot Project (寧波奉化區大成路站地塊項目)	Commercial/residential	55.1	146.2	68.6%
Jingdezhen Changnan New District Land Lot Project (景德鎮昌南新區地塊項目)	Commercial/residential	169.4	391.2	97.8%
Nanping Wuyishan Shangzhou Road Building Complex Project (南平武夷山上洲路綜合體項目)	Commercial/residential	68.3	142.1	74.4%
Yangzhou GZ211 Land Lot Project (揚州GZ211地塊項目)	Commercial/residential	56.1	168.3	99.2%
Wuhan Xinzhou District Yangluo Land Lot Project (武漢新洲區陽邏地塊項目)	Commercial/residential	154.0	288.6	77.9%
Zhuhai Beiwei Project (珠海北圍項目)	Commercial/residential	139.5	389.0	41.8%
Wuxi Liangxi District Shimen Road Land Lot Project (無錫梁溪區石門路地塊項目)	Residential	52.9	87.8	49.0%

Project Name	Land Nature	Site Area	Total GFA*	Attributable interest
		('000 sq.m.)	('000 sq.m.)	
Nanchang Hi-tech District Xueyuan Road Commercial and Residential Land Lot Project (南昌高新區學苑路商住地塊項目)	Commercial/residential	243.5	603.9	26.0%
Jinhua Jinyi New District Shuangjian Avenue Land Lot Project (金華金義新區雙尖大道地塊項目)	Commercial/residential	219.7	439.5	95.0%
Xuzhou Pizhou City Nanjing Road East Project (徐州邳州市南京路東側項目)	Commercial/residential	284.5	749.9	95.0%
Xiamen Tong'an District Commercial and Residential Land Lot Project (廈門同安區商住地塊項目)	Commercial/residential	178.8	464.9	35.1%
Nanchang Jiulonghu Project (南昌九龍湖項目)	Commercial/residential	224.5	768.6	24.1%
Nanjing Liuhe District Xiongzhou Station Metro Superstructure Commercial and Residential Project (南京六合區雄州站地鐵上蓋商住項目)	Commercial/residential	95.9	266.5	100.0%
Zhangzhou Changtai Health Town Project (漳州長泰健康小鎮項目)	Commercial/residential	209.4	230.6	65.6%
Nanjing Jiangbei New District Pukou Avenue No. 2 Project (南京江北新區浦口大道2號項目)	Commercial	72.2	216.6	100.0%
Nanjing Yaohua New City Commercial and Office Land Lot Project (南京堯化新城商辦地塊項目)	Commercial	64.4	232.0	100.0%
Total		3,884	9,401	

* Total GFA excludes underground and car parking spaces.

FINANCIAL REVIEW

Revenue

Revenue of the Group mainly comprises income of property sales, rental income from investment properties, income from provision of commercial operational services and residential property management services and income from other property development related businesses. For the year ended 31 December 2020, the Group recorded a total revenue of approximately RMB35,495 million (2019: approximately RMB26,042 million), representing an increase of approximately 36.3% as compared with the corresponding period in 2019. This was attributable to the increase in income from each of the Group's business segments.

Income of Property Sales

During the year ended 31 December 2020, the Group strictly complied with its original schedule for the completion and delivery of the corresponding projects. The revenue from projects sold and delivered for the year ended 31 December 2020 amounted to approximately RMB31,486 million (2019: approximately RMB22,478 million), representing an increase of approximately 40.1% as compared with the corresponding period in 2019. This was mainly attributable to the increase in the sales of residential properties.

Set forth below are the details regarding the properties sold and delivered during the year ended 31 December 2020:

		For the year ended 31 December 2020		
		GFA sold & delivered (sq.m.)	Amount sold & delivered (RMB'000)	Average selling price (RMB/sq.m.)
Yangtze River Delta	Commercial	555,076	6,490,789	11,694
	Residential	1,465,112	17,672,752	12,062
Hainan	Commercial	49,038	884,958	18,046
	Residential	257,780	3,151,233	12,225
West Strait Economic Zone	Commercial	33,688	295,725	8,778
	Residential	185,713	1,866,983	10,053
Others	Commercial	97,698	638,591	6,536
	Residential	78,554	484,832	6,172
	Total	2,722,659	31,485,863	11,564
	Commercial	735,500	8,310,063	11,299
	Residential	1,987,159	23,175,800	11,663

Rental Income from Investment Properties and Income from Provision of Commercial Operational Services and Residential Property Management Services

For the year ended 31 December 2020, the Group recorded rental income after elimination of intra-group transactions from investment properties of approximately RMB1,562 million (2019: approximately RMB1,420 million), representing an increase of approximately 10.0% as compared with the corresponding period in 2019.

For the year ended 31 December 2020, income from provision of commercial operational services and residential property management services was mainly derived from projects developed by the Group and other third parties. The net income after elimination of intra-group transactions amounted to approximately RMB1,674 million (2019: approximately RMB1,393 million), representing an increase of approximately 20.2% as compared with the corresponding period in 2019.

For the year ended 31 December 2020, the Group's rental income from investment properties and income from provision of commercial operational services and residential property management services totalled to approximately RMB3,236 million (2019: approximately RMB2,813 million), representing an increase of approximately 15.0% as compared with the corresponding period in 2019. In addition to the economies of scale brought by the increasing GFA of properties held and commercial and residential properties managed by the Group, the Group managed to match the local consumer demand and the Group's market penetration rate was increased as a result of the continuous enhancement of its commercial operating capability.

Income from Other Property Development Related Businesses

Income from other property development related businesses mainly comprises income from hotel operation and the provision of consultation services. For the year ended 31 December 2020, the Group recorded an income after elimination of intra-group transactions from other property development related businesses of approximately RMB773 million (2019: approximately RMB751 million), representing an increase of approximately 2.9% as compared with the corresponding period in 2019.

Cost of Sales

Cost of sales mainly represents the direct cost related to the property development of the Group. It comprises cost of land use rights, construction costs and decoration costs as well as other costs. Cost of sales for the year ended 31 December 2020 increased by approximately 37.0% to approximately RMB22,680 million (2019: approximately RMB16,559 million) as compared with 2019, which was mainly due to the increase in the total properties sold and delivered, leading to an increase in the total cost.

Gross Profit and Gross Profit Margin

For the year ended 31 December 2020, gross profit increased by approximately 35.1% to approximately RMB12,816 million (2019: approximately RMB9,483 million) as compared with the corresponding period in 2019, primarily due to the growth in revenue from property sales. Gross profit margin amounted to 36.1%, representing a decrease of approximately 0.3 percentage point from 36.4% for the corresponding period in 2019.

Fair Value Gains on Investment Properties

For the year ended 31 December 2020, the Group recorded revaluation gains of approximately RMB2,096 million (2019: approximately RMB2,394 million), representing a decrease of approximately 12.4% as compared with the corresponding period in 2019. The decrease in revaluation gains was mainly attributable to the relatively moderate growth in the market rents of shopping malls.

Selling and Marketing Costs and Administrative Expenses

The Group's selling and marketing costs and administrative expenses for the year ended 31 December 2020 amounted to approximately RMB2,642 million (2019: approximately RMB2,396 million), representing an increase of approximately 10.3% over 2019, mainly attributable to the Group's business growth, leading to an expansion in the scale of sales and projects management. The Group will continue to exercise stringent control over expenses and costs whilst striving to continue with the Group's business expansion.

Share of Profit of Investments Accounted for Using the Equity Method

For the year ended 31 December 2020, share of post-tax profit of investments accounted for using the equity method amounted to approximately RMB667 million (2019: approximately RMB376 million), representing an increase of approximately 77.4% as compared with the corresponding period in 2019, which was mainly due to the increase in net profit from joint ventures and associates.

Income Tax Expenses

The Group's income tax expenses amounted to approximately RMB4,468 million (2019: approximately RMB3,838 million) for the year ended 31 December 2020, representing an increase of approximately 16.4% as compared with the corresponding period in 2019, primarily due to the increase in PRC corporate income tax and PRC land appreciation tax.

Profit Attributable to Owners of the Company

For the year ended 31 December 2020, the Group recorded profit attributable to owners of the Company of approximately RMB6,093 million (2019: approximately RMB4,041 million), representing an increase of approximately 50.8% as compared with the corresponding period in 2019.

For the year ended 31 December 2020, basic earnings per share was approximately RMB147.1 cents (2019: approximately RMB100.4 cents), representing an increase of approximately 46.5% as compared with the corresponding period in 2019.

Core earnings (being the profit excluding the fair value gains on investment properties and foreign exchange gains/losses on financing activities during the year under review) for the year ended 31 December 2020 reached approximately RMB6,038 million (2019: approximately RMB4,390 million), representing an increase of approximately 37.5% as compared with the corresponding period in 2019.

Core earnings attributable to owners of the Company (being the profit excluding the fair value gains on investment properties and foreign exchange gains/losses on financing activities during the year under review) for the year ended 31 December 2020 reached approximately RMB3,596 million (2019: approximately RMB2,680 million), representing an increase of approximately 34.2% as compared with the corresponding period in 2019.

LIQUIDITY AND FINANCIAL RESOURCES

Cash Position

The long-term funding and working capital required by the Group are primarily derived from income generated from core business operations, bank borrowings and cash proceeds raised from issuance of bonds, which were used as working capital and for investment in property development.

The Group's cash and cash equivalents and restricted cash amounted to approximately RMB28,276 million in total as at 31 December 2020 (2019: approximately RMB23,671 million), representing an increase of approximately 19.5% as compared with the end of 2019.

Borrowings

Total borrowings of the Group as at 31 December 2020 was approximately RMB66,567 million (2019: approximately RMB55,263 million), representing an increase of approximately 20.5% as compared with the end of 2019. The Group's borrowings comprise bank and other borrowings of approximately RMB36,463 million, corporate bonds of approximately RMB11,928 million, short-term commercial papers of approximately RMB800 million, commercial mortgage backed securities (the "CMBS") of approximately RMB2,341 million, assets-backed securities (the "ABS") of approximately RMB1,269 million and senior notes of approximately RMB13,766 million.

Out of the total borrowings, approximately RMB20,667 million was repayable within one year, while approximately RMB45,900 million was repayable after one year.

On 20 January 2020, Shanghai Powerlong Industrial Development Co. Ltd. (a wholly-owned subsidiary of the Company, "**Shanghai Powerlong**") issued the first tranche of corporate bonds for the year 2020 in an aggregate principal amount of RMB930 million with a nominal interest rate of 6.67% per annum. Please refer to the announcement of the Company dated 21 January 2020 for further details.

On 19 to 20 March 2020, Shanghai Powerlong issued the first tranche of corporate bonds dedicated to residential leasing in an aggregate amount of RMB1,500 million, with a nominal interest rate of 6.00% per annum. Please refer to the announcement of the Company dated 20 March 2020 for further details.

On 29 April 2020, Shanghai Powerlong issued the first tranche of super short-term commercial paper for the year 2020 in an aggregate amount of RMB500 million, with a nominal interest rate of 4.80% per annum and a maturity date of 31 January 2021. Please refer to the announcement of the Company dated 7 May 2020 for further details.

On 13 May 2020, the Company as the borrower, Industrial and Commercial Bank of China (Macau) Limited ("**ICBC Macau**") as the arranger, ICBC Macau and the financial institutions set out therein, as the original lenders and ICBC Macau as the agent, and other parties thereto, entered into a facility agreement (the "**May 2020 Facility Agreement**") in relation to a 42-month term dual currency triple tranche loan facility in an amount of up to US\$200 million equivalent (which includes incremental facilities) (the "**May 2020 Term Loan Facility**"). Pursuant to the May 2020 Facility Agreement, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial equity interest of not less than 40% of the total issued shares of the Company; and (iii) maintain management control of the Company. Please refer to the announcement of the Company dated 13 May 2020 for further details of the May 2020 Term Loan Facility.

On 17 June 2020, the Company issued senior notes in an aggregate principal amount of US\$250 million at 99.853% of the principal amount that are listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"), with a nominal interest rate of 6.95% per annum (consolidated and form a single series with the US\$170 million 6.95% senior notes due 2023 issued by the Company on 23 July 2019 and listed on the SGX-ST), which will mature on 23 July 2023. Please refer to the announcements of the Company dated 10 June 2020 and 19 June 2020 for further details.

On 30 June 2020, the Company as the borrower, China CITIC Bank International Limited, The Bank of East Asia, Limited and The Hongkong and Shanghai Banking Corporation Limited ("**HSBC**") as the mandated lead arranger and bookrunner, the financial institutions set out therein, as the original lenders and HSBC as the agent, and other parties thereto, entered into a facility agreement (the "**June 2020 Facility Agreement**") in relation to a 42-month term dual currency dual tranche loan facility in an amount of up to US\$300 million equivalent (which includes incremental facilities) (the "**June 2020 Term Loan Facility**"). Pursuant to the June 2020 Facility Agreement, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial equity interest of not less than 40% of the total issued shares of the Company; and (iii) maintain management control of the Company. Please refer to the announcement of the Company dated 30 June 2020 for further details of the June 2020 Term Loan Facility.

On 6 August to 7 August 2020, Shanghai Powerlong issued the second tranche of corporate bonds dedicated to residential leasing for the year 2020 in an aggregate amount of RMB1,000 million, with a nominal interest rate of 6.50% per annum. Please refer to the announcement of the Company dated 10 August 2020 for further details.

On 10 August 2020, the Company completed the issuance of senior notes in an aggregate amount of US\$200 million at 99.132% of the principal amount that are listed on the SGX-ST, with a nominal interest rate of 6.25% per annum, which will mature on 10 August 2024. For further details, please refer to the announcements of the Company dated 3 August 2020 and 11 August 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

On 26 August 2020, Shanghai Powerlong issued the first tranche of medium-term notes for the year 2020 in an aggregate amount of RMB1,000 million, with a nominal interest rate of 6.50% per annum and a maturity date of 27 August 2023. Please refer to the announcement of the Company dated 28 August 2020 for further details.

On 9 September 2020, Shanghai Powerlong issued the second tranche of super short-term commercial paper for the year 2020 in an aggregate amount of RMB300 million, with a nominal interest rate of 5.18% per annum and a maturity date of 7 June 2021. Please refer to the announcement of the Company dated 11 September 2020 for further details.

On 29 September 2020, the Company issued senior notes in an aggregate principal amount of US\$150 million at 101.185% of the principal amount that are listed on the SGX-ST, with a nominal interest rate of 6.25% per annum (consolidated and form a single series with the US\$200 million 6.25% senior notes due 2024 issued by the Company on 10 August 2020 and listed on the SGX-ST), which will mature on 10 August 2024. Please refer to the announcements of the Company dated 23 September 2020 and 4 October 2020 for further details.

On 30 October 2020, the Company completed the issuance of senior notes in an aggregate principal amount of US\$200 million at 99.417% of the principal amount that are listed on the SGX-ST, with a nominal interest rate of 5.95% per annum due on 30 April 2025. For further details, please refer to the announcements of the Company dated 22 October 2020 and 3 November 2020.

On 28 December 2020, the Company issued senior notes in an aggregate principal amount of US\$100 million at 101% of the principal amount that are listed on the SGX-ST, with a nominal interest rate of 5.95% per annum (consolidated and form a single series with the US\$200 million 5.95% senior notes due 2025 issued by the Company on 30 October 2020 and listed on the SGX-ST), which will mature on 30 April 2025. Please refer to the announcements of the Company dated 18 December 2020 and 29 December 2020 for further details.

Net Gearing Ratio

As at 31 December 2020, the Group had a net gearing ratio (which is calculated on the basis of total borrowings less cash and cash equivalents and restricted cash over total equity) of approximately 73.9% (31 December 2019: approximately 81.2%), representing a decrease of 7.3 percentage points as compared with the corresponding period in 2019, which was primarily due to the Group's ceaseless efforts in managing finance leverage for sustainable growth.

Borrowing Cost

Total interest expenses as at 31 December 2020 amounted to approximately RMB4,311 million (2019: approximately RMB3,599 million), representing an increase of approximately 19.8% as compared with the end of 2019. The increase was mainly due to the increase in total borrowings. The effective interest rate decreased slightly from 6.47% for 2019 to 6.44% for 2020, due to tight control over finance costs. The Group will continue to implement stringent control over finance costs.

Credit Policy

Trade receivables mainly arose from sale and leasing of properties. Receivables in relation to sale and leasing of properties are therefore settled in accordance with the terms stipulated in the sale and purchase agreements and lease agreements, respectively.

Pledge of Assets

As at 31 December 2020, the Group pledged its property and equipment, land use rights, investment properties, properties under construction, completed properties held for sale and restricted cash with carrying amount of approximately RMB74,651 million (2019: approximately RMB59,880 million) to secure borrowings of the Group. The total secured bank and other borrowings and CMBS as at 31 December 2020 amounted to approximately RMB38,658 million (2019: approximately RMB32,407 million). The ABS of RMB1,269 million were secured by the trade receivables of the Group. The senior notes issued by the Company are guaranteed and secured by share pledges of certain non-PRC subsidiaries and non-PRC joint ventures of the Group.

Contingent Liabilities

As at 31 December 2020, the Group had no significant contingent liabilities.

Financial Guarantees

The face value of the financial guarantees provided by the Group is analysed as below:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	29,461,621	23,098,673
Guarantees for borrowings of joint ventures and associates	1,394,430	1,126,615
	30,856,051	24,225,288

Commitments

(1) Commitments for property development expenditures

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Contracted but not provided for		
– Property development activities	14,102,853	9,103,153
– Acquisition of land use rights	5,954,026	4,688,797
	20,056,879	13,791,950

(2) Leases commitments

As at 31 December 2020, the Group did not have any material short-term lease obligations.

BUSINESS RISK

The business of the Group is highly dependent on the performance of the PRC property market. Any property market downturn in China generally or in the cities and regions where the Group's property projects are located, or the lack of suitable land banks/reserves for project development could adversely affect the Group's business, results of operations and financial position. Further, property development is capital intensive in nature. Whilst the Group finances its property projects primarily through a combination of pre-sale and sales proceeds, borrowings from financial institutions and internal funds, if no adequate financing can be secured or there is any failure to renew the Group's existing credit facilities prior to their expiration, the Group's operation may adversely be impacted.

FINANCIAL RISK

The financial risk management of the Group are set out in note 3 to the consolidated financial statements.

FOREIGN CURRENCY RISK

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is RMB. As at 31 December 2020, the Group's financial assets or liabilities denominated in currencies other than RMB were mainly borrowings denominated in United States dollars or Hong Kong dollars, in the total amount of approximately RMB17,412 million. Any depreciation of RMB would adversely affect the value of any dividends the Group pays to the Shareholders outside the PRC. The Group currently does not engage in any hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any significant investments held, material acquisition or disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2020.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Directors confirm that as at the date of this annual report, there are no current plans to acquire any material investments or capital assets other than in the ordinary business of property development of the Group.

EMPLOYEES AND EMOLUMENT POLICY

For the year ended 31 December 2020, the Group employed a total of 11,517 employees (2019: 11,631 employees) on full time basis. The total staff costs of the Group for the year ended 31 December 2020 amounted to approximately RMB1,942 million. The Group has adopted a performance-based rewarding system to motivate its staff. In addition to a basic salary, year-end bonuses are offered to those staff with outstanding performance. The Group reviews the remuneration policies and packages on a regular basis and makes necessary adjustments commensurate with the remuneration level in the industry. In relation to staff training, the Group also provides different types of programs for its staff to improve their skills and develop their respective expertise.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

HOI Kin Hong, aged 69, is an executive Director and the chairman of the Board. He is primarily responsible for the overall strategy and investment decisions of the Group. Mr. Hoi is a standing committee member of the Chinese People's Political Consultative Conference and of the Election Committee of the Macau Special Administrative Region of the People's Republic of China. Mr. Hoi founded Powerlong Group Development Co., Ltd. (the "**Xiamen Powerlong Group**") in 1992 and has served as its chairman since then. Since the establishment of Xiamen Powerlong Group, he has been engaged in the real estate development business, and has completed the development of several residential projects. He started to specialize in the development of commercial properties in 2003. Mr. Hoi has, for a number of times, been recognized as a Contributor to Real Estate Brands in China by the China Real Estate Top 10 Research Team since 2006. In addition, Mr. Hoi was also awarded various honours such as the Most Influential Entrepreneur in China (中國最具影響力企業家), China Celebrities Achievement Award "10 Outstanding Masters" (中華名人成就獎「十大傑出名人」), Top 30 People in motivating Chinese Economy over the 30 years of China's reformation (中國改革開放30年感動中國經濟30人), the Outstanding Leader in the Commercial Real Estate Industry in China (中國商業地產傑出領袖人物), China Top 100 Real Estate Entrepreneurs (中國房地產百強企業家), Contributor of China Top 100 Real Estate Entrepreneurs (中國房地產百強企業家貢獻人物), Charity Special Contribution Award of China (中國公益事業特別貢獻獎), Award for Excellence in the 20th Anniversary of China Guangcai Program Outstanding Contribution Award (光彩事業20周年突出貢獻獎), Top 10 People for commerce and community in Fujian (閩商公益十大人物) and "Tribute to 40th Anniversary of China Reform and Opening Up, Top 40 in 40 Years in the Real Estate Industry in China" (致敬中國改革開放40週年中國房地產40年40人時代人物). Mr. Hoi is the father of Mr. Hoi Wa Fong and Ms. Hoi Wa Fan, an executive Director and a non-executive Director, respectively, and the father-in-law of Ms. Shih Sze Ni Cecilia, an executive Director.

HOI Wa Fong, aged 43, is an executive Director and chief executive officer of the Company. He is primarily responsible for the overall management of the business operations of the Group. Mr. Hoi Wa Fong is a member of All-China Federation of Returned Overseas Chinese, a director of China Overseas Friendship Association, the vice chairman of China Real Estate Chamber of Commerce, a standing committee member of Chinese People's Political Consultative Conference for the city of Shanghai and the vice-chairman of the Fujian Youth Federation. He graduated from the school of management of Xiamen University and received an EMBA degree from the Cheung Kong Graduate School of Business. He is currently pursuing DBAs at the Cheung Kong Graduate School of Business and Singapore Management University. He started to work as an intern in Xiamen Powerlong Group in 1999 and joined the Group upon graduation from Xiamen University in 2003. He held various positions of various Group companies including vice general manager, general manager, vice president, chief vice president and chief executive officer. Mr. Hoi Wa Fong is currently an executive director and chairman of the board of directors of Powerlong CM, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 9909) and a subsidiary of the Company. He was awarded Annual Leaders in the Real Estate Industry in the PRC, Most Influential People in the Real Estate Industry in the PRC, Outstanding Individual Among Returned Overseas Chinese and Family Members, Top 10 Gold-Medal CEO of China Real Estate Listed Companies (中國房地產上市公司十大金牌CEO), Top 30 CEO in the Real Estate Industry in China (中國地產年度CEO 30強), China Commercial Real Estate Industry Outstanding Contribution Award (中國商業地產行業傑出貢獻獎), China Real Estate Achiever (中國房地產功勳人物), China Commercial Property Industry Leader (中國商業地產行業領軍人物), Achiever in Fostering the Building of Socialism with Chinese Characteristics (促進中國特色社會主義建設功勳人物), and so forth. Mr. Hoi Wa Fong is the son of Mr. Hoi Kin Hong, an executive Director and chairman of the Board, the spouse of Ms. Shih Sze Ni Cecilia, an executive Director and the brother of Ms. Hoi Wa Fan, a non-executive Director.

XIAO Qing Ping, aged 72, is an executive Director and the head of the office of the Board of Directors of the Company. Mr. Xiao is primarily responsible for assisting on the formulation of the Group's overall strategy and investment decisions. He was an officer of Jinjiang Bureau of Land Administration from 1997 to 1999. He has over 30 years of experience in administration management. He joined Xiamen Powerlong Group in October 2001 as vice president and head of administration. In November 2007, he resigned from his position in Xiamen Powerlong Group and joined the Group as an executive Director. He graduated from China Textile Political Distance Learning College in 1988, majoring in economic management.

DIRECTORS AND SENIOR MANAGEMENT

SHIH Sze Ni Cecilia, aged 40, is an executive Director of the Company. Ms. Shih is responsible for the overall strategy of commercial operation of the Group. Ms. Shih graduated from Central Queensland University in Australia with a master's degree in arts administration, and obtained an EMBA degree from the Cheung Kong Graduate School of Business in September 2014. She joined Xiamen Powerlong Hotel in January 2003 as a director. She then joined Xiamen Powerlong Group in 2005 as a director and the general manager of the finance department. In November 2007, she held the positions of an executive Director, the general manager of the supervision department and the cost control centre. She has been directing the strategy management of the commercial group under the Group since April 2011. Ms. Shih Sze Ni Cecilia is the daughter-in-law of Mr. Hoi Kin Hong, an executive Director and chairman of the Board, the wife of Mr. Hoi Wa Fong, an executive Director, and the sister-in-law of Ms. Hoi Wa Fan, a non-executive Director.

ZHANG Hong Feng, aged 53, is an executive Director, and an executive vice president and the general manager of business division 2 of the Company. Mr. Zhang is fully responsible for the operation and management of business division 2 and its subsidiary real estate companies. Mr. Zhang was a department manager of Tianyu Real Estate Company (天宇房地產公司), an assistant to the general manager of Anbao Real Estate Development Company Limited (安寶房地產開發有限公司), a deputy general manager of the real estate centre of Xiamen Powerlong Group, an executive director of Suzhou Powerlong Real Estate Development Company Limited (蘇州寶龍房地產發展有限公司), an executive director of Suqian Powerlong Property Development Company Limited (宿遷寶龍置業發展有限公司), a general manager of Suqian Powerlong Commercial Property Management Company Limited (宿遷寶龍商業物業管理有限公司), a general manager of Tianjin Powerlong City Company, a regional deputy general manager of the southern region, a general manager of project management centre, a vice president and a general manager of companies in other provinces and regions of the Group, a vice president of the Company and a general manager of operation management centre. He was responsible for the operation platform and the person-in-charge of operation management centre, cost control centre and technology development centre of the Company. He obtained a bachelor's degree in industrial electrical automation from Guangxi University in July 1989 and received an EMBA from Tongji University in December 2015. He joined the Company in December 2004 and was appointed as an executive Director on 14 October 2015.

NON-EXECUTIVE DIRECTOR

HOI Wa Fan, aged 45, is a non-executive Director. Ms. Hoi is the managing director of Companhia de Construcao e Investimento Predialpou Long, Limitada (寶龍集團發展有限公司) and is responsible for the overall management and business development of Companhia de Construcao e Investimento Predialpou Long, Limitada (寶龍集團發展有限公司). Ms. Hoi is a member of Chinese People's Political Consultative Conference for the city of Xiamen. Ms. Hoi is currently a non-executive director of Powerlong CM, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 9909) and a subsidiary of the Company. Since 2000, she has been the managing director of Nicole Boutique, a fashion brand concept store in Macau. In December 2011, she has held the position of managing director of Ultra City Co., Ltd., a fashion retail company, where she has been primarily responsible for the overall management of business operation. Ms. Hoi is the daughter of Mr. Hoi Kin Hong, an executive Director and chairman of the Board, sister of Mr. Hoi Wa Fong, an executive Director, and sister-in-law of Ms. Shih Sze Ni Cecilia, an executive Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

NGAI Wai Fung, aged 59, an independent non-executive Director. Mr. Ngai joined the Company as an independent non-executive Director in June 2008. He is currently the chief executive officer of SWCS Corporate Services Group (Hong Kong) Limited, a specialty company secretarial, corporate governance and compliance services provider to companies in pre-IPO and post-IPO stages. Prior to that, he was the director and head of listing services of an independent integrated corporate services provider. He has over 30 years of professional practice and senior management experience including acting as the executive director, chief financial officer and company secretary, most of which are in the areas of finance, accounting, internal control and risk management, regulatory compliance, corporate governance and secretarial work for listed issuers including major red chips companies. Mr. Ngai had led or participated in a number of significant corporate finance projects including listings, mergers and acquisitions as well as issuance of debt securities. He is a member of the General Committee of the Chamber of Hong Kong Listed Companies and has been appointed as a Finance Expert Consultant by the Ministry of Finance of the PRC since 2016. He was the President of Hong Kong Institute of Chartered Secretaries (2014-2015), an unofficial member of the Working Group on Professional Services under the Economic Development Commission of Hong Kong Special Administrative Region (2013-2018) and a member of the Qualification and Examinations Board of the Hong Kong Institute of Certified Public Accountants (2013-2018). Mr. Ngai is currently the independent non-executive director of Bosideng International Holdings Limited (Stock Code: 3998.HK), BaWang International (Group) Holding Limited (Stock Code: 1338.HK), Beijing Capital Grand Limited (Stock Code: 1329.HK), BBMG Corporation (Stock Code: 2009.HK), TravelSky Technology Limited (Stock Code: 696.HK), China Communications Construction Company Limited (Stock Code: 1800.HK) and China Energy Engineering Corporation Limited (Stock Code: 3996.HK), all of which are companies listed on the Hong Kong Stock Exchange and/or the Shanghai Stock Exchange. Mr. Ngai is also an independent director of SPI Energy Co., Ltd., which is now listed on Nasdaq. Mr. Ngai was the independent non-executive director of China Coal Energy Company Limited (Stock Code: 1898.HK) from December 2010 to June 2017, China Railway Group Limited (Stock Code: 390.HK) from June 2014 to June 2017, Renco Holdings Group Limited (Stock Code: 2323.HK, formerly known as China HKBridge Holdings Limited) from March 2016 to April 2018, Yangtze Optical Fibre and Cable Joint Stock Limited Company (Stock Code: 6869.HK) from September 2014 to January 2020, Health and Happiness (H&H) International Holdings Limited (Stock Code: 1112.HK) from July 2010 to May 2020 and SITC International Holdings Company Limited (Stock Code: 1308.HK) from September 2010 to October 2020. He was an independent director of LDK Solar Co., Ltd. (listed on the OTC Pink Limited Information, Stock Code: LDKYQ) from July 2011 to April 2020.

Mr. Ngai is a fellow of the Association of Chartered Certified Accountants, a member of the Hong Kong Institute of Certified Public Accountants, a fellow of the Chartered Governance Institute (formerly known as the Institute of Chartered Secretaries and Administrators), a fellow of the Hong Kong Institute of Chartered Secretaries, a fellow of Hong Kong Institute of Directors, a member of the Hong Kong Securities and Investment Institute and a member of the Chartered Institute of Arbitrators. Mr. Ngai received a doctoral degree in Finance from Shanghai University of Finance and Economics, a master's degree in Corporate Finance from the Hong Kong Polytechnic University, a bachelor honor degree in Laws from University of Wolverhampton in the United Kingdom and a master's degree in Business Administration from Andrews University of Michigan in the United States.

MEI Jian Ping, aged 61, is an independent non-executive Director. Mr. Mei joined the Company as an independent non-executive Director in June 2008. Mr. Mei has been a professor of finance at Cheung Kong Graduate School of Business since 2006. He was an assistant professor from 1990 to 1995 at New York University, and an associate professor of finance at the same university from 1996 to 2005. From 2003 to 2008, he was a visiting professor at Tsinghua University. Mr. Mei has been a director of Cratings.com Inc. since 1999. He has published a number of books and articles on topics related to finance. Mr. Mei received a bachelor's degree in mathematics from Fudan University in 1982, a master's degree in economics and a doctorate in economics (finance) from Princeton University in 1988 and 1990, respectively. He was appointed as an independent non-executive Director of the Company in June 2008. He was also appointed as an independent non-executive director of MIE Holdings Corporation (HK stock code: 1555) and China Rundong Auto Group Limited (HK stock code: 1365) in 2010 and 2014 respectively. He was appointed as an independent director of Cultural Investment Holdings Co., Ltd. (SH stock code: 600715) in 2016, an independent director of Dazzle Fashion Co Ltd (SH stock code: 603587) in 2018 and an independent director of Shanghai Shentong Metro Co., Ltd. (SH stock code: 600834) in 2020.

DIRECTORS AND SENIOR MANAGEMENT

DING Zu Yu, aged 48, is an independent non-executive Director. Mr. Ding joined the Company as an independent non-executive Director in December 2014. He is currently an executive director and chief executive officer of E-House (China) Enterprise Holdings Limited (HK Stock Code: 2048). Save for the above, he had also held various positions in China Real Estate Information Group Co., Ltd (中國房產信息集團) in the past including as a co-president and an executive director from September 2009 to April 2012. Mr. Ding is currently an independent non-executive director of Greentown Management Holdings Company Limited (HK Stock Code: 9979). He was an independent director of Sanxiang Co., Ltd (三湘股份有限公司) (SZ stock code: 000863). He is also currently assuming important positions in other professional associations and bodies within the PRC real estate industry. He serves as a vice principal of the E-House Research and Training Institute (易居研究院). He is also an executive committee member of the China Real Estate Association (中國房地產協會), an adviser on the real estate market for the China's Ministry of Housing and Urban-Rural Development (國家住房和城鄉建設部房地產) and a committee member of CPPCC of Shanghai (上海市政協委員). He was named as "Shanghai Outstanding Young Merchant" (上海傑出青年企業家) in 2012 and was named one of the "Top Ten Shanghai Young Merchants" (上海十大傑出青年企業家) for 2011 to 2012. He received his bachelor's degree in real estate economics in 1998 and his Ph.D. in economics in 2013 from the East China Normal University.

SENIOR MANAGEMENT

CHEN De Li, aged 47, is an associate president of the Company. He was a director and co-president of Seazen Holdings Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 601155) during the period from August 2016 to March 2020. From August 2010 to July 2016, Mr. Chen assumed various positions, among which including as an executive deputy general manager of the commercial management operational center of Dalian Wanda Commercial Real Estate Co., Ltd., vice president as well as general manager and executive vice president of the merchants center as well as general manager of operational center of Dalian Wanda Business Management Group Co., Ltd. and vice president as well as executive vice president of the business management headquarter and general manager of the integrated management center of Dalian Wanda Commercial Real Estate Co., Ltd. in the PRC. From June 2006 to August 2010, he served as a general manager of Singapore CapitalLand Capital Commercial China. For the period from September 2001 to May 2006, he was a general manager of Sichuan Huali Group Shunyuan Commercial Real Estate Company. From September 1997 to September 2001, he served as a general manager of Singapore Yilai Group Wuhan Company. Mr. Chen obtained an executive master's degree in business administration (EMBA) from The Southwestern University of Finance and Economics in Chengdu Sichuan, the PRC in December 2013. He is currently pursuing a doctoral degree of business administration (DBA) at the Western Business School, The Southwestern University of Finance and Economics of China in Chengdu Sichuan, the PRC. Mr. Chen joined the Company in June 2020, and was appointed as an executive director and chief executive officer of Powerlong CM (the shares of which are listed on HKEX; HK Stock Code: 9909).

LIAO Ming Shun, aged 57, is the vice president and the chief financial officer of the Company and manages our financial management centre, fund management centre. Mr. Liao is responsible for the overall capital operation, financing, taxation and integrated financial control of the Company. He served senior management positions in various large-scale enterprises. Prior to joining the Company, he was the director, chief financial controller and general manager of the finance company of the Ministry of Agriculture of Fujian Province and Fujian Great World Enterprises Group Company Limited, the independent director of Fujian Dongbai Enterprise Group Company Limited (SH stock code: 600693), the vice secretary general of private branch of Fujian Accounting Institute, the secretary general of real estate branch of Fujian Taxpayers' Club. He obtained a bachelor's degree in rural finance from Fujian Agriculture and Forestry University, and was awarded a master's degree by the Graduate School of Chinese Academy of Social Sciences. He is also qualified as a Senior Accountant, Senior Economist, International Public Accountant (IPA), Certified Taxation Accountant (CTA), Financial Planner and the Judge Panel of the Committee of China's Corporate Financial Valuation Experts. He was awarded one of the "Top CFOs for 2012 by the Xinlicai Magazine of Ministry of Finance" (財政部新理財CFO2012年度人物獎), "2013 China's Financial Value Leadership Award" (2013年度中國財務價值領軍人物獎), "2014 Huazun Award – Top 10 most Respected Brand Builders who promoted the economic development of the industry" (2014年華尊獎—推動行業經濟發展最受尊敬十大品牌人物), "2015 CFODC – China's Top 10 Capital Operators" (2015年CFO發展中心中國資本運營TOP10人物), "2017 Asia 10 Brand Innovation Personality Award" (2017亞洲十大創新人物獎) awarded by the Asia Brand Ceremony Committee, "2019 China Financing Award (Hong Kong) – 'Best CFO'" (2019中國融資大獎(香港)「最佳財務總監」), "2020 China Real Estate Huabiao Award – 'Outstanding CFO of Property Developers'" (2020年中國地產華表獎「卓越房企CFO」) and "CEFO JF Awards – '2020 Outstanding Strategy Execution Award'" (CEFO • 介浦獎「2020年度傑出戰略執行獎」). He joined the Company in August 2009.

HUA Li Chong, aged 49, is the deputy chief executive officer of the Company. He is responsible for overseeing the technology research and development centre, the cost control centre and the operation management centre. Prior to joining the Company, he served management positions in various large-scale enterprises, where he was department manager of Zhonghai Shenzhen, the assistant general manager of Shanghai Vanke, the general manager of Nanjing Vanke, a vice president of CFLD Real Estate Group (華夏幸福地產集團). He obtained a bachelor's degree in civil engineering from Southeast University and a master's degree in business administration from Fudan University. He joined the Company in November 2017.

HONG Qun Feng, aged 48, is the vice president and the general manager of the Guangdong business division of the Company, is currently responsible for the overall business as well as operation and management of the Guangdong business division. Prior to joining the Group, Mr. Hong was the assistant to the general manager of Xiamen Chengyi Property Development Co. (廈門誠毅房地產開發公司) and the founder and general manager of Xiamen Bairun Property Consulting Co. Ltd. (廈門百潤房地產顧問有限公司). He received an EMBA degree from SEM of Tongji University and an EMBA degree from Cheung Kong Graduate School of Business. He joined the Company in 2005, and has been the general manager of the Powerlong Land business division, in charge of the overall business and operational management of the Powerlong Land business division.

ZHANG Jun, aged 44, is an executive vice president and the general manager of Zhejiang business division of the Company and is responsible for overall business as well as operation and management of the division. He served as the chief executive officer of Boee Real Estate Group Co., Ltd. (保億置業集團有限公司) and an assistant to president of Shanghai Forte Land Company Limited (復地(集團)股份有限公司) and a general manager of its subsidiary in Hangzhou company. He obtained a master's degree in business administration from Zhejiang University. He joined the Company in June 2016 and was the vice general manager of Powerlong Land business division, responsible for project development and operational management.

HUANG Wen Zhong, aged 50, is a vice president and general manager of the capital management centre of the Company. He is primarily responsible for the Company's capital market business, industrial investment and corporate governance of listed company. He has over 27 years of experience in the finance industry. Prior to joining the Company, he was the person-in-charge of the office of the board of Xiamen Commercial Bank, person-in-charge of the risk management department of the credit management division of Xiamen Commercial Bank, head of the Jimei sub-branch of Xiamen Bank, head of the Quanzhou branch of Xiamen Bank (and concurrently group head of the Haixi Finance Lease Company Limited Preparatory Group, and group head of the Haixi Finance Lease Company Limited Preparatory Group). He obtained a bachelor's degree from Fudan University and an EMBA degree from Xiamen University. He is also an economist. He joined the Company in June 2016.

HUANG Yao Ming, aged 47, is a vice president and the general manager of the investment development centre of the Company and is responsible for project expansion and acquisition of land reserve of the Company. Prior to joining the Company, he served senior positions of investment, expansion and management in various large-scale enterprises, where he was the general manager of investment department in Huali Property Group (華立地產集團), the chief investment officer of Xianjin Group Korean Company Limited (韓國株式會社現進集團), and the vice president of Shanghai Mingbang Investment Company (上海銘邦投資公司). He obtained a bachelor's degree in real estate operation and management from Shanghai Tongji University, and was awarded a master's degree in technical economics and management by Shanghai Tongji University. He is also qualified as a China Certified Real Estate Appraiser. He joined the Company in March 2010.

SHEN Jian Zheng, aged 52, is a vice president and general manager of the marketing management centre of the Company and is responsible for the overall marketing control of the Company. Prior to joining the Company, he served senior marketing management positions in various large-scale enterprises, where he was the assistant to the general manager of Longyan Lvhengxing Construction (龍岩龍興建設), the sales director of Xiamen Haifa Property (廈門海發房地產) and marketing director of Yuehua New Property Group (悅華新地產集團). He obtained a bachelor's degree in finance from Xiamen University. He joined the Company in August 2007.

DIRECTORS AND SENIOR MANAGEMENT

HAI Di, aged 31, is a joint company secretary and the board secretary of the Company, responsible for company secretarial issues. Ms. Hai has approximately seven years of experience in company secretarial issues. She served as the compliance supervisor in the office of the secretary of the board of directors of the Group from October 2014 to August 2018, and served as the manager of company secretarial team of Shui On Land Limited, a company listed on the Main Board of the Stock Exchange (stock code: 272), from August 2018 to November 2020. Ms. Hai obtained a Master Degree in Laws from University of London and a Bachelor Degree in Laws from Xiamen University. She re-joined the Company in November 2020.

JOINT COMPANY SECRETARIES

HAI Di, aged 31, is a joint company secretary and the board secretary of the Company. For the biography of Ms. Hai Di, please refer to the section headed "Directors and Senior Management – Senior Management" in this annual report.

SUEN Pui Chun Hannah, aged 43, is a joint company secretary of the Company. Ms. Suen is a manager of corporate services of Vistra Corporate Services (HK) Limited, and has over thirteen years of experience in providing a full range of company secretarial and compliance services. She is an associate member of The Hong Kong Institute of Chartered Secretaries and an associate member of The Chartered Governance Institute in United Kingdom since 2019. Ms. Suen obtained a Master of Corporate Governance from The Open University of Hong Kong and a Bachelor of Arts (Hons) in Translation and Interpretation from The City University of Hong Kong. She was appointed as one of the joint company secretaries of the Company on 18 December 2020.

Save as otherwise disclosed, there is no relationship (including financial/business/family or other material/relevant relationship) between any members of the Board, senior management or substantial shareholders or controlling shareholders of the Company, and no other information relating to the Directors that are required to be disclosed pursuant to Rules 13.51(2) and 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report for the year ended 31 December 2020.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company focuses on maintaining high standard of corporate governance in order to achieve sustainable development and enhance corporate performance. The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more values for its Shareholders. The Board continuously reviews and improves the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for Shareholders. During the year ended 31 December 2020, the Company has applied the principles and complied with all applicable code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the “CG Code”).

BOARD OF DIRECTORS

The Board’s major functions and duties are to oversee the management, businesses, strategic directions and financial performance of the Group as well as to maximize the financial performance of the Group and make decisions in the best interests of the Group. The Board is also fully responsible for the formulation of business plans and strategies in relation to the business operation of the Group, including dividend policy and risk management strategies. The Board has delegated the authority and responsibilities to the management for the day-to-day operations of the Group. In addition, the Board has also established Board committees and has delegated various responsibilities to these Board committees as set out in their respective terms of reference.

In addition, the Board is responsible for performing the corporate governance duties set out in code provision D.3.1 of the CG Code. For the year ended 31 December 2020, the Board has reviewed policies and practices of on corporate governance of the Company, monitored the training and continuous professional development of the Directors and senior management of the Company, ensured the Company’s policies and practices are in compliance with legal and regulatory requirements and reviewed the code of conduct applicable to the Directors and employees of the Company. The Board has also reviewed the Company’s compliance with the CG Code for the year ended 31 December 2020 and has made disclosures in this corporate governance report in accordance with the CG Code.

All Directors have separate and independent access to the Company’s senior management to fulfill their duties and, upon reasonable request in appropriate circumstances, all Directors can seek independent professional advice at the Company’s expense. The Board also has access to the company secretary of the Company with a view to ensuring that Board procedures and all applicable rules and regulations are followed.

Composition of the Board

The Board currently consists of nine members, with five executive Directors, one non-executive Director and three independent non-executive Directors. During the year ended 31 December 2020, the Company had at all times complied with Rule 3.10 and Rule 3.10A of the Listing Rules. The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision-making. The Board believes that the non-executive Director and independent non-executive Directors have brought their independent judgment on issues in connection with the Group’s strategies, performance, conflict of interests and management process so that the interests of all Shareholders are considered and safeguarded.

The Company has received from each of the independent non-executive Directors an annual written confirmation on his/her independence pursuant to the requirements of the Listing Rules and the Company considers them to be independent in accordance with the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules.

Save as disclosed in the section headed “Directors and Senior Management” of this annual report, the Board members have no financial, business, family or other material relationships with each other as at 31 December 2020.

Practice and conducts of meetings

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For Board committee meetings, reasonable notice is given. An agenda and accompanying Board papers with complete and reliable information are sent to all Directors at least three days in advance of the Board meetings. Materials for Board committees meetings are sent in accordance with the terms of reference of the relevant Board committees.

The company secretary of the Company is responsible for taking and keeping minutes of all Board and Board committees meetings, which record sufficient details of the matters considered by the Board and Board committees and decisions made, including any proposal raised by the Directors or dissenting views expressed. The minutes are kept by the company secretary and are open for inspection by the Directors.

During the year ended 31 December 2020 and up to the date of this annual report, the Board consisted of the following Directors and attendance of each Director at the Board meetings and the annual general meeting of the Company held during the year ended 31 December 2020 is set out as follows:

	Attendance/ Number of Board meetings held during the year	Attendance/ Number of general meeting held during the year
Executive Directors		
Mr. Hoi Kin Hong (Chairman of the Board and the Nomination Committee)	5/5	1/1
Mr. Hoi Wa Fong (Chief Executive Officer)	5/5	1/1
Mr. Xiao Qing Ping	5/5	1/1
Ms. Shih Sze Ni Cecilia	5/5	1/1
Mr. Zhang Hong Feng	5/5	1/1
Non-executive Director		
Ms. Hoi Wa Fan	5/5	1/1
Independent Non-executive Directors		
Mr. Ngai Wai Fung (Chairman of the Audit Committee)	5/5	1/1
Mr. Mei Jian Ping (Chairman of the Remuneration Committee)	5/5	1/1
Mr. Ding Zu Yu	5/5	1/1

Appointment and re-election of Directors

The procedures and process of appointment, re-election and removal of Directors are governed by the Company's articles of association (the "**Articles of Association**"), a copy of which has been published on the Stock Exchange's website and the Company's website.

The term of appointment of each of the Directors are set out in the section headed "Report of the Directors — Directors and Directors' Service Contracts" in this annual report.

Under the Articles of Association, the Board is empowered to appoint any person as a director to fill the casual vacancy or as an additional director of the Board. The Board, with the recommendation of the nomination committee of the Company (the "**Nomination Committee**"), considers a candidate's experience, skill and knowledge and competency and ability to fulfill duty of care and diligence and fiduciary duty with reference to the Company's nomination policy and board diversity policy, the summaries of which are set out below. All Directors appointed to fill a casual vacancy are subject to election by shareholders at the first general meeting after their appointment, and every Director, including those appointed for a specific term, are subject to retirement by rotation at least once every three years. As such, no Director has a term of appointment longer than three years.

Nomination Policy

The Company has in place a nomination policy (the “**Nomination Policy**”) which sets out the selection criteria and procedures to be adopted when considering candidates to be appointed or re-elected as Directors. The Nomination Policy aims to nominate suitable candidates to the Board.

Pursuant to the Nomination Policy, the Nomination Committee shall identify suitable board candidates and make recommendation to the Board, after assessing a number of factors of a candidate, including but not limited to, character for integrity, accomplishment, experience and reputation in the real estate and other related industries, commitment in respect of available time and attention to the Group’s business, independence of proposed independent non-executive Directors and diversity in all aspects. The Board shall have the final decision in relation to its nomination of any candidates to stand for election at a general meeting.

The Nomination Committee will review the Nomination Policy and recommend revision, as appropriate, to the Board for consideration and approval.

Board Diversity Policy

The Board has adopted a board diversity policy (the “**Board Diversity Policy**”) setting out the approach to achieve diversity on the Board and any measurable objectives that the Company has set for implementing the policy. The Company considered diversity of board members can be achieved through consideration of a number of aspects and measurable objectives, including but not limited to gender, age, ethnicity, language, cultural and educational background, professional experience, skills and knowledge. All Board appointments are based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates is based on a range of diversified perspectives, the ultimate decision will be made upon the merits of the selected candidates and their contribution to the Board.

Directors’ Responsibilities for the Financial Statements

The Directors acknowledged their responsibilities for preparation of the consolidated financial statements for the financial year ended 31 December 2020 which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group’s results and cash flows for the year ended 31 December 2020 and were properly prepared on a going concern basis in accordance with the applicable statutory requirements and accounting standards.

The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the “Independent Auditor’s Report” contained in this annual report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Hoi Kin Hong is the chairman of the Board and Mr. Hoi Wa Fong is the chief executive officer of the Company. Responsibilities between the chairman of the Board and the chief executive officer of the Company are clearly divided and segregated to ensure a balance of power and authority and to reinforce their independence and accountability.

Mr. Hoi Kin Hong, being the chairman of the Board, is responsible for providing leadership to the Board and ensuring that the Board functions effectively, that the Directors receive adequate information which is complete and reliable in a timely manner, and that all the Directors are properly briefed on issues to be proposed at Board meetings. The Chairman of the Board also encourages Directors to participate actively and to make a full contribution to the Board so that the Board acts in the best interests of the Group.

Mr. Hoi Wa Fong, being the chief executive officer of the Company, is responsible for the daily operations of the Group, execution of business policies, strategies, objectives and plans as formulated and adopted by the Board and leading the management of the Group.

INDUCTION AND CONTINUING DEVELOPMENT OF DIRECTORS

Each newly appointed Director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of directors' responsibilities and obligations under the Listing Rules and the relevant statutory requirements.

Directors are continually updated on the latest statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continual briefing and professional development trainings for the directors will be arranged by the Company as necessary.

Pursuant to Code A.6.5 of the CG Code, the Company encourages all Directors to participate in continuing professional development in order to develop and refresh their knowledge and skills. During the year ended 31 December 2020, the Company had offered professional training to Directors by way of seminar. The training is summarized as follows:

Title of seminar: Spin-off Exercises by HK-Listed Issuers

Date of seminar: 18 December 2020

Presenter: Mr. Wang Hang, Partner, Beijing, Capital Market, Baker & McKenzie LLP

Directors attended: Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Mr. Xiao Qing Ping, Ms. Shih Sze Ni Cecilia, Mr. Zhang Hong Feng, Ms. Hoi Wa Fan, Mr. Ngai Wai Fung, Mr. Mei Jian Ping, Mr. Ding Zu Yu

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as the code of conduct for dealings in securities of the Company by the Directors. Specific enquiry has been made of all Directors and all Directors have confirmed that they had complied with the required standard as set out in the Model Code throughout the year ended 31 December 2020.

To comply with code provision A.6.4 of the CG Code, Relevant Employees (as defined in the Listing Rules), who are likely to be in possession of unpublished inside information of the Group or its securities due to their offices or employment, are also subject to compliance with written guidelines no less exacting than the Model Code.

During the year ended 31 December 2020, no incident of non-compliance with the Model Code and the written guidelines by the Directors and the Relevant Employees was noted by the Company to date.

BOARD COMMITTEES

During the year ended 31 December 2020, the Board had three Board committees, namely the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**") and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees are established with defined written terms of reference approved by the Board which set out the Board committees' respective duties. Terms of reference of the Board committees are reviewed from time to time to cope with the latest amendments of the Listing Rules and the needs of the Company, and are available on the Stock Exchange's website and the Company's website.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, may seek independent professional advice in appropriate circumstances at the Company's expense.

AUDIT COMMITTEE

During the year ended 31 December 2020, the Audit Committee comprised all independent non-executive Directors:

Mr. Ngai Wai Fung (**Chairman of the Audit Committee**)

Mr. Mei Jian Ping

Mr. Ding Zu Yu

Terms of reference of the Audit Committee were established pursuant to the requirements under Rule 3.21 of the Listing Rules and code provision C.3.3 of the CG Code. The primary duties of the Audit Committee are to:

- review the financial statements, reports and consider any significant or unusual items raised by the external auditor before submission to the Board;
- review and monitor the relationship with the external auditor of the Company by reference to the work performed by the external auditor, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditor;
- review the adequacy and effectiveness of the Company's financial controls, internal control system, risk management system and the associated procedures; and
- develop and review the Company's policies and practices on corporate governance and make recommendations to the Board.

The Audit Committee provides supervision over the risk management and internal control systems of the Group and the effectiveness of the internal audit function of the Company, and reports to the Board on any material issues and makes recommendations to the Board.

During the year ended 31 December 2020, the Audit Committee held two meetings to discuss and review the financial results of the Group for the year ended 31 December 2019 and the interim results of the Group for the six months ended 30 June 2020. The chief financial officer of the Company and representatives of the external auditor of the Company attended the meetings. In addition, the Audit Committee has (i) reviewed the effectiveness of the internal audit function of the Company to make recommendations to improve the Group's risk management and internal control systems; (ii) reviewed the independence and objectivity of the Company's external auditor and their remuneration, and made recommendation to the Board in respect of the re-appointment of the Company's external auditor; and (iii) reviewed the continuing connected transactions of the Group.

Attendance of individual members of the Audit Committee at the meetings held during the year ended 31 December 2020 is set out as follows:

Audit Committee Members	Attendance/ Number of Audit Committee meetings held during the year
Mr. Ngai Wai Fung	2/2
Mr. Mei Jian Ping	2/2
Mr. Ding Zu Yu	2/2

REMUNERATION COMMITTEE

During the year ended 31 December 2020, the Remuneration Committee comprised three members, the majority of which are independent non-executive Directors:

Mr. Mei Jian Ping (**Chairman of the Remuneration Committee**)
 Mr. Hoi Wa Fong
 Mr. Ding Zu Yu

The Remuneration Committee has adopted written terms of reference prepared by reference to the requirements under code provision B.1.2 of the CG Code. The primary functions of the Remuneration Committee are to (i) make recommendations to the Board in relation to the remuneration policy and structure of all Directors and senior management, and to establish a formal and transparent procedure for assessing performance of the Directors and determining the remuneration policy in respect of the Directors and senior management of the Company; (ii) make recommendations, if any, on the remuneration packages for the Directors and senior management of the Company; and (iii) review and approve management's remuneration proposals with reference to the Group's corporate goal and objectives from time to time.

During the year ended 31 December 2020, the Remuneration Committee held one meeting to (i) review the remuneration policy and structure of the Company; and (ii) review and consider the remuneration packages for the Directors and senior management of the Company.

Attendance of individual members of the Remuneration Committee at the meeting held during the year ended 31 December 2020 is set out as follows:

Remuneration Committee members	Attendance/ Number of Remuneration Committee meeting held during the year
Mr. Mei Jian Ping	1/1
Mr. Hoi Wa Fong	1/1
Mr. Ding Zu Yu	1/1

NOMINATION COMMITTEE

During the year ended 31 December 2020, the Nomination Committee comprised three members, the majority of which were independent non-executive Directors:

Mr. Hoi Kin Hong (**Chairman of the Nomination Committee**)
 Mr. Mei Jian Ping
 Mr. Ding Zu Yu

The Nomination Committee has adopted written terms of reference prepared by reference to the requirement of code provision A.5.2 of the CG Code. The primary functions of the Nomination Committee are to (i) review the structure, size and composition of the Board; (ii) identify individuals suitably qualified to become members of the Board and make recommendations on selection of individuals nominated for directorships; (iii) make recommendations to the Board on appointment or reappointment of Directors and succession planning for Directors; (iv) assess the independence of independent non-executive Directors; and (v) review the Board Diversity Policy.

The Nomination Committee will assess the candidate based on criteria incumbent for acting as a Director such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities as a Director. The recommendations of the Nomination Committee will then be put to the Board for decision.

During the year ended 31 December 2020, the Nomination Committee held one meeting to (i) review the structure, size and composition of the Board; (ii) make recommendation to the Board in respect of the re-appointment of Directors; (iii) assess the independence of the independent non-executive Directors; and (iv) review the Nomination Policy and Board Diversity Policy, to ensure that it is in compliance with the Listing Rules and the CG Code.

Attendance of individual members of the Nomination Committee at the meeting held during the year ended 31 December 2020 is set out as follows:

Nomination Committee members	Attendance/ Number of Nomination Committee meeting held during the year
Mr. Hoi Kin Hong	1/1
Mr. Mei Jian Ping	1/1
Mr. Ding Zu Yu	1/1

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility in maintaining sound and effective internal control and risk management systems in order to safeguard the Group's assets and shareholders' interests, and reviewing the effectiveness of the Company's internal control and risk management systems at least annually so as to ensure that internal control and risk management systems in place are adequate and cover all material controls, including financial, operational and compliance controls. The internal control and risk management systems of the Company are designed to manage rather than eliminate the risk of failure to achieve business objectives of the Group, and can only provide reasonable and not absolute assurance against material misstatement of loss.

The Group's internal control and risk management systems include a well-established organizational structure with clearly defined lines of responsibility and authority. The day-to-day departmental operations are entrusted to the individual department which is accountable for its own conduct and performance and is required to operate its own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Board from time to time. Each department is also required to keep the Board informed of the process used to identify, evaluate and manage significant risks, and of material developments of the department's business and implementation of the policies and strategies set by the Board on a regular basis.

At the same time, the Company has established a supervisory department that performs internal audit function of the Company (the "**Supervisory Department**"). The Supervisory Department is particularly responsible for risk management, review and audit of the finance and operations of the Group regularly. The purpose of the work of the Supervisory Department is to ensure the adequacy and effectiveness of the internal control and risk management systems of the Group. For shortcomings of the Group's internal controls and accounting procedures which the external auditors has identified and reported to the Company, the Company would pay full attention to the recommendations made by the external auditors and make appropriate improvements.

The Supervisory Department reports to the Audit Committee and the Board annually based on the implementation of the risk management and internal control systems. The Audit Committee monitors the risk management and internal control systems of the Group and reports to the Board for any material matters and makes recommendations to the Board.

The Board has conducted a review and assessment of the effectiveness of the Company's internal control systems including financial, operational and compliance controls and risk management for the year ended 31 December 2020. The assessment was made by discussions with the management of the Company, its external and internal auditors and the review performed by the Audit Committee. The Board believes that the existing internal control and risk management systems are adequate and effective.

DISSEMINATION OF INSIDE INFORMATION

The Group has in place a framework for the disclosure of inside information by reference to the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in an appropriate and timely manner, such as steps to ascertain sufficient details, conduct internal assessment of the matter and its likely impact on the Company, seek professional advice where required and verification of the facts. Before the information is fully disclosed to the public, any persons who possess the knowledge of such information must ensure strict confidentiality and must not deal in any of the Company's securities.

ANNUAL REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the Directors and senior management of the Company is determined in accordance with the Company's remuneration policy and structure.

The Remuneration Committee is responsible for reviewing the Group's emolument policy and structure for remuneration for all the Directors and senior management of the Group, which were determined having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices.

Pursuant to code provision B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 December 2020 is set out as below:

Annual remuneration by band	Number of individuals
RMB800,001 and above	11
RMB600,001 to RMB800,000	1
RMB600,000 and below	8

Details of the remuneration of the Directors for the year ended 31 December 2020 are set out in note 43 to the financial statements. No Director has waived or has agreed to waive any emoluments during the year ended 31 December 2020.

During the year ended 31 December 2020, no director or any of the five highest paid individuals received any emolument from the Group as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office. Also, the Group did not pay consideration to any third parties for making available directors' services during the year.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of external auditor of the Company about his reporting responsibilities on the Group's consolidated financial statements for the year ended 31 December 2020 is set out in the section headed "Independent Auditor's Report" in this annual report.

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

Services rendered	(RMB' million)
Audit services:	
Annual audit (including the review of interim results under Hong Kong Standard on Review Engagements 2410)	8.00
Non-audit services:	
Services rendered in respect of bonds issuance by the Group and others	3.67

JOINT COMPANY SECRETARIES

Ms. Xiao Ying Lin and Ms. Chan Pung Fei have resigned as company secretary of the Company on 31 August 2020 and 18 December 2020 respectively. Following the resignation of Ms. Chan Pung Fei, Ms. Hai Di and Ms. Suen Pui Chun Hannah have been appointed as the joint company secretaries of the Company on 18 December 2020. Ms. Hai is the board secretary of the Company and Ms. Suen is a manager of corporate services of Vistra Corporate Services (HK) Limited. The primary contact person of Ms. Suen at the Company is Ms. Hai.

During the year ended 31 December 2020, Ms. Xiao Ying Lin, Ms. Chan Pung Fei, Ms. Hai Di and Ms. Suen Pui Chun Hannah have undertaken not less than 15 hours of relevant professional training, respectively, in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDER RELATIONS

The Company believes that by adopting a policy of disclosing clear and relevant information to the Shareholders through publication of announcements, notices, circulars, interim and final reports in a timely manner, the Company is able to establish an effective and appropriate relationship with its Shareholders. Further, the Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong by post. To enhance the Company's transparency, other information of the Company is also published at the Company's website at <http://www.powerlong.com>. In addition to publication of information, the annual general meeting of the Company provides a forum for communication between Shareholders and the Directors. The chairman of the Board personally chairs the annual general meeting to ensure Shareholders' views are communicated to the Board. In addition to the chairman of the Board, the chairmen of the Board committees, or in their absence, other members of the respective Board committees, are available to answer any queries that Shareholders may have. The chairman of the Board will propose separate resolutions for each issue to be considered at the annual general meetings. The annual general meeting proceedings are reviewed from time to time to ensure that the Company follows the best corporate governance practices and Shareholders' rights are preserved. Notice of annual general meeting is delivered to all Shareholders at least 20 clear business days prior to the date of the meeting, setting out details of each proposal and other relevant information. At the beginning of the meeting, the procedures for demanding and conducting a poll will be explained by the chairman of the Board. Poll results are posted on the Company's website after the conclusion of the general meetings.

PROCEDURES FOR SHAREHOLDERS TO REQUISITION AND CONVENE AN EXTRAORDINARY GENERAL MEETING (INCLUDING PROPOSING A RESOLUTION AT AN EXTRAORDINARY GENERAL MEETING)

Any two or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "**Eligible Shareholders**") shall at all times have the right, by a written requisition signed by the Eligible Shareholders concerned (the "**Requisition**"), to require the Board to convene an extraordinary general meeting, and/or to put any resolution so requisitioned to vote at such extraordinary general meeting.

Eligible Shareholders who wish to requisition the Board to convene an extraordinary general meeting for the purpose of proposing a resolution at the extraordinary general meeting must deposit the Requisition at the principle place of business of the Company in Hong Kong at Unit 5603, 56th Floor, The Center, 99 Queen's Road Central, Hong Kong, for the attention of the company secretary or via e-mail at the e-mail address of the Company at boardteam@powerlong.com.

The Requisition must state clearly the names of the Eligible Shareholders concerned, specify the objects of the meeting, and be signed by the Eligible Shareholders concerned. The Eligible Shareholders must prove their shareholdings in the Company to the satisfaction of the Company.

The Company will check the Requisition and the identities and the shareholdings of the Eligible Shareholders will be verified with the Company's Hong Kong branch share registrar. If the Requisition is found to be proper and in order and in compliance with the Company's memorandum of association (the "**Memorandum**") and Articles of Association, the Board will within 21 days of the date of deposit of the Requisition, proceed duly to convene an extraordinary general meeting to be held within a further 21 days, for the purpose of putting any resolution(s) proposed by the Eligible Shareholders to vote at such extraordinary general meeting. However, if the Requisition has been verified as not in order and not in compliance with the Memorandum and Articles of Association, the Eligible Shareholders concerned will be advised of this outcome and accordingly, the Board will not convene an extraordinary general meeting and will not put any resolution(s) proposed by the Eligible Shareholders to vote at any such extraordinary general meeting or any other general meeting of the Company.

If within 21 days of the date of deposit of the Requisition, the Board has not advised the Eligible Shareholders that the Requisition is not in order and not in compliance with the Memorandum and Articles of Association, and the Board has failed to proceed to convene an extraordinary general meeting, the Eligible Shareholders themselves (or any one or more of the Eligible Shareholders who hold(s) more than one-half of the total voting rights of all the Eligible Shareholders who signed the Requisition) may proceed to convene the extraordinary general meeting in the same manner, as nearly as possible, as that in which general meetings may be convened by the Board in accordance with the Memorandum and Articles of Association, provided that the extraordinary general meeting so convened must be held before the expiration of three months from the date of deposit of the Requisition. All reasonable expenses incurred by the Eligible Shareholders concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholders concerned by the Company.



CHANGE IN CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2020, there was no change in the constitutional documents of the Company.

INVESTOR RELATIONS OVERVIEW

As a responsible listed company, the Company is committed to maintaining dynamic communications with its shareholders and investors. The Company regularly updates the investors about its latest operations and financial performance through company website, corporate newsletters, site visits, one-on-one meetings, bank conferences and international roadshows.

In 2020, the Company was invited to participate in 24 Asian forums and conferences held by various investment banks and financial institutions meeting more than 600 investors. Investor relations activities not only are helpful in promoting bilateral communications between the Company and the public and acting as an effective channel for information exchange, but also further enhance transparency of the Company in the capital market, thereby improving investors' relationship of the Group.

The Company participated in the following major investor relations activities in 2020:

January 2020:	UBS Greater China Seminar
January 2020:	Industrial Securities Non-deal Roadshow
April 2020:	Guosen Securities 2020 Spring Online Strategy Meeting
May 2020:	Haitong Securities 2020 Spring Listco Exchange Fair
May 2020:	Huachuang Securities 2020 Interim Strategy Meeting
June 2020:	UBS 2020 Hong Kong/China Real Estate Strategy Meeting
June 2020:	Industrial Securities 2020 Interim Strategy Meeting
June 2020:	HSBC 4th Annual Asia Credit Conference
June 2020:	Huatai Securities 2020 Summer Strategy Meeting
June 2020:	Citi's Asia Pacific Property Conference 2020
July 2020:	Zhongtai International 2020 Overseas Investment Exchange Fair
July 2020:	Guosen Securities Interim Strategy Meeting
September 2020:	China Securities 2020 Autumn Capital Market Summit
October 2020:	Haitong International Corporate Day
October 2020:	BoA Merrill Lynch Asia Credit Conference
October 2020:	JP Morgan Asia Credit Conference
October 2020:	Nomura Asia High Yield Corporate Day
November 2020:	Deutsche Bank 24th European Leverage Finance Annual Meeting
November 2020:	15th Citi China Investor Conference
November 2020:	Goldman Sachs China Conference
November 2020:	BoA Merrill Lynch China Conference
November 2020:	Industrial Securities 2021 Capital Market Investment Strategy Meeting
November 2020:	Gelonghui Global Investment Carnival
December 2020:	Global Real Estate CEO/CFO Strategy Meeting

Shareholders, investors and the media can make enquiries to the Company through the following means:

Telephone number:	+852-2169 1955
By post:	8/F, Powerlong Tower, 1399 Xinzhen Road, Minhang District, Shanghai, China Unit 5603, 56/F, The Center, 99 Queen's Road Central, Hong Kong
Attention:	Mr. Liu Boyang/Ms. Zhang Shiyu
By email:	ir@powerlong.com



REPORT OF THE DIRECTORS

The Directors are pleased to present their report and the audited financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries are principally engaged in property development, property investment, commercial operational services and residential property management services, and other property development related services. Details of the principal activities of its principal subsidiaries are set out in note 41 to the consolidated financial statements.

RESULTS

The business review and financial review of the Group for the year ended 31 December 2020 are set out in the sections of “Management Discussion and Analysis” of this annual report.

The results of the Group for the year ended 31 December 2020 are set out on pages 80 to 182 of this annual report.

DIVIDEND

At the Board meeting held on 2 March 2021, the Board recommended the payment of a final dividend of HK\$33.0 cents per ordinary share for the year ended 31 December 2020, subject to approval by the Shareholders at the Annual General Meeting. The Final Dividend, if approved by the Shareholders at the Annual General Meeting, will be paid on or around Wednesday, 18 August 2021 to the Shareholders whose names appear on the register of members of the Company after the close of business on Tuesday, 22 June 2021.

In order to be qualified for the proposed Final Dividend for the year ended 31 December 2020, all transfer documents, accompanied by the relevant share certificates, must be lodged with the branch share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 17 June 2021.

Together with the interim dividend of HK\$12.0 cents per ordinary share for the six months ended 30 June 2020 paid on 11 December 2020, the total dividend for the year amounted to HK\$45.0 cents per ordinary share.

There is no arrangement under which a Shareholder has waived or agreed to waive any dividend.

DIVIDEND POLICY

Any declaration of dividends will depend upon a number of factors including our earnings and financial conditions, operation requirements, capital requirements and any other conditions that any other Directors may deem or are relevant and will be subject to the approval of the Shareholders. There can be no assurance that dividends of any amount will be declared or distributed in any given year.

RESERVES

Details of movement in the reserves of the Group and the Company for the year ended 31 December 2020 are set out in the consolidated statement of changes in equity and in note 42(a) to the consolidated financial statements, respectively.

As at 31 December 2020, the reserves of the Company available for distribution were approximately RMB114 million (2019: approximately RMB372 million).

SHARE CAPITAL

For the year ended 31 December 2020, the Company repurchased and cancelled 1,500,000 shares. For further details, please refer to the section headed “Report of the Directors – Purchase, Sale and Redemption of the Company’s Listed Securities” in this annual report.

Details of movements in the share capital of the Group during the year ended 31 December 2020 are set out in note 20 to the consolidated financial statements.

DEBENTURE

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

EQUITY-LINKED AGREEMENTS

The Company has not entered into any and had no subsisting equity-linked agreement for the year ended 31 December 2020.

PENSION SCHEMES

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees’ salaries. The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance, which is a defined contribution retirement scheme for all employees in Hong Kong. The contributions are based on minimum statutory contribution requirement of 5% of eligible employees’ relevant aggregate income. The Group’s contributions to the defined contribution retirement schemes are expensed as incurred.

As at 31 December 2020, the Group did not have any forfeited contributions that were utilised to reduce the level of contributions under its defined contribution scheme.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights over shares of the Company under the Articles of Association or the laws of Cayman Islands where the Company is incorporated.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 183 to 184 of this annual report.

BORROWINGS

Particulars of borrowings of the Company and the Group as at 31 December 2020 are set out in note 23 to the consolidated financial statements.

PROPERTY AND EQUIPMENT

Details of property and equipment of the Group are set out in note 6 to the consolidated financial statements.

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion of the Group's future business development are set out in the Chairman's Statement on pages 8 to 11 of this annual report. Description of possible risks and uncertainties facing the Company is set out in the Management Discussion and Analysis on pages 32 to 44 of this annual report. Particulars of important events affecting the Company that have occurred since the end of the financial year ended 31 December 2020 are set out in note 44 to the consolidated financial statements.

ENVIRONMENTAL PROTECTION AND COMPLIANCE WITH LAWS AND REGULATIONS

The Group is committed to supporting the environmental sustainability. Being a property developer and city complex operator in the PRC, the Group is subject to various environmental laws and regulations set by the PRC national, provincial and municipal governments. These include regulations on air and noise pollution and discharge of waste and water into the environment. Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations. During the year ended 31 December 2020, the Group had complied with relevant laws and regulations that have significant impact on the operations of the Group. Further, any changes in applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that employees, customers and business partners are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners.

The Company provides a fair and safe workplace, promotes diversity to its staff, provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

The Group understands that it is important to maintain good relationship with customers and provide the products in a way that satisfies needs and requirements of the customers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for the products so that the Group can respond proactively. The Group has also established procedures in place for handling customers' complaints to ensure customers' complaints are dealt with in a prompt and timely manner.

The Group is also dedicated to developing good relationship with suppliers and contractors as long-term business partners to ensure stability of the Group's business. The Group reinforces business partnerships with suppliers and contractors by ongoing communication in a proactive and effective manner so as to ensure quality and timely delivery.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors

Mr. Hoi Kin Hong (Chairman)
 Mr. Hoi Wa Fong (Chief executive officer)
 Mr. Xiao Qing Ping
 Ms. Shih Sze Ni Cecilia
 Mr. Zhang Hong Feng

Non-executive Director

Ms. Hoi Wa Fan

Independent Non-executive Directors

Mr. Ngai Wai Fung
 Mr. Mei Jian Ping
 Mr. Ding Zu Yu

In accordance with article 16.18 of the Company's Articles of Association, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Accordingly, Mr. Hoi Wa Fong, Mr. Zhang Hong Feng and Mr. Ding Zu Yu will retire from their offices as Directors by rotation and, being eligible, offer themselves for re-election as Directors at the forthcoming annual general meeting.

Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Mr. Xiao Qing Ping, Ms. Shih Sze Ni Cecilia and Mr. Zhang Hong Feng, the executive Directors and Ms. Hoi Wa Fan, the non-executive Director, have entered into service contracts with the Company for a term of three years commencing from 14 October 2018 to 13 October 2021. Mr. Ngai Wai Fung, Mr. Mei Jian Ping and Mr. Ding Zu Yu, the independent non-executive Directors, have entered into letters of appointment with the Company for a term of three years commencing from 14 October 2018 to 13 October 2021. None of the Directors, including Directors being proposed for re-election at the forthcoming annual general meeting, has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

DIRECTORS' REMUNERATION

The Remuneration Committee considers and recommends to the Board on the remuneration and other benefits paid by the Company to the Directors. The remuneration of all Directors is subject to regular review by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate.

Details of Directors' remuneration are set out in note 43 to the consolidated financial statements.

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 ended 31 December 2020.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in the note 43 to the consolidated financial statements and in the section headed "Connected Transactions" below, there was no other contract of significance in relation to the Group's business to which the Company, any of its subsidiaries or its holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2020.

TAX RELIEF AND EXEMPTION

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

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Hoi Kin Hong, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan, being the Directors, are interested in certain companies engaged in the hotel operation business, which is ancillary to the Company's core business, namely, commercial property development and operation. The hotels operated by such companies are Xiamen Powerlong Hotel (廈門寶龍大酒店) and Jinjiang Powerlong Hotel (晉江寶龍大酒店). These two hotels are operated independently and in individual mode different from that of the Group, while the hotels included in the Group's development projects are developed as part of the large-scale and multifunctional commercial complexes. As such, there are no actual or potential competition between these two hotels and the hotels to be included in the Group's development project. Details of Xiamen Powerlong Hotel and Jinjiang Powerlong Hotel are set out in the prospectus of the Company dated 25 September 2009 (the "**Prospectus**"). As at 31 December 2020, there were no changes in the above information as disclosed in the Prospectus.

Saved as disclosed above, as at 31 December 2020, none of the Directors or their respective associates had interests in businesses which compete or are likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

Each of Skylong Holdings Limited, Sky Infinity Holdings Limited, Walong Holdings Limited, Mr. Hoi Kin Hong, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan has undertaken to the Company that, subject to the exceptions mentioned in the Prospectus, they will not engage in, and shall procure that their controlled affiliates (other than members of the Company) will not engage in any property development and hotel operation business in China. Details of the deed of non-competition (the "**Deed of Non-competition**") in favour of the Company are set out in the Prospectus.

The Company has received from Skylong Holdings Limited, Sky Infinity Holdings Limited, Walong Holdings Limited, Mr. Hoi Kin Hong, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan an annual confirmation that it/he/she had fully complied with its/his/her obligations under the Deed of Non-competition.

INDEMNITY AND INSURANCE PROVISIONS

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

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2020, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which (i) were recorded in the register required to be kept by the Company under section 352 of the SFO; or (ii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(1) Long position in the shares and the underlying shares of the Company

Name of Directors	Number of ordinary shares			Total	Approximate percentage of interests to the issued share capital of the Company (Note 1)
	Personal interests	Interests of spouse	Interests of a controlled corporation		
Mr. Hoi Kin Hong	28,465,000	2,800,000	1,805,637,000 (Note 2)	1,836,902,000	44.34%
Mr. Hoi Wa Fong	8,988,000	503,400	596,018,000 (Note 3)	605,509,400	14.62%
Mr. Xiao Qing Ping	911,700	–	–	911,700	0.02%
Ms. Shih Sze Ni Cecilia	503,400	605,006,000	–	605,509,400	14.62%
Mr. Zhang Hong Feng	184,300	–	–	184,300	0.004%
Ms. Hoi Wa Fan	61,470,000	–	206,623,000 (Note 4)	268,093,000	6.47%

Notes:

- These percentages have been compiled based on the total number of issued shares (i.e. 4,142,403,000 shares) as at 31 December 2020.
- These shares are held by Skylong Holdings Limited, which is wholly and beneficially owned by Mr. Hoi Kin Hong.
- These shares are held by Sky Infinity Holdings Limited, which is wholly-owned by Sky Infinity Family Limited, which is in turn 50% owned by Seletar Limited and 50% owned by Serangoon Limited, respectively. Seletar Limited and Serangoon Limited are nominees in trust for Credit Suisse Trust Limited, the trustee of The Sky Infinity Trust. Mr. Hoi Wa Fong is the settlor of The Sky Infinity Trust.
- These shares are held by Walong Holdings Limited and Mantong (HK) Trading Co., Ltd, which are wholly and beneficially owned by Ms. Hoi Wa Fan.

(2) Long position in the shares of associated corporations of the Company

Name of Directors	Name of associated corporation	Number of ordinary shares			Total	Approximate percentage of interests to the issued share capital of the Company (Note 1)
		Personal interests	Interests of spouse	Interests of a controlled corporation		
Mr. Hoi Wa Fong	Powerlong CM	–	–	45,000,000 (Note 2)	45,000,000	6.99%
Ms. Shih Sze Ni Cecilia	Powerlong CM	–	45,000,000 (Note 3)	–	45,000,000	6.99%

Notes:

1. These percentages have been compiled based on the total number of issued shares of Powerlong CM (i.e. 644,000,000 shares) as at 31 December 2020.
2. Huihong Management (PTC) Limited ("**Huihong Management**"), the trustee of Huihong Trust, is wholly owned by Mr. Hoi Wa Fong. Pursuant to the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares of Powerlong CM held by Huihong Management.
3. Ms. Shih Sze Ni Cecilia is the spouse of Mr. Hoi Wa Fong. Pursuant to the SFO, Ms. Shih Sze Ni Cecilia is deemed to be interested in the shares of Powerlong CM held by Mr. Hoi Wa Fong.

Saved as disclosed above, as at 31 December 2020, none of the Directors, chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be entered into the register kept by the Company pursuant to Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2020, the interests or short positions of the persons or corporations, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company, as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of shareholders	Capacity/Nature of interests	Total number of ordinary shares and underlying shares (Note 1)	Approximate percentage of interests in the Company (Note 2)
Skylong Holdings Limited (Note 3)	Beneficial owner	1,805,637,000	43.59%
Credit Suisse Trust Limited (Note 4)	Trustee	596,018,000	14.39%
Sky Infinity Family Limited (Note 4)	Interest in controlled corporation	596,018,000	14.39%
Sky Infinity Holdings Limited (Note 4)	Beneficial owner	596,018,000	14.39%
Wason Holdings Limited	Beneficial owner	242,645,000	5.86%

Notes:

- All the interests represent long positions.
- These percentages have been compiled based on the total number of issued shares (i.e. 4,142,403,000 shares) as at 31 December 2020.
- Skylong Holdings Limited is wholly and beneficially owned by Mr. Hoi Kin Hong.
- Sky Infinity Holdings Limited is wholly-owned by Sky Infinity Family Limited, which is in turn 50% owned by Seletar Limited and 50% owned by Serangoon Limited respectively. Seletar Limited and Serangoon Limited are nominees in trust for Credit Suisse Trust Limited, the trustee of The Sky Infinity Trust. Mr. Hoi Wa Fong is the settlor of The Sky Infinity Trust.

Save as disclosed above, as at 31 December 2020, the Directors are not aware of any other person or corporation, other than a Director or chief executive of the Company, who had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There was no other contract of significance in relation to the Group's business to which the Company, any of its subsidiaries or its holding company was a party and in which a controlling shareholder had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2020.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2020, the Company repurchased 1,500,000 of its own shares on the Stock Exchange at a total consideration of approximately HK\$6,243,920, exclusive of commissions and other expenses. The shares repurchased by the Company were cancelled on 24 March 2020 and 27 May 2020 respectively. Details of the repurchases were as follows:

Date of repurchase	Number of Shares repurchased	Consideration per Share		Total consideration paid for repurchase HK\$
		Highest price paid HK\$	Lowest price paid HK\$	
31 January 2020	500,000	4.35	4.26	2,151,560
19 March 2020	1,000,000	4.15	4.04	4,092,360
Total	1,500,000			6,243,920

The share repurchases were made by the Board after considering the Company's cash flow from operational activities, which also reflected the confidence of the Board and the management team in the long-term strategy and the prospects of the Company.

Reference is made to the announcement of the Company dated 7 January 2019 in relation to the issuance of the US\$200,000,000 9.125% Senior Notes due 2021 issued by the Company (ISIN: XS1932406314; Common Code: 193240631) and listed on the SGX-ST (the "Notes"). Pursuant to the offer to purchase dated 18 December 2020 (the "Offer to Purchase") made available to holders of the Notes, the Company offered to purchase for cash any and all of the outstanding Notes accepted for purchase by the Company upon the terms and subject to the conditions described in the Offer to Purchase (the "Tender Offer"). The Tender Offer expired at 4:00 p.m. (London time) on 28 December 2020 (the "Expiration Deadline"), and was completed on 30 December 2020. Subject to the terms and conditions contained in the Offer to Purchase, the amount payable per principal amount of the Notes validly tendered and not subsequently validly withdrawn at or prior to the Expiration Deadline was US\$1,003.50 for each US\$1,000 in principal amount of the Notes. The final aggregate principal amount of the Notes accepted for purchase was US\$120,942,000 principal amount of the Notes, representing approximately 60.47% of the total aggregate principal amount of the outstanding Notes. The Notes repurchased pursuant to the Tender Offer have been cancelled. As at 31 December 2020, after completion of the Tender Offer and cancellation of the repurchased Notes, the aggregate principal amount of the Notes which remained outstanding was US\$79,058,000. The completion of the Tender Offer has extended the maturity profile of the Company's debt and provided the Company with additional financial flexibility to pursue its strategic objectives. For further details, please refer to the Company's announcements dated 18 December 2020, 29 December 2020 and 31 December 2020.

Save as the above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

CONNECTED TRANSACTIONS

Certain related party transactions set out in note 38 to the consolidated financial statements also constituted connected transactions of the Company under Chapter 14A of the Listing Rules (including certain transaction which are exempted from the connected transaction requirements under Rule 14A.76(1) of the Listing Rules). The following transactions are the non-exempted connected transactions of the Group during the year ended 31 December 2020, which are required to be disclosed in accordance with Chapter 14A of the Listing Rules and for which the requirements under Chapter 14A have been complied with.

Continuing Connected Transactions

(1) *Security Service Agreement with Fujian Ping An*

On 1 July 2010, the Company and Fujian Ping An Security Devices and Network Co., Ltd. ("**Fujian Ping An**") entered into a security service agreement (the "**Security Service Agreement**") for a term from 1 July 2010 to 31 December 2012. Pursuant to the Security Service Agreement, Fujian Ping An agreed to provide certain security intelligentization system services (the "**Security Services**") to the Group. Upon expiry of the term of the Security Service Agreement, the parties entered into a renewal agreement on 28 December 2012 for an extension of the term to 31 December 2015 (the "**2013 Security Service Agreement**"), further entered into a renewal agreement on 28 December 2015 for a further extension of the term to 31 December 2018 (the "**2016 Security Service Agreement**") and further entered into a renewal agreement on 27 December 2018 for a further extension of the term to 31 December 2021 (the "**2019 Security Service Agreement**"). Details of the Security Service Agreement, 2013 Security Service Agreement, 2016 Security Service Agreement and 2019 Security Service Agreement are set out in the announcements of the Company dated 1 July 2010, 28 December 2012, 28 December 2015 and 27 December 2018 respectively.

Fujian Ping An was owned as to 80% by Mr. Cai Guo Liang. Mr. Cai Guo Liang is a relative of Mr. Hoi Wa Fong, an executive Director and a substantial shareholder of the Company. Fujian Ping An is therefore an associate of Mr. Hoi Wa Fong and hence a connected person at the listed issuer level of the Company under the Listing Rules.

Pursuant to the 2019 Security Service Agreement, it is expected that the transaction amounts of the Group for each of the three financial years ending 31 December 2021 will not exceed RMB150,000,000, RMB180,000,000 and RMB200,000,000 respectively. During the year ended 31 December 2020, under the 2019 Security Service Agreement, the actual total transaction amounts in 2020 were RMB33,479,000, which did not exceed the annual cap for the year ended 31 December 2020.

(2) *Digitalization Service Agreement with Shanghai Yueshang*

On 17 April 2020, the Company entered into a digitalization service agreement (the "**Digitalization Service Agreement**") with Shanghai Yueshang Information Technology Co., Ltd. ("**Shanghai Yueshang**"). Shanghai Yueshang agreed that it will provide digitalization technology services to the Group for a term of three years with retrospective effect from 1 January 2020 and ending on 31 December 2022 (both days inclusive). Details of the Digitalization Service Agreement are set out in the announcements of the Company dated 17 April 2020 and 6 May 2020 respectively.

As at the date of the Digitalization Service Agreement, Shanghai Yueshang was owned as to 45% by Mr. Hoi Wa Fong, an executive Director and a substantial shareholder of the Company, with the remaining 55% interests being owned by other third parties who are independent of, and not connected with, the Company and its connected persons. Shanghai Yueshang is therefore an associate of Mr. Hoi Wa Fong and hence a connected person at the listed issuer level of the Company under the Listing Rules.

Pursuant to the Digitalization Service Agreement, it is expected that the transaction amount of the Group for each of the three financial years ending 31 December 2022 will not exceed RMB45,000,000, RMB60,000,000 and RMB85,000,000, respectively. During the year ended 31 December 2020, under the Digitalization Service Agreement, the actual total transaction amounts in 2020 were RMB22,653,000, which did not exceed the annual cap for the year ended 31 December 2020.

REPORT OF THE DIRECTORS

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors of the Company confirmed that the aforesaid continuing connected transactions have been entered into: (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favorable to the Group than terms available to or from independent third parties; and (c) in accordance with the relevant agreements governing the respective transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Save as disclosed above, as at 31 December 2020, there were no other related party transactions or continuing related party transactions set out in note 38 to the consolidated financial statements which falls under the definition of “connected transaction” or “continuing connected transaction” and are subject to the disclosure requirements in accordance with Chapter 14A of the Listing Rules. Further, the Company has complied with all applicable disclosure requirements in relation to the aforesaid continuing connected transactions in accordance with Chapter 14A of the Listing Rules.

In accordance with Rule 14A.56 of the Listing Rules, the Company’s auditor was engaged to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company has provided a letter to the Board confirming that nothing has come to its attention that caused it to believe that the continuing connected transactions (i) have not been approved by the Board; (ii) were not, in all material aspects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group; (iii) were not entered into, in all material aspects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the cap.

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

Facility Agreement dated 29 August 2017

On 29 August 2017, the Company as borrower, certain of its subsidiaries as guarantors and Bank of China (Hong Kong) Limited, Wing Lung Bank, Limited, The Bank of East Asia Limited and Tai Fung Bank Limited as lenders entered into a facility agreement (the “**2017 Facility Agreement**”) in relation to a 3-year term loan facility in multiple currencies and tranches of up to US\$200,000,000 equivalent (the “**2017 Facility**”). Pursuant to the 2017 Facility Agreement, it is an event of default if (i) Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, does not, or ceases to hold legally and beneficially and directly or indirectly 40% or more of all classes of the equity interests of the Company carrying any entitlement to vote; and/or (ii) Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, does not, or ceases to directly or indirectly control the Company; and/or (iii) Mr. Hoi Kin Hong or Mr. Hoi Wa Fong is not, or ceases to be, chairman of the board of directors of the Company. Details of the 2017 Facility are set out in the announcement of the Company dated 29 August 2017. On 28 August 2020, the 2017 Facility (including all accrued interest) was fully settled.

Facility Agreement dated 18 April 2018

On 18 April 2018, the Company as borrower and Tai Fung Bank Limited as lender entered into a facility agreement (the “**Term Loan Facility Agreement**”) in relation to a 3-year term loan facility amounting to HK\$200,000,000 (the “**Term Loan Facility**”). Pursuant to the Term Loan Facility Agreement, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, to (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial ownership of not less than 40% of the entire issued share capital of the Company; and (iii) maintain management control of the Company. Details of the Term Loan Facility are set out in the announcement of the Company dated 18 April 2018.

Facility Agreement dated 5 July 2018

On 5 July 2018, the Company as borrower, The Hongkong and Shanghai Banking Corporation Limited as the mandated lead arranger, the bookrunner and the agent, The Bank of East Asia Limited and Tai Fung Bank Limited each as the mandated lead arranger entered into a facility agreement (the **"2018 Facility Agreement"**) in relation to a 42-month term loan facility in an amount up to US\$305,000,000 (which includes an accordion feature) or the equivalent amount in other currencies (the **"2018 Facility"**). Pursuant to the 2018 Facility Agreement, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial ownership of not less than 40% of the entire issued share capital of the Company; and (iii) maintain management control of the Company. Details of the 2018 Facility Agreement are set out in the announcement of the Company dated 5 July 2018.

Facility Agreement dated 8 July 2019

On 8 July 2019, the Company as the borrower, entered into a facility agreement with a group of lenders in relation to a 42-month term dual currency dual tranche loan facility in an amount of up to US\$200,000,000 (which includes an accordion feature) (the **"2019 Term Loan Facility"**). Pursuant to the 2019 Term Loan Facility, it is an event of default, among other things, if the Company does not comply with the undertakings to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial ownership of not less than 40% of the entire issued share capital of the Company; and (iii) maintain management control of the Company. Details of the 2019 Term Loan Facility are set out in the announcement of the Company dated 8 July 2019.

Facility Agreement dated 13 May 2020

On 13 May 2020, the Company as the borrower, ICBC Macau as the arranger, ICBC Macau and the financial institutions set out therein, as the original lenders and ICBC Macau as the agent, and other parties thereto, entered into the May 2020 Facility Agreement in relation to the May 2020 Term Loan Facility. Pursuant to the May 2020 Facility Agreement, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial equity interest of not less than 40% of the total issued shares of the Company; and (iii) maintain management control of the Company. Please refer to the announcement of the Company dated 13 May 2020 for further details of the May 2020 Term Loan Facility.

Facility Agreement dated 30 June 2020

On 30 June 2020, the Company as the borrower, China CITIC Bank International Limited, The Bank of East Asia, Limited and HSBC as the mandated lead arranger and bookrunner, the financial institutions set out therein, as the original lenders and HSBC as the agent, and other parties thereto, entered into the June 2020 Facility Agreement in relation to the June 2020 Term Loan Facility. Pursuant to the June 2020 Facility Agreement, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial equity interest of not less than 40% of the total issued shares of the Company; and (iii) maintain management control of the Company. Please refer to the announcement of the Company dated 30 June 2020 for further details of the June 2020 Term Loan Facility.

CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investors' confidence to the Company and the Company's accountability. During the year ended 31 December 2020, the Company had complied with all applicable code provisions in CG Code. Information on the corporate governance practices adopted by the Company is set out in the "Corporate Governance Report" on pages 51 to 61 of this annual report. The Company will continue to review and monitor its corporate governance practices to ensure compliance with CG Code.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the year ended 31 December 2020 and up to the date of this annual report, the Company had maintained a sufficient public float of more than 25% of the Company's total number of issued shares as required under the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2020, the aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total sales, and the aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases.

None of the Directors, their close associates (as defined in the Listing Rules) or any shareholder (who to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) had any interest in any of the five largest customers or suppliers of the Group.

DONATIONS

Charitable and other donations made by the Group during the year ended 31 December 2020 amounted to RMB69 million (2019: approximately RMB154 million).

AUDITOR

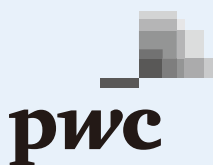
The consolidated financial statements for the year ended 31 December 2020 have been audited by PricewaterhouseCoopers who shall retire at the forthcoming Annual General Meeting. A resolution will be proposed at the forthcoming Annual General Meeting for the re-appointment of PricewaterhouseCoopers as the auditor of the Company.

On behalf of the Board

Hoi Kin Hong
Chairman

Hong Kong, 2 March 2021

INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

To the Shareholders of Powerlong Real Estate Holdings Limited

(incorporated in Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of Powerlong Real Estate Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 80 to 182, which comprise:

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

Our opinion

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

BASIS FOR OPINION

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

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

Independence

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

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KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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 summarised as follows:

- Valuation of investment properties

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Valuation of investment properties</p> <p>Refer to Notes 4(c) and 7 to the consolidated financial statements</p> <p>The Group's investment properties are stated at fair value. As at 31 December 2020, the Group's investment properties amounted to RMB58.2 billion, which represents 30% of the Group's total assets, and the fair value gains on investment properties for the year ended 31 December 2020 amounted to RMB2.1 billion.</p> <p>Independent external valuations were obtained for certain of the Group's investment properties (including completed and under construction) in order to support management's estimates. The valuations of investment properties are dependent on certain key estimates and assumptions that require significant management judgement, including term yields and reversionary yields, fair market rents and fair market prices. The valuations of investment properties under construction are also dependent upon the estimated costs to complete.</p> <p>We paid significant attention to this area due to the material balance and fair value gain of investment properties to the Group's consolidated financial statements and the estimation of the valuations of investment properties subject to high degree of estimation uncertainty. The inherent risk in relation to this area is considered significant due to critical judgement involved in determining the critical estimates and assumptions used in the valuations.</p>	<p>Our procedures in relation to management's valuation of investment properties included:</p> <p>(i) We obtained an understanding of the management's internal control and assessment process of the valuations of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias or fraud.</p> <p>(ii) We evaluated the competence, capabilities and objectivity of the independent external valuer;</p> <p>(iii) We involved our internal valuation specialist in assessing the appropriateness of methodologies used and the reasonableness of the key estimates and assumptions applied in the valuations, including term yields and reversionary yields, fair market rents and fair market prices. We compared the term yields, reversionary yields, market rents and market prices used in the valuations to our internally developed benchmarks, which are based on our recent experience and market research in the locations and segments of the Group's investment properties. We have also conducted a sensitivity analysis over the key assumptions;</p>

Key Audit Matter	How our audit addressed the Key Audit Matter
	<p>(iv) We checked the accuracy and relevance of the input data used in the valuations;</p> <p>(v) For investment properties under construction, we assessed the reasonableness of management's estimates of costs to complete by checking the total budgeted construction costs against the signed contracts with vendors and actual construction costs of similar properties and tested the actual costs incurred up to date.</p> <p>We found the key estimates and assumptions used in the valuation of investment properties were supported by the available evidences.</p>

OTHER INFORMATION

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

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Ho, Chiu Yin, Ivan.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 2 March 2021



CONSOLIDATED BALANCE SHEET

		31 December	
		2020	2019
		RMB'000	RMB'000
	Note		
ASSETS			
Non-current assets			
Property and equipment	6	5,221,769	5,225,130
Investment properties	7	58,243,338	51,084,641
Intangible assets		5,420	–
Goodwill		20,640	–
Investments accounted for using the equity method	16	7,642,200	5,593,928
Deferred income tax assets	24	800,680	592,882
Financial assets at fair value through profit or loss	14	313	–
Financial assets at fair value through other comprehensive income	15	439,057	382,139
Prepayments	13	1,269,164	–
		73,642,581	62,878,720
Current assets			
Properties under development	9	48,719,297	36,446,920
Completed properties held for sale	10	14,589,666	10,617,428
Contract assets		406,338	279,916
Trade receivables	11	2,163,838	1,986,680
Other receivables	12	16,027,938	16,496,617
Prepayments	13	10,131,446	8,892,891
Prepaid taxes		865,430	1,019,461
Financial assets at fair value through profit or loss	14	308,983	207,662
Restricted cash	18	2,937,270	3,365,115
Cash and cash equivalents	19	25,338,726	20,305,545
		121,488,932	99,618,235
Total assets		195,131,513	162,496,955
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium	20	36,795	719,088
Other reserves	21	1,582,187	1,669,289
Retained earnings		34,601,884	29,451,835
		36,220,866	31,840,212
Perpetual Capital Instruments	22	519,781	820,364
Non-controlling interests		15,060,519	6,246,452
Total equity		51,801,166	38,907,028

CONSOLIDATED BALANCE SHEET

		31 December	
		2020	2019
		RMB'000	RMB'000
	Note		
LIABILITIES			
Non-current liabilities			
Borrowings	23	45,899,678	39,942,307
Lease liabilities	8	675,920	197,515
Other payables	25	182,167	87,617
Deferred income tax liabilities	24	7,242,444	6,516,251
		54,000,209	46,743,690
Current liabilities			
Borrowings	23	20,667,678	15,320,774
Trade and other payables	25	35,229,517	29,972,583
Contract liabilities	26	22,757,332	22,694,564
Current income tax liabilities	27	10,462,611	8,625,998
Lease liabilities	8	213,000	232,318
		89,330,138	76,846,237
Total liabilities		143,330,347	123,589,927
Total equity and liabilities		195,131,513	162,496,955

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

The financial statements on pages 80 to 182 were approved by the Board of Directors on 2 March 2021 and were signed on its behalf.

Hoi Kin Hong
Director

Hoi Wa Fong
Director



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
	Note	2020 RMB'000	2019 RMB'000
Revenue	5	35,495,300	26,041,632
Cost of sales	28	(22,679,514)	(16,558,591)
Gross profit		12,815,786	9,483,041
Fair value gains on investment properties – net	7	2,095,764	2,394,403
Selling and marketing costs	28	(1,096,220)	(984,474)
Administrative expenses	28	(1,545,590)	(1,411,133)
Net impairment losses on financial assets		(150,002)	(28,554)
Other income and gains – net	30	184,226	927,108
Operating profit		12,303,964	10,380,391
Finance income/(costs) – net	31	312,433	(899,775)
Share of profit of investments accounted for using the equity method	16	666,990	375,755
Profit before income tax		13,283,387	9,856,371
Income tax expense	32	(4,468,037)	(3,838,474)
Profit for the year		8,815,350	6,017,897
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences	21	(16,027)	4,736
<i>Items that will not be reclassified to profit or loss</i>			
Revaluation gains on property and equipment transferred to investment properties, net of tax	21	92,203	–
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax	21	42,688	25,259
Total other comprehensive income for the year, net of tax		118,864	29,995
Total comprehensive income for the year		8,934,214	6,047,892
Profit attributable to:			
Owners of the Company		6,093,216	4,041,116
Holders of Perpetual Capital Instruments		50,979	69,556
Non-controlling interests		2,671,155	1,907,225
		8,815,350	6,017,897
Total comprehensive income attributable to:			
Owners of the Company		6,212,080	4,071,111
Holders of Perpetual Capital Instruments		50,979	69,556
Non-controlling interests		2,671,155	1,907,225
		8,934,214	6,047,892
Earnings per share for profit attributable to owners of the Company for the year (expressed in RMB cents per share)	33		
– Basic		147.1	100.4
– Diluted		147.1	99.8

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Share capital and share premium RMB'000 (Note 20)	Other reserves RMB'000 (Note 21)	Retained earnings RMB'000	Total RMB'000	Perpetual Capital Instruments RMB'000 (Note 22)	Non-controlling interests RMB'000	Total equity RMB'000
Year ended 31 December 2020							
Balance at 1 January 2020	719,088	1,669,289	29,451,835	31,840,212	820,364	6,246,452	38,907,028
Comprehensive income:							
Profit for the year	-	-	6,093,216	6,093,216	50,979	2,671,155	8,815,350
Other comprehensive income for the year							
– Changes in the value of financial assets at fair value through other comprehensive income	-	42,688	-	42,688	-	-	42,688
– Transfer from property and equipment to investment properties	-	92,203	-	92,203	-	-	92,203
– Currency translation differences	-	(16,027)	-	(16,027)	-	-	(16,027)
Total comprehensive income for the year	-	118,864	6,093,216	6,212,080	50,979	2,671,155	8,934,214
Transactions with owners:							
– Dividends	(676,749)	-	(941,980)	(1,618,729)	-	(45,586)	(1,664,315)
– Repurchase of share	(5,544)	-	-	(5,544)	-	-	(5,544)
– Employee share award scheme	-	13,097	-	13,097	-	5,319	18,416
– Capital injection from non-controlling interests (Note 21, 39)	-	297,775	-	297,775	-	6,415,029	6,712,804
– Changes from joint ventures to subsidiaries (Note 40)	-	-	-	-	-	165,322	165,322
– Acquisition of a subsidiary	-	-	-	-	-	10,662	10,662
– Disposal of a subsidiary	-	-	-	-	-	(21,450)	(21,450)
– Capital withdrawn by non-controlling interests	-	-	-	-	-	(80,293)	(80,293)
– Changes in ownership interests in subsidiaries without change of control	-	(518,025)	-	(518,025)	-	(306,091)	(824,116)
– Redemption of perpetual capital instruments	-	-	-	-	(300,000)	-	(300,000)
– Distribution to holders of Perpetual Capital Instruments	-	-	-	-	(51,562)	-	(51,562)
Total transactions with owners	(682,293)	(207,153)	(941,980)	(1,831,426)	(351,562)	6,142,912	3,959,924
Appropriation to statutory reserves	-	1,187	(1,187)	-	-	-	-
Balance at 31 December 2020	36,795	1,582,187	34,601,884	36,220,866	519,781	15,060,519	51,801,166

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Share capital and share premium RMB'000 (Note 20)	Other reserves RMB'000 (Note 21)	Retained earnings RMB'000	Total RMB'000	Perpetual Capital Instruments RMB'000 (Note 22)	Non-controlling interests RMB'000	Total equity RMB'000
Year ended 31 December 2019							
Balance at 1 January 2019	1,164,125	681,076	25,442,263	27,287,464	1,552,254	3,965,222	32,804,940
Comprehensive income:							
Profit for the year	–	–	4,041,116	4,041,116	69,556	1,907,225	6,017,897
Other comprehensive income for the year							
– Changes in the value of financial assets at fair value through other comprehensive income	–	25,259	–	25,259	–	–	25,259
– Currency translation differences	–	4,736	–	4,736	–	–	4,736
Total comprehensive income for the year	–	29,995	4,041,116	4,071,111	69,556	1,907,225	6,047,892
Transactions with owners:							
– Proceeds from share placement	706,362	–	–	706,362	–	–	706,362
– Dividends	(1,151,399)	–	–	(1,151,399)	–	(148,880)	(1,300,279)
– Issuance of Perpetual Capital Instruments	–	–	–	–	500,000	–	500,000
– Redemption of Perpetual Capital Instruments	–	–	–	–	(1,246,000)	–	(1,246,000)
– Distribution to holders of Perpetual Capital Instruments	–	–	–	–	(55,446)	–	(55,446)
– Capital contribution from non-controlling interests	–	926,674	–	926,674	–	522,885	1,449,559
Total transactions with owners	(445,037)	926,674	–	481,637	(801,446)	374,005	54,196
Appropriation to statutory reserves	–	31,544	(31,544)	–	–	–	–
Balance at 31 December 2019	719,088	1,669,289	29,451,835	31,840,212	820,364	6,246,452	38,907,028

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

CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 December	
	Note	2020 RMB'000	2019 RMB'000
Cash flows from operating activities			
Cash (used in)/generated from operations	35	(5,708,148)	7,439,107
PRC corporate income tax paid		(1,130,610)	(919,143)
PRC land appreciation tax paid		(1,078,574)	(815,128)
Interest paid		(4,095,819)	(2,952,061)
Cash (used in)/generated from operating activities – net		(12,013,151)	2,752,775
Cash flows from investing activities			
Cash acquired from change of joint ventures to subsidiaries		144,267	–
Net cash inflow in acquisition of a subsidiary		56	–
Net cash outflow in disposal of a subsidiary		(7,447)	–
Purchases of property and equipment		(383,990)	(344,142)
Purchases of right-of-use assets		(308,452)	(312,491)
Payments of construction fee and land use right of investment properties		(4,710,959)	(2,006,891)
Proceeds from disposal of property and equipment		9,394	107,648
Proceeds from disposal of investment properties		5,436	41,313
Purchase of financial assets at fair value through profit or loss		(88,504)	–
Proceeds from disposal of financial assets at fair value through profit or loss		–	53,515
Dividend received		332,278	2,390
Investments in joint ventures and associates		(2,179,761)	(1,187,379)
Cash advances made to joint ventures, associates and non-controlling interests		(6,169,513)	(5,652,526)
Collection of cash advances from joint ventures, associates and non-controlling interests		7,657,080	6,821,478
Proceeds from disposal of a joint venture		–	850,435
Interest received		462,101	273,177
Cash used in investing activities – net		(5,238,014)	(1,353,473)

CONSOLIDATED STATEMENT OF CASH FLOWS

		Year ended 31 December	
	Note	2020 RMB'000	2019 RMB'000
Cash flows from financing activities			
Proceeds from borrowings		38,638,283	31,778,199
Repayments of borrowings		(26,524,943)	(24,267,226)
Repayments of convertible bonds		–	(1,701,689)
Restricted cash released from/(pledged for) borrowings		1,151,042	(2,131,043)
Cash advances from parties controlled by ultimate controlling shareholders		1,914,212	2,776
Cash advances from joint ventures, associates and non-controlling interests		7,978,685	2,506,237
Repayments of cash advances to parties controlled by ultimate controlling shareholders		–	(101,824)
Repayments of cash advances to joint ventures, associates and non-controlling interests		(4,492,209)	(2,149,524)
Capital contribution from non-controlling interests		6,712,804	1,449,559
Changes in ownership interests in subsidiaries without change of control		(824,116)	–
Proceeds from share placement		–	706,362
Dividends paid		(1,664,315)	(1,151,399)
Distribution to holders of Perpetual Capital Instruments		(51,562)	(55,446)
Redemption of Perpetual Capital Instruments		(300,000)	(1,246,000)
Proceeds from issuance of Perpetual Capital Instruments		–	500,000
Repurchase of shares		(5,544)	–
Principal elements of lease payments		(171,753)	(95,244)
Cash generated from financing activities – net		22,360,584	4,043,738
Net increase in cash and cash equivalents		5,109,419	5,443,040
Cash and cash equivalents at beginning of the year	19	20,305,545	14,839,776
Effect of foreign exchange rate changes		(76,238)	22,729
Cash and cash equivalents at end of the year	19	25,338,726	20,305,545

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

Powerlong Real Estate Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 18 July 2007 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company’s principal activity is investment holding. The Company and its subsidiaries (together, the “Group”) is principally engaged in property development, property investment, provision of commercial operational services, provision of residential property management services and other property development related services in the People’s Republic of China (the “PRC”).

The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 14 October 2009.

These financial statements have been approved for issue by the board of directors (the “Board”) of the Company on 2 March 2021.

The outbreak of the 2019 Novel Coronavirus (“COVID-19”) had brought unprecedented challenges and added uncertainties to the economy. COVID-19 may affect the financial performance and position of the industry of real estate including the construction and delivery of properties, rental revenue and occupancy rate of investment properties and hotels, allowance for expected credit losses on trade and other receivables, fair value of investment properties and so on. Since the outbreak of COVID-19, the Group kept continuous attention on the situation of the COVID-19 and reacted actively to its impact on the financial position and operating results of the Group. As at the date that the consolidated financial information is authorised for issue, COVID-19 does not have any material adverse impact on the financial position and operating result of the Group.

These financial statements are presented on Renminbi (“RMB”), unless otherwise stated.

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 in all the years presented, unless otherwise stated.

2.1 Basis of preparation

- (i) *Compliance with HKFRSs and HKCO*
These consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.
- (ii) *Historical cost convention*
The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and investment properties which are carried at fair value.
- (iii) *New and amended standards adopted by the Group*

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 7, HKFRS 9 and HKAS 39	Interest Rate Benchmark Reform
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting
Amendments to HKFRS 16	COVID-19-Related Rent Concessions

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

- (iv) *New standards, amendments, interpretation and accounting guideline not yet adopted*
The following new standards, amendments, interpretation to standards and accounting guideline have been published that are not mandatory for the year ended 31 December 2020 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKFRS 9, HKAS 39, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements	Annual Improvements to HKFRS Standards 2018-2020 Cycle	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The adoption of the new and amended standards and interpretation did not have a material impact on the consolidated financial statements of the Group.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured 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.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS. Acquisition-related costs are expensed as incurred.

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

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

- (b) Changes in ownership interests in subsidiaries without change of control
Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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

2.2.2 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

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

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit of investments accounted for using equity method' in the statement of comprehensive income.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of identifiable assets and liabilities of the joint venture is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.5 Segment reporting

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within 'Finance costs – net'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other income and gains – net'.

Changes in the fair value of debt securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through other comprehensive income, are included in other comprehensive income.

(c) *Group entities*

The results and financial positions of the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet of the group entities are translated at the closing rate at the date of that balance sheet;
- income and expenses for each consolidated statement of comprehensive income of the group entities are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at closing rate. Exchange differences arising are recognised in other comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Property and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred. Depreciation on property and equipment is calculated using the straight-line method to allocate their cost to their residual values, over their estimated useful lives as follows:

Buildings	20-40 years
Motor vehicles	4-5 years
Furniture, fitting and equipment	3-25 years
Right-of-use assets	2-70 years

Furniture, fittings and equipment include assets received in the form of free store fit outs are recognised at their fair value. These assets and other leasehold improvements are depreciated over the shorter of their useful life or the lease term, unless the entity expects to use the assets beyond the lease term.

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income and gains – net' in the consolidated statement of comprehensive income.

Assets under construction are stated at historical cost less any impairment loss. Historical cost includes expenditure that is directly attributable to the development of the assets which comprises construction costs, amortisation of land use rights during the construction period, borrowing costs on qualifying assets and professional fees incurred during the development period. On completion, the assets are transferred to buildings within property and equipment.

No depreciation is provided for assets under construction. The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Investment property

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land and commercial buildings held under leases are accounted for as investment properties when the rest of the definition of an investment property is met. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value, representing open market value determined at each balance sheet date by external valuer. Property that is being constructed or developed for future use as investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flows projections. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract.
- The stage of completion.
- Whether the project/property is standard (typical for the market) or non-standard.
- The level of reliability of cash inflows after completion.
- The development risk specific to the property.
- Past experience with similar constructions.
- Status of construction permits.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land, if any, classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is charged to the asset's carrying amount 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. All other repairs and maintenance costs are expensed in the profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values of investment property are recognised as 'Fair value gains on investment properties – net' in the consolidated statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Investment property (continued)

Completed properties held for sale are transferred to investment properties when it is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount shall be recognised in profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under HKAS 16. Any resulting increase in the carrying amount of the property is recognised in the profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and charged directly to revaluation reserves within equity. Any resulting decrease in the carrying amount of the property is charged to the profit or loss.

2.9 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.2.1(a). Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

(b) Customer relationship

Customer relationship acquired in a business combination are recognised at fair value at the acquisition date. It has a finite useful life and is subsequently carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method over the expected life of 10 years for the customer relationship.

2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets

2.11.1 Classification

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

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

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income ("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.

2.11.2 Recognition and measurement

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

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.

(a) 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. The Group categorises its debt instruments as amortised cost, which are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

(b) Equity investments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss accounts. Dividends from such investments continue to be recognised in profit or loss accounts as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised as 'Other income and gains – net' in the consolidated statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Financial assets (continued)

2.11.3 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.

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

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 11 for further details.

Impairment on other financial assets at amortised cost is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.13 Properties under development and completed properties held for sale

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

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

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Trade receivables

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

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

2.15 Contract assets and liabilities and costs for obtaining contracts

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

The Group recognises the incremental costs of obtaining a contract with a customer within contract assets if the Group expects to recover those costs.

2.16 Cash and cash equivalents and restricted cash

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

Bank deposits which are restricted to use are included in 'Restricted cash'. Restricted cash are excluded from cash and cash equivalents in the consolidated statement of cash flows.

2.17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new share are shown in equity as a deduction, net of tax, from the proceeds.

Where any group entity purchases the Company's shares (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, and is included in equity attributable to owners of the Company.

2.18 Perpetual Capital Instruments

Perpetual Capital Instruments with no contracted obligation to repay its principal or with contractual right to delay the payment of any distribution are classified as part of equity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 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. Trade and other payables 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 recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.20 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

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

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined on a cumulative basis based on the cumulative amounts of interest expenses that would have been incurred had the entity borrowed in its functional currency. The total amount of foreign exchange differences capitalised cannot exceed the amount of total net foreign exchange differences incurred on a cumulative basis at the end of the reporting period.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Current and deferred income tax

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

(a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) *Deferred income tax*

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, 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 substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Outside basis differences

Deferred income tax is provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Current and deferred income tax (continued)

(c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income 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.

2.22 Employee benefits

(a) *Retirement benefits*

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme"), which is a defined contribution retirement scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(b) *Employee leave entitlements*

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

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Share-based payments

Share-based compensation benefits are provided to employees via the employee share incentive scheme.

Share incentive scheme

Equity-settled share-based payment transactions are share-based payment arrangement in which the Group received goods or services as consideration for its own equity instrument. The Group might receive goods or services but have no obligation to settle the transaction with the supplier, as the settlement will be made by a shareholder or another group entity, this transaction is also equity-settled share-based payment transaction.

For an equity-settled share-based payment transaction, the fair value of equity instrument granted is recognised as an employee benefits expense with a corresponding increase in equity.

During the vesting periods, the Group revises its estimates of the number of award shares that are expected to ultimately vest based on the vesting conditions at the end of each reporting period. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to employee share-based compensation expense in the current year, with a corresponding adjustment to the employee share-based capital reserve.

2.24 Provisions and contingent liabilities

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

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

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

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and rendering of services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the Group companies. The Group recognises revenue when specific criteria have been met for each of the Group's activities, as described below.

(a) Sales of properties

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

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

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 that best depict the Group's performance in satisfying the performance obligation.

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

For property development and sales contracts for which the control of the property is transferred at a point in time, revenue is recognised when the purchaser 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.

(b) Investment and operation of commercial properties

Revenues from investment and operation of commercial properties mainly include property lease income and revenues from hotel operations.

Property lease income

Property lease income from properties letting under operating leases is recognised on a straight line basis over the term of the lease.

Hotel operations

Revenues from hotel operations are recognised in the accounting period in which the related services are rendered.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 Revenue recognition (continued)

(c) *Property management services*

Revenues from rendering of property management services are recognised in the accounting period in which the related services are rendered.

Financial components

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

2.26 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see Note 30 below.

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss 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, see Note 31 below. 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).

2.27 Dividend income

Dividends are received from financial assets measured at fair value through profit or loss (FVPL) and at fair value through other comprehensive income (FVOCI). Dividends are recognised as other income in profit or loss when the right to receive payment is established.

2.28 Leases

Leases are recognised as a right-of-use asset (included in "Property and equipment" (Note 6) and "Investment properties" (Note 7)) and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Leases (continued)

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.

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 payments that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

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

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Leases (continued)

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.

The right-of-use asset which was recognised as investment properties is carried at fair value at each reporting date after initial recognition and others being included in property and equipment is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (Note 7). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.29 Dividend distribution

Dividend distribution to the owners of the Company is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the owners of the Company.

2.30 Financial guarantee contracts

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

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

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

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

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1 Financial risk factor

(a) *Market risk*

(i) Foreign exchange risk

The Group's businesses are principally conducted in RMB. As at 31 December 2020, major non-RMB assets and liabilities are cash and cash equivalents, restricted cash, FVOCI, FVPL, other payables and borrowings, which are denominated in Hong Kong dollar ("HK\$") or US dollar ("US\$"). Fluctuation of the exchange rate of RMB against HK\$ or US\$ could affect the Group's results of operations. The Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the respective balance sheet dates are as follows:

	31 December	
	2020 RMB'000	2019 RMB'000
Financial assets		
– HK\$	1,044,122	2,059,063
– US\$	934,742	1,151,223
	1,978,864	3,210,286
Financial liabilities		
– HK\$	5,221,338	3,456,264
– US\$	14,169,950	14,330,741
	19,391,288	17,787,005

The aggregate net foreign exchange losses recognised in profit or loss were:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Net foreign exchange gains included in other income and gains-net	42,861	1,406
Exchange gains/(losses) on foreign currency borrowings included in finance costs-net	1,205,882	(167,881)
Total net foreign exchange gains/(losses) recognised in profit before income tax for the year	1,248,743	(166,475)

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factor (continued)

(a) *Market risk (continued)*

(i) Foreign exchange risk (continued)

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated financial items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% strengthened/weakened in RMB against the relevant currencies, the effect of post tax profit and net asset for the year is as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Increase/(decrease) in profit for the year:		
5% strengthened in RMB against the relevant currencies		
– HK\$	208,861	69,860
– US\$	661,760	658,976
	870,621	728,836
5% weakened in RMB against the relevant currencies		
– HK\$	(208,861)	(69,860)
– US\$	(661,760)	(658,976)
	(870,621)	(728,836)

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risks arise from long-term borrowings. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates.

The Group's exposure to changes in interest rates is mainly attributable to its long-term borrowings. As at 31 December 2020, long-term borrowings of the Group bearing floating interest rates amounted to approximately RMB27,430,659,000 (2019: RMB22,711,233,000). If interest rates on borrowings at floating rates as at 31 December 2020 had been 50 basis point higher/lower with all other variables held constant, interest charges for the year would increase/decrease by RMB137,153,000 (2019: RMB113,556,000), most of which would have been capitalised in qualified assets.

(iii) Price risk

The Group is exposed to equity securities price risk in connection with the financial assets at FVOCI and financial assets at FVPL held by the Group. The Group closely monitors the fluctuation of the price and assesses the impact on the Group's financial statements. If the price of equity securities the Group invested in had been 5% higher/lower, post tax profit for the year ended 31 December 2020 would increase/decrease by approximately RMB15,449,000 (2019: increase/decrease by approximately RMB10,383,000), as a result of more/less fair value gain on financial assets at fair value through profit or loss. Other comprehensive income would have been approximately RMB16,465,000 higher/lower (2019: RMB14,330,000 higher/lower).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factor (continued)

(b) *Credit risk*

The Group is exposed to credit risk in relation to its contract assets, trade and other receivables and cash deposits with banks. The carrying amounts of contract assets, trade and other receivables, restricted cash, cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

Cash transactions are limited to high-credit-quality institutions. Deposits are only placed with reputable banks.

For trade receivables and contract assets arisen from sales of properties, the Group closely monitors repayment progress of the customers in accordance with the terms as specified in the enforceable contracts. The Group has set up policies to ensure follow-up action is taken to recover overdue debts. The Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties for an amount up to 50% to 70% of the total purchase price of the properties. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the property sales proceeds received from the customers and sell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is minimal. Detailed disclosure of these guarantees is made in Note 36.

For trade receivables arisen from lease of properties, the Group has policies in place to ensure that rental contracts are entered into only with lessees with an appropriate credit history, and the Group monitors the credit quality of receivables on an ongoing basis. Deposits may be withheld by the Group in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract. The Group also regularly reviews the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

For other receivables, management makes periodic collective assessments as well as assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factor (continued)

(b) *Credit risk (continued)*

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

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower.

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

(i) Trade receivables and contract assets

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets.

To measure the expected credit losses of trade receivables and contract assets, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days of initial recognition.

The expected loss rate of contract assets is assessed to be low and no loss allowance provision is made for contract assets during the period. The loss allowance provision of trade receivables as at 31 December 2020 is set out in Note 11.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factor (continued)

(b) *Credit risk (continued)*

(ii) Other receivables

Other financial assets at amortised cost include other receivables from third parties and related parties. The Group has assessed that the expected credit losses for these receivables under the 12 months expected losses method.

For amounts due from related parties that are receivable on demand, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. As the borrower has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the expected credit loss is likely to be immaterial. For other categories of other receivables have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term, the Group considered them to have low credit risk, and thus the loss allowance is immaterial.

(c) *Liquidity risk*

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from pre-sale of properties, committed credit facilities, short-term and long-term borrowings. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and flexibility in funding through available sources of financing.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include control on investment in land bank, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing. The Group will pursue such options basing on its assessment of relevant future costs and benefits.

The table below set out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factor (continued)

(c) Liquidity risk (continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2020					
Borrowings	24,010,961	16,549,193	24,557,487	14,718,442	79,836,083
Trade and other payables (Note (a))	34,281,515	118,207	63,960	–	34,463,682
Lease liabilities	221,669	76,449	201,921	896,500	1,396,539
	58,514,145	16,743,849	24,823,368	15,614,942	115,696,304
At 31 December 2019					
Borrowings	18,528,039	19,923,878	18,129,928	8,841,723	65,423,568
Trade and other payables (Note (a))	29,294,998	87,617	–	–	29,382,615
Lease liabilities	240,346	120,228	102,323	–	462,897
	48,063,383	20,131,723	18,232,251	8,841,723	95,269,080

Note:

(a) It represents payables excluding salaries payables and other taxes payables.

The Group also provides guarantees to secure repayment obligations of certain purchasers of the Group's property units and the principal of borrowings of the joint ventures and associates, which will have contractual cash flows only if the guaranteed purchasers, joint ventures or associates default the repayment (Note 36).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents (Note 19) and less guarantee deposits for bank borrowings included in restricted cash (Note 18(b)). Total borrowings comprise senior notes, corporate bonds, commercial mortgage backed securities, assets-backed securities, short-term commercial papers, bank borrowings and other borrowings (Note 23). Total capital is calculated as total equity as shown in the consolidated balance sheet plus net debt.

The gearing ratios at 31 December 2020 and 2019 are as follows:

	31 December	
	2020 RMB'000	2019 RMB'000
Total borrowings (Note 23)	66,567,356	55,263,081
Less: cash and cash equivalents (Note 19)	(25,338,726)	(20,305,545)
Less: guarantee deposits for bank borrowings (Note 18(b))	(1,504,790)	(2,655,832)
Net debt	39,723,840	32,301,704
Total equity	51,801,166	38,907,028
Total capital	91,525,006	71,208,732
Gearing ratio	43.4%	45.4%

Despite increase in net debt in 2020, the gearing ratio slightly decreased primarily due to the increase in the Group's total equity resulting from a profitable year and new capital injected by the non-controlling interest during the year.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy 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 liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability 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 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2020				
Financial assets:				
Financial assets at fair value through profit or loss (Note 14)	46,396	262,587	313	309,296
Financial assets at fair value through other comprehensive income (Note 15)	–	–	439,057	439,057
Total	46,396	262,587	439,370	748,353
At 31 December 2019				
Financial assets:				
Financial assets at fair value through profit or loss (Note 14)	52,310	155,352	–	207,662
Financial assets at fair value through other comprehensive income (Note 15)	–	–	382,139	382,139
Total	52,310	155,352	382,139	589,801

There were no transfers between levels during the year.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

(a) *Financial instruments in level 1*

As at 31 December 2020, the Group's financial assets at fair value through profit or loss which are listed securities in Hong Kong, their fair value is based on their quoted market prices at the balance sheet dates. 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. These financial assets at fair value through profit or loss are included in level 1. The quoted market price used for financial assets held by the Group is the current bid price.

(b) *Financial instruments in level 2*

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.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

(c) *Financial instruments in level 3*

The fair value of financial instruments included in level 3 is disclosed in Note 15.

The judgements and estimates made in determining the fair value of the Group's non-financial assets that are recognised and measured at fair value (representing the investment properties) have been disclosed in Notes 4(c) and 7.

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivables and payables is either close to current market rates or the instruments are short-term in nature.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing these consolidated financial statements are evaluated and based on historical experience and 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 estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Income taxes and deferred taxation

The Group is subject to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the year in which such determination is made.

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

(b) PRC land appreciation taxes

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 PRC land appreciation taxes calculation and payments with most of local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related taxes. The Group recognised these PRC 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 taxation and tax provisions in the years in which such taxes have been finalised with local tax authorities.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Fair value of investment properties

The Group assesses the fair value of its completed investment properties and investment properties under construction based on assessments determined by an independent and professional qualified valuer.

The best evidence of fair value of completed investment properties is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) discounted cash flows projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Investment properties under construction are carried at fair value when is considered to be reliably measurable. In order to evaluate whether the fair value of an investment property under development can be determined reliably, management considers certain factors, please refer to Note 2.8.

Management, after consulting independent qualified valuer, considers that the fair value of investment properties under construction as at 31 December 2020 can be measured at a reasonable accurate level. Therefore, these investment properties under construction as at 31 December 2020 were measured at fair value.

The fair value gains from completed investment properties and investment properties under construction are disclosed in Note 7.

5 SEGMENT INFORMATION

The executive directors, as the chief operating decision-makers (“CODM”) of the Group, 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 Group is organised into four business segments: property development, property investment, commercial operation and residential property management, and other property development related businesses. Other property development related businesses are mainly operations of hotels. As the CODM considers most of the Group’s consolidated revenue and results are attributable to the market in the PRC and the Group’s consolidated assets are substantially located in the PRC, no geographical information is presented.

Revenue consists of sales of properties, rental income of investment properties, income from provision of commercial operational services and residential property management services and other property development related businesses. Revenue of the year consists of the following:

	Year ended 31 December	
	2020 RMB’000	2019 RMB’000
Sales of properties	31,485,863	22,477,631
Rental income of investment properties	1,561,769	1,419,940
Income from provision of commercial operational services and residential property management services	1,674,459	1,392,768
Income of other property development related businesses	773,209	751,293
	35,495,300	26,041,632

5 SEGMENT INFORMATION (CONTINUED)

- (a) Segment results represent the profit earned by each segment without fair value gains/losses on financial assets, losses on disposal of financial assets, dividend income of financial assets, unallocated operating costs, finance income/(costs)-net and income tax expense. The segment results and other segment items for the year ended 31 December 2020 are as follows:

	Property development RMB'000	Property investment RMB'000	Commercial operation and residential property management RMB'000	Other property development related businesses RMB'000	Elimination RMB'000	Group RMB'000
Gross segment revenue	31,485,863	1,667,926	1,921,238	800,204	-	35,875,231
Inter-segment revenue	-	(106,157)	(246,779)	(26,995)	-	(379,931)
Revenue	31,485,863	1,561,769	1,674,459	773,209	-	35,495,300
Share of post-tax profits/ (losses) of joint ventures	304,116	-	(3,009)	-	-	301,107
Share of post-tax profits of associates	365,850	-	-	33	-	365,883
Segment results	10,386,981	3,226,859	293,011	(174,955)	-	13,731,896
Fair value gains on financial assets at fair value through profit or loss						12,817
Dividend income of financial assets						1,218
Unallocated operating costs						(774,977)
Finance income – net						312,433
Profit before income tax						13,283,387
Income tax expense						(4,468,037)
Profit for the year						8,815,350
Depreciation and amortisation recognised as expenses	60,806	-	5,741	212,959	-	279,506
Fair value gains/(losses) on investment properties – net (Note 7)	-	2,187,227	(91,463)	-	-	2,095,764

5 SEGMENT INFORMATION (CONTINUED)

(a) (continued)

The segment results and other segment items included in the profit for the year ended 31 December 2019 are as follows:

	Property development RMB'000	Property investment RMB'000	Commercial operation and residential property management RMB'000	Other property development related businesses RMB'000	Elimination RMB'000	Group RMB'000
Gross segment revenue	22,477,631	1,513,619	1,620,457	751,293	–	26,363,000
Inter-segment revenue	–	(93,679)	(227,689)	–	–	(321,368)
Revenue	22,477,631	1,419,940	1,392,768	751,293	–	26,041,632
Share of post-tax profits of joint ventures	225,003	–	–	–	–	225,003
Share of post-tax profits/ (losses) of associates	150,973	–	–	(221)	–	150,752
Segment results	8,308,362	3,367,105	153,633	(107,659)	–	11,721,441
Fair value losses on financial assets at fair value through profit or loss						(32,395)
Losses on disposal of financial assets at fair value through profit or loss						(3,993)
Dividend income of financial assets						2,390
Unallocated operating costs						(931,297)
Finance costs – net						(899,775)
Profit before income tax						9,856,371
Income tax expense						(3,838,474)
Profit for the year						6,017,897
Depreciation and amortisation recognised as expenses (Note 6)	80,115	–	3,872	189,019	–	273,006
Fair value gains/(losses) on investment properties – net (Note 7)	–	2,461,812	(67,409)	–	–	2,394,403

Sales between segments are carried out in accordance with the terms of the underlying agreements. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated statement of comprehensive income.

5 SEGMENT INFORMATION (CONTINUED)

(b) Segment assets, liabilities and interests in joint ventures and associates as at 31 December 2020 and capital expenditure for the year then ended are as follows:

	Property development RMB'000	Property investment RMB'000	Commercial operation and residential property management RMB'000	Other property development related businesses RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	114,108,767	59,670,436	4,461,571	6,850,757	(5,461,981)	179,629,550
Other assets						15,501,963
Total assets						195,131,513
Segment assets include:						
Interests in joint ventures	4,304,080	-	2,511	-	-	4,306,591
Interests in associates	3,289,911	-	-	45,698	-	3,335,609
Segment liabilities	43,797,373	1,739,480	2,259,492	4,701,951	(5,461,981)	47,036,315
Other liabilities						96,294,032
Total liabilities						143,330,347
Capital expenditure	94,149	3,872,238	509,792	676,954	-	5,153,133

Segment assets, liabilities and interests in joint ventures and associates as at 31 December 2019 and capital expenditure for the year then ended are as follows:

	Property development RMB'000	Property investment RMB'000	Commercial operation and residential property management RMB'000	Other property development related businesses RMB'000	Elimination RMB'000	Group RMB'000
Segment assets	90,943,400	53,632,823	3,039,962	6,192,617	(5,695,015)	148,113,787
Other assets						14,383,168
Total assets						162,496,955
Segment assets include:						
Interests in joint ventures	3,862,523	-	4,700	-	-	3,867,223
Interests in associates	1,681,040	-	-	45,665	-	1,726,705
Segment liabilities	43,203,510	3,002,928	1,463,645	4,614,762	(5,695,015)	46,589,830
Other liabilities						77,000,097
Total liabilities						123,589,927
Capital expenditure	393,945	2,786,741	155,065	323,690	-	3,659,441

5 SEGMENT INFORMATION (CONTINUED)

Segment assets are reconciled to total assets as follows:

	31 December	
	2020 RMB'000	2019 RMB'000
Segment assets	179,629,550	148,113,787
Other assets		
– Prepaid taxes	865,430	1,019,461
– Deferred income tax assets	800,680	592,882
– Unallocated cash and cash equivalents and restricted cash	5,796,947	4,674,339
– Other receivables from related parties (Note 38(d))	7,211,693	7,408,233
– Unallocated property and equipment	69,308	76,940
– Other corporate assets	9,552	21,512
– Financial assets at fair value through other comprehensive income	439,057	382,139
– Financial assets at fair value through profit or loss	309,296	207,662
Total assets	195,131,513	162,496,955

Segment liabilities are reconciled to total liabilities as follows:

	31 December	
	2020 RMB'000	2019 RMB'000
Segment liabilities	47,036,315	46,589,830
Other liabilities		
– Current income tax liabilities	10,462,611	8,625,998
– Deferred income tax liabilities	7,242,444	6,516,251
– Current borrowings	20,667,678	15,320,774
– Non-current borrowings	45,899,678	39,942,307
– Other payables to related parties (Note 38(d))	10,986,310	5,956,236
– Dividend payables to non-controlling interests	148,880	148,880
– Other corporate liabilities	886,431	489,651
Total liabilities	143,330,347	123,589,927

The amounts provided to the CODM with respect to total assets and liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment.

Segment assets consist primarily of property and equipment, investment properties, intangible assets, properties under development, completed properties held for sale, contract assets, receivables and cash and cash equivalents.

Segment liabilities consist of operating liabilities.

Capital expenditure comprises additions to property and equipment (Note 6) and investment properties (Note 7).

6 PROPERTY AND EQUIPMENT

	Assets under construction RMB'000	Buildings RMB'000	Motor vehicles RMB'000	Furniture, fitting and equipment RMB'000	Right-of use assets RMB'000	Total RMB'000
Year ended 31 December 2020						
Opening net book amount	743,106	2,905,894	18,686	117,067	1,440,377	5,225,130
Additions	347,856	63,351	1,560	32,398	334,762	779,927
Transfer to investment properties (Note 7)	-	(298,127)	-	-	(198,199)	(496,326)
Consolidations of entity previously held as joint venture (Note 40)	-	-	-	33	-	33
Acquisition of a subsidiary	-	-	213	89	-	302
Transfers	(294,217)	294,217	-	-	-	-
Disposals	-	(5,241)	(393)	(1,753)	-	(7,387)
Disposals of subsidiaries	-	-	(526)	(65)	-	(591)
Depreciation/amortisation charges	-	(194,071)	(10,244)	(20,036)	(54,968)	(279,319)
Closing net book amount	796,745	2,766,023	9,296	127,733	1,521,972	5,221,769
At 31 December 2020						
Cost	796,745	3,776,552	81,115	399,409	1,778,389	6,832,210
Accumulated depreciation/amortisation	-	(1,010,529)	(71,819)	(271,676)	(256,417)	(1,610,441)
Net book amount	796,745	2,766,023	9,296	127,733	1,521,972	5,221,769
Year ended 31 December 2019						
Opening net book amount	539,933	2,661,470	28,644	140,515	1,189,963	4,560,525
Additions	360,082	24,401	5,401	14,005	324,917	728,806
Transfer from completed properties held for sale	-	396,773	-	-	-	396,773
Transfer to completed properties held for sale	(62,012)	-	-	-	(28,941)	(90,953)
Transfers	(94,897)	94,897	-	-	-	-
Disposals	-	(85,827)	(8,551)	(2,637)	-	(97,015)
Depreciation/amortisation charges	-	(185,820)	(6,808)	(34,816)	(45,562)	(273,006)
Closing net book amount	743,106	2,905,894	18,686	117,067	1,440,377	5,225,130
At 31 December 2019						
Cost	743,106	3,734,225	86,131	375,415	1,641,826	6,580,703
Accumulated depreciation/amortisation	-	(828,331)	(67,445)	(258,348)	(201,449)	(1,355,573)
Net book amount	743,106	2,905,894	18,686	117,067	1,440,377	5,225,130

6 PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation/amortisation charges were included in the following categories in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Cost of sales	215,962	222,406
Selling and marketing costs	3,647	3,609
Administrative expenses	59,710	46,991
	279,319	273,006

Right-of-use assets comprise cost of acquiring rights to use certain land, which are all located in the PRC, mainly for hotel buildings and other self-use buildings over fixed periods.

As at 31 December 2020, property and equipment with a net book amount of RMB2,266,167,000 (2019: RMB3,345,050,000) were pledged as collateral for the Group's borrowings (Note 23).

Borrowing costs of RMB61,509,000 (2019: RMB97,058,000) have been capitalised in assets under construction for the year ended 31 December 2020.

The capitalisation rate of borrowings for the year ended 31 December 2020 was 6.34% (2019: 6.25%).

7 INVESTMENT PROPERTIES

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
Year ended 31 December 2020			
Opening net book amount	46,578,183	4,506,458	51,084,641
Additions	540,434	3,832,772	4,373,206
Acquisition of a subsidiary	73,838	–	73,838
Transfer from property and equipment (Note (a))	496,326	–	496,326
Revaluation gains upon transfer from property and equipment (Note (a))	122,937	–	122,937
Transfers	3,925,704	(3,925,704)	–
Fair value gains – net	785,372	1,310,392	2,095,764
Disposals	(3,374)	–	(3,374)
At 31 December 2020	52,519,420	5,723,918	58,243,338
Year ended 31 December 2019			
Opening net book amount	39,505,249	6,286,447	45,791,696
Additions	208,731	2,721,904	2,930,635
Transfers	6,073,400	(6,073,400)	–
Fair value gains – net	822,896	1,571,507	2,394,403
Disposals	(32,093)	–	(32,093)
At 31 December 2019	46,578,183	4,506,458	51,084,641

- (a) During the year ended 31 December 2020, certain owner-occupied properties and related land use rights were transferred to investment properties due to change in use. The difference between fair value and carry amounts of these properties and land use rights at the date of change in use is recognised on the other comprehensive income and the deferred tax liabilities.

The following amounts have been recognised in the consolidated statement of comprehensive income:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Rental income (Note 5)	1,561,769	1,419,940
Direct operating expenses arising from investment properties that generate rental income	(392,712)	(352,976)
Direct operating expenses arising from investment properties that do not generate rental income	(162,933)	(171,963)

Investment properties as at 31 December 2020 are held in the PRC on leases between 10 to 50 years (2019: 10 to 50 years).

Borrowing costs of RMB360,655,000 (2019: RMB388,575,000) have been capitalised in investment properties under construction for the year ended 31 December 2020. The capitalisation rate of borrowings for the year ended 31 December 2020 was 6.34% (2019: 6.25%).

7 INVESTMENT PROPERTIES (CONTINUED)

As at 31 December 2020, investment properties of RMB36,383,376,000 (2019: RMB28,106,568,000) were pledged as collateral for the Group's borrowings (Note 23).

The fair value of the investment properties are expected to be realised through rental income. The Group has measured the deferred tax relating to the temporary differences of these investment properties using the tax rates and the tax bases that are consistent with the expected manner of recovery of these investment properties.

(i) Fair value hierarchy

An independent valuation of the Group's certain completed investment properties and investment properties under construction was performed by the independent and professionally qualified valuer, to determine the fair value of the investment properties as at 31 December 2020. The revaluation gains or losses are included in 'Fair value gains on investment properties – net' in the statement of comprehensive income.

As at 31 December 2020, as certain of significant inputs used in the determination of fair value of investment properties are arrived at by reference to certain significant unobservable market data, the fair value of all investment properties of the Group are included in level 3 of the fair value measurement hierarchy.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. No transfers to or out of fair value hierarchy levels during the year.

(ii) Valuation processes of the Group

The Group's investment properties were valued at 31 December 2020 by independent professionally qualified valuer who holds a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that review the valuations performed by the independent valuer for financial reporting purposes. This team reports to the senior management of the Group. Discussions of valuation processes and results are held between the management and valuer at least once every six months, in line with the Group's reporting dates.

At each financial year end, the finance department:

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

7 INVESTMENT PROPERTIES (CONTINUED)

(iii) Valuation techniques

Completed investment properties comprise of commercial properties and carparks. For commercial properties, fair values are generally derived using the term and reversionary method. This method is based on the tenancy agreements as at the respective valuation dates. The rental income derived within the tenancy agreements are discounted by adopting term yields and the potential reversionary income are discounted by adopting appropriate reversionary yields for the period beyond the rental period in the tenancy agreements. Potential reversionary income and the reversionary yields are derived from analysis of prevailing market rents and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

For carparks, valuations are determined using the direct comparison methods. The direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. Given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the selling price such as property size, locations.

Fair values of the investment properties under development are generally derived using the residual method. This valuation method is essentially a means of valuing the land by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

The Group has also used the sale comparison approach by making reference to the sales transactions or asking price evidences of comparable properties as available in the market to cross check the valuation result.

Fair values of the right-of-use assets of commercial properties held under leases are generally derived using the term and reversionary method. This method is based on the tenancy agreements as at the respective valuation dates. The rental income derived within the tenancy agreements are discounted by adopting term yields and the potential reversionary income are discounted by adopting appropriate reversionary yields for the period beyond the rental period in the tenancy agreements. Potential reversionary income and the reversionary yields are derived from analysis of prevailing market rents and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

7 INVESTMENT PROPERTIES (CONTINUED)

(iii) Valuation techniques (continued)

There were no changes to the valuation techniques during the year.

	Property Category	Fair value at 31 December 2020 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value	
Completed investment properties	Commercial properties	48,241,541	Term and reversionary method	Term yields	4.0%-6.5%	The higher the term yields, the lower the fair value	
				Reversionary yields	5.0%-7.0%	The higher the reversionary yields, the lower the fair value	
				Market rents (RMB/square meter/month)	56-354	The higher the market rents, the higher the fair value	
	Car parks	4,277,879	Direct comparison	Market price (RMB/per car park)	35,000-400,000	The higher the market price, the higher the fair value	
Investment properties under construction	Commercial properties	5,215,087	Residual method	Market rents (RMB/square meter/month)	45-145	The higher the market rents, the higher the fair value	
				Reversionary yields	5.0%-6.0%	The higher the market yields, the lower the fair value	
				Budgeted construction costs to be incurred (RMB/sq.m.)	622-3,829	The higher the budgeted construction costs to be incurred, the lower the fair value	
				Developer's profit (%)	5.0%-20.0%	The higher the developer's profit, the lower the fair value	
		Car parks	508,831	Residual method	Market price (RMB/per car park)	38,000-127,000	The higher the market price, the higher the fair value
	Budgeted construction costs to be incurred (RMB/sq.m.)				339-2,073	The higher the budgeted construction costs to be incurred, the lower the fair value	
				Developer's profit (%)	5.0%-15.0%	The higher the developer's profit, the lower the fair value	

7 INVESTMENT PROPERTIES (CONTINUED)

(iii) Valuation techniques (continued)

	Property Category	Fair value at 31 December 2019 RMB'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed investment properties	Commercial properties	42,771,589	Term and reversionary method	Term yields	3.5%-6.5%	The higher the term yields, the lower the fair value
				Reversionary yields	5.0%-7.0%	The higher the reversionary yields, the lower the fair value
				Market rents (RMB/square meter/month)	67-283	The higher the market rents, the higher the fair value
Investment properties under construction	Commercial properties	3,637,254	Residual method	Market rents (RMB/square meter/month)	67-102	The higher the market rents, the higher the fair value
				Reversionary yields	5.0%-6.0%	The higher the market yields, the lower the fair value
	Car parks	3,806,594	Direct comparison	Market price (RMB/per car park)	29,000-400,000	The higher the market price, the higher the fair value
				Budgeted construction costs to be incurred (RMB/sq.m.)	629-4,044	The higher the budgeted construction costs to be incurred, the lower the fair value
				Developer's profit (%)	10.0%-20.0%	The higher the developer's profit, the lower the fair value
				Market price (RMB/per car park)	75,000-320,000	The higher the market price, the higher the fair value
Car parks	869,204	Residual method	Budgeted construction costs to be incurred (RMB/sq.m.)	95-2,134	The higher the budgeted construction costs to be incurred, the lower the fair value	
			Developer's profit (%)	5.0%-15.0%	The higher the developer's profit, the lower the fair value	

8 LEASES

(i) Amounts recognised in the consolidated balance sheet relating to leases

	31 December	
	2020 RMB'000	2019 RMB'000
Right-of-use assets		
Property and equipment	1,521,972	1,440,377
Investment properties	692,388	209,045
	2,214,360	1,649,422
Lease liabilities		
Current	213,000	232,318
Non-current	675,920	197,515
	888,920	429,833

(ii) Amounts recognised in the consolidated statement of comprehensive income relating to leases

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Depreciation and amortisation charge (Note 6)		
Land use rights	(39,164)	(39,178)
Other properties	(15,804)	(6,384)
	(54,968)	(45,562)
Fair value losses relating to investment properties	91,463	67,409
Interest expense (included in finance cost)	35,595	21,341
Expense relating to short-term leases (included in cost of goods sold and administrative expenses)	14,163	11,618
Expense relating to variable leases payments not included in lease liabilities (included in cost of goods sold)	7,576	14,391
Cash outflows for lease payments (including principal elements and relevant interest expenses)	171,753	95,244

9 PROPERTIES UNDER DEVELOPMENT

	31 December	
	2020 RMB'000	2019 RMB'000
Properties under development include:		
– Construction costs and capitalised expenditures	10,634,408	11,105,411
– Interests capitalised	4,814,063	4,231,126
– Land use rights	33,270,826	21,110,383
	48,719,297	36,446,920

The properties under development are all located in the PRC and expected to be completed within an operating cycle. The amounts of RMB27,516,461,000 as at 31 December 2020 (2019: RMB18,995,483,000) within normal operating cycle were expected to be completed and delivered beyond one year. The relevant land use rights in the PRC are on leases of 40 to 70 years.

As at 31 December 2020, properties under development of approximately RMB28,307,574,000 (2019: RMB20,668,199,000) were pledged as collateral for the Group's borrowings (Note 23).

The capitalisation rate of borrowings for the year ended 31 December 2020 was 6.34% (2019: 6.25%).

10 COMPLETED PROPERTIES HELD FOR SALE

The completed properties held for sale are all located in the PRC.

As at 31 December 2020, completed properties held for sale of approximately RMB6,189,199,000 (2019: RMB5,103,603,000) were pledged as collateral for the Group's borrowings (Note 23).

11 TRADE RECEIVABLES

	31 December	
	2020 RMB'000	2019 RMB'000
Trade receivables (Note (a))	2,259,611	2,032,754
– Third parties	2,218,069	2,020,186
– Related parties (Note 38(d))	41,542	12,568
Less: loss allowance (Note (b))	(95,773)	(46,074)
	2,163,838	1,986,680

11 TRADE RECEIVABLES (CONTINUED)

- (a) The majority of the Group's sales are derived from sales of properties and rental income. Proceeds in respect of sales of properties and rental income are to be received in accordance with the terms of related sales and purchase agreements and rental contracts.

The ageing analysis of trade receivables as at the respective balance sheet date is as follows:

	31 December	
	2020 RMB'000	2019 RMB'000
Within 90 days	1,803,234	1,522,726
Over 90 days and within 180 days	86,589	20,447
Over 180 days and within 365 days	210,146	108,479
Over 365 days	159,642	381,102
	2,259,611	2,032,754

- (b) The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2020, a provision of RMB95,773,000 was made against the gross amounts of trade receivables (2019: RMB46,074,000).

The closing loss allowance for trade receivables reconcile to the opening loss allowance as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
At 1 January	46,074	19,860
Provision for impairment	57,491	28,554
Receivables written off during the year as uncollectible	(6,001)	(2,340)
Unused amount reverse	(1,791)	–
At 31 December	95,773	46,074

- (c) As at 31 December 2020 and 2019, the fair value of trade receivables approximated their carrying amounts. The maximum exposure to credit risk of the trade receivables at the reporting date was the carrying value of each class of receivables.
- (d) The Group's trade receivables are mainly denominated in RMB.

12 OTHER RECEIVABLES

	31 December	
	2020 RMB'000	2019 RMB'000
Deposits for acquisition of land use rights	363,435	667,810
Other receivables from:	15,758,805	15,828,807
– Related parties (Note 38(d))	7,211,693	7,408,233
– Non-controlling interests (Note (c))	5,302,505	6,183,065
– Other amounts due from third parties (Note (d))	3,244,607	2,237,509
Less: loss allowance	(94,302)	–
	16,027,938	16,496,617

- (a) The Group's other receivables are mainly denominated in RMB.
- (b) Included in other receivables from related parties, there are amounts due from joint ventures of approximately RMB1,829,022,000 (2019: RMB2,235,424,000) bearing interest at average rate of 7.34% per annum (2019: 7.38%) and repayable within one year.
- (c) Other receivables represent cash advances made to non-controlling interests, which are unsecured, interest free and repayable on demand.
- (d) Other receivables from third parties mainly consist of deposits for construction projects.
- (e) The carrying amounts of other receivables approximate their fair values. The maximum exposure to credit risk of the other receivables at the reporting date was the carrying value of each class of receivables.

13 PREPAYMENTS

	31 December	
	2020 RMB'000	2019 RMB'000
Acquisition of land use rights (Note (a))	10,995,180	8,577,064
Others	405,430	315,827
	11,400,610	8,892,891
Less: non-current portion		
Prepayments for acquisition of investment properties	(1,269,164)	–
	10,131,446	8,892,891

- (a) Prepayments for land acquisitions are made in accordance with the payment terms as stipulated in the land acquisition contracts. The land acquisition costs which are contracted but not provided for are included in commitments (Note 37(a)).

14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

FVPL comprise equity investments that are held for trading and equity investments for which the Group has not elected to recognise fair value gains and losses through other comprehensive income.

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Opening amounts as at 1 January	207,662	297,565
Additions	88,504	–
Acquisition of a subsidiary	313	–
Fair value gains/(losses) (Note 30)	12,817	(32,395)
Disposals	–	(57,508)
Closing amounts as at 31 December	309,296	207,662
Less: non-current portion	(313)	–
	308,983	207,662

FVPL comprise the following individual investments:

	31 December	
	2020 RMB'000	2019 RMB'000
Hong Kong listed equity securities	46,396	52,310
Investment fund	262,587	155,352
Others	313	–
	309,296	207,662

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

Analysis of the sensitivity of the assets to foreign exchange and price risk is set out in Note 3.1.

15 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(a) Classification and measurement

FVOCI comprise equity securities which are not held for trading and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Opening amounts as at 1 January	382,139	348,461
Net gains recognised in other comprehensive income	56,918	33,678
Closing amounts as at 31 December	439,057	382,139

Equity investments at FVOCI comprise the following individual investments:

	31 December	
	2020 RMB'000	2019 RMB'000
Non-current unlisted securities:		
– Unlisted insurance company (Note (i))	424,284	367,287
– Other unlisted equity investments	14,773	14,852
	439,057	382,139

- (i) In 2015, the Group invested a total sum of RMB307,200,000 in an unlisted insurance company in the PRC for its 5% equity interest. As at 31 December 2020, the fair value of this 5% equity interest was derived by using the market approach.

(b) Fair value, impairment and risk exposure

Information about the methods and assumptions used in determining fair value is provided in Note 3.3.

Analysis of the sensitivity of the assets to foreign exchange and price risk is set out in Note 3.1.

16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

There was no associate nor joint venture of the Group as at 31 December 2020 which, in the opinion of the executive directors, are material to the Group. For those individually immaterial associates and joint ventures that are accounted for using the equity method, amounts recognised in the consolidated balance sheet and the profit or loss are set out as below:

The amounts recognised in the balance sheet are as follows:

	31 December	
	2020 RMB'000	2019 RMB'000
Investments in joint ventures	4,306,591	3,867,223
Investments in associates	3,335,609	1,726,705
	7,642,200	5,593,928

The profits recognised in the statement of comprehensive income are as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Joint ventures (Note (a))	301,107	225,003
Associates (Note (b))	365,883	150,752
	666,990	375,755

(a) Joint ventures

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
At 1 January	3,867,223	3,151,990
Additions	841,700	584,461
Dividends declared	(426,060)	–
Transfer to subsidiary (Note 40)	(210,065)	–
Disposal	–	(44,581)
Share of profits – net	301,107	225,003
Currency translation differences	(16,027)	4,736
Elimination of unrealised profits	(51,287)	(54,386)
At 31 December	4,306,591	3,867,223

The contingent liabilities relating to the Group's financial guarantee provided for the joint ventures are disclosed in Note 36. There is no commitment relating to the Group's interests in the joint ventures.

16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)**(b) Associates**

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
At 1 January	1,726,705	975,453
Additions	1,338,061	602,918
Acquisition of a subsidiary	1,000	–
Dividends declared	(85,000)	–
Share of profits – net	365,883	150,752
Disposals	(1,000)	–
Elimination of unrealised profits	(10,040)	(2,418)
At 31 December	3,335,609	1,726,705

The contingent liabilities relating to the Group's financial guarantee provided for the associates are disclosed in Note 36. There is no commitment relating to the Group's interests in the associates.

17 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

Financial assets

	31 December	
	2020 RMB'000	2019 RMB'000
Financial assets at amortised cost:	46,104,337	41,486,147
Trade receivables	2,163,838	1,986,680
Other receivables excluding deposits	15,664,503	15,828,807
Restricted cash	2,937,270	3,365,115
Cash and cash equivalents	25,338,726	20,305,545
FVOCI	439,057	382,139
FVPL	309,296	207,662
	46,852,690	42,075,948

17 FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)**Financial liabilities**

	31 December	
	2020 RMB'000	2019 RMB'000
Financial liabilities at amortised cost:		
Borrowings	66,567,356	55,263,081
Trade and other payables excluding other taxes and salaries payables	34,463,682	29,382,615
Lease liabilities	888,920	429,833
	101,919,958	85,075,529

18 RESTRICTED CASH

	31 December	
	2020 RMB'000	2019 RMB'000
Guarantee deposits for construction projects (Note (a))	1,335,299	618,040
Guarantee deposits for bank acceptance notes	–	10,417
Guarantee deposits for bank borrowings (Note (b))	1,504,790	2,655,832
Others	97,181	80,826
	2,937,270	3,365,115
Denominated in:		
– RMB	2,853,106	2,667,494
– HK\$	84,164	–
– US\$	–	697,621
	2,937,270	3,365,115

- (a) In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place certain amount of presale proceeds of properties at designated bank accounts as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant property projects when approval from the local State-Owned Land and Resource Bureau is obtained. The remaining balances of the deposits will be released after completion of related pre-sold properties or issuance of the real estate ownership certificate of the properties, whichever is the earlier.
- (b) As at 31 December 2020, the Group has placed cash deposits of approximately RMB1,504,790,000 (2019: RMB2,655,832,000) with designated banks as security for bank borrowings (Note 23).

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

19 CASH AND CASH EQUIVALENTS

	31 December	
	2020 RMB'000	2019 RMB'000
Cash at bank and in hand:		
– Denominated in RMB	24,048,516	18,298,660
– Denominated in HK\$	405,879	1,607,318
– Denominated in US\$	884,331	399,567
	25,338,726	20,305,545

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

20 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Total RMB'000
Authorised:				
As at 1 January 2019, 31 December 2019 and 31 December 2020	30,000,000,000	–	–	–
Issued and fully paid:				
As at 1 January 2020	4,143,903,000	36,809	682,279	719,088
Repurchase of share (Note (a))	(1,500,000)	(14)	(5,530)	(5,544)
Dividends	–	–	(676,749)	(676,749)
As at 31 December 2020	4,142,403,000	36,795	–	36,795
As at 1 January 2019	3,997,303,000	35,486	1,128,639	1,164,125
Proceeds from share placement	146,600,000	1,323	705,039	706,362
Dividends	–	–	(1,151,399)	(1,151,399)
As at 31 December 2019	4,143,903,000	36,809	682,279	719,088

- (a) During the year ended 31 December 2020, the Company repurchased an aggregate of 1,500,000 shares through the Stock Exchange at a total consideration of HK\$6,243,920 (equivalent to approximately RMB5,544,000). The aforesaid repurchased shares have been cancelled.

21 OTHER RESERVES

	Merger reserve	Other reserves	Statutory reserves	Share-based compensation reserves	Revaluation reserves	Capital injection by non- controlling interests	Transaction with non- controlling interests	Total
	RMB'000 (Note (a))	RMB'000 (Note (b))	RMB'000 (Note (c))	RMB'000 (Note (d))	RMB'000 (Note (b))	RMB'000 (Note (e))	RMB'000	RMB'000
Balance at 1 January 2020	337,203	3,557	127,290	-	272,959	926,674	1,606	1,669,289
Changes in ownership interests in subsidiaries without change of control	-	-	-	-	-	-	(518,025)	(518,025)
Change in fair value of FVOCI, net of tax	-	-	-	-	42,688	-	-	42,688
Transfer from property and equipment to investment properties, net of tax	-	-	-	-	92,203	-	-	92,203
Employee share award scheme	-	-	-	13,097	-	-	-	13,097
Appropriation to statutory reserves	-	-	1,187	-	-	-	-	1,187
Currency translation differences	-	(16,027)	-	-	-	-	-	(16,027)
Capital injection from non-controlling interests	-	-	-	-	-	297,775	-	297,775
Balance at 31 December 2020	337,203	(12,470)	128,477	13,097	407,850	1,224,449	(516,419)	1,582,187
Balance at 1 January 2019	337,203	(1,179)	95,746	-	247,700	-	1,606	681,076
Change in fair value of FVOCI, net of tax	-	-	-	-	25,259	-	-	25,259
Appropriation to statutory reserves	-	-	31,544	-	-	-	-	31,544
Currency translation differences	-	4,736	-	-	-	-	-	4,736
Capital injection from non-controlling interests	-	-	-	-	-	926,674	-	926,674
Balance at 31 December 2019	337,203	3,557	127,290	-	272,959	926,674	1,606	1,669,289

(a) Merger reserve

The merger reserve represents the aggregate nominal value of the share capital/paid-in capital of the subsidiaries acquired by the Company from the controlling shareholders less the consideration paid to the controlling shareholders pursuant to the reorganisation undertaken in 2007 for preparation of listing of the Company on the Stock Exchange.

21 OTHER RESERVES (CONTINUED)**(b) Other comprehensive income**

	Year ended 31 December 2020		
	Other reserves	Revaluation reserves	Total other comprehensive income
	RMB'000	RMB'000	RMB'000
Items that may be reclassified subsequently to profit or loss: Currency translation differences (Note 16(a))	(16,027)	-	(16,027)
Items that will not be reclassified subsequently to profit or loss: Revaluation gains on property and equipment transferred to investment properties (Note 7)	-	122,937	122,937
Fair value gains on FVOCI – gross (Note 15)	-	56,918	56,918
Tax charge – deferred income tax	-	(44,964)	(44,964)
Total other comprehensive income – net of tax	(16,027)	134,891	118,864

	Year ended 31 December 2019		
	Other reserves	Revaluation reserves	Total other comprehensive income
	RMB'000	RMB'000	RMB'000
Items that may be reclassified subsequently to profit or loss: Currency translation differences (Note 16(a))	4,736	-	4,736
Items that will not be reclassified subsequently to profit or loss: Fair value gains on FVOCI – gross (Note 15)	-	33,678	33,678
Tax charge – deferred income tax	-	(8,419)	(8,419)
Total other comprehensive income – net of tax	4,736	25,259	29,995

Financial assets at FVOCI

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income, as explained in Note 2.11. These changes are accumulated within the FVOCI reserve within equity. The Group will transfer amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

21 OTHER RESERVES (CONTINUED)

(c) Statutory reserves

Pursuant to the relevant laws and regulations in the PRC and the provision of the articles of association of the Group's subsidiaries, the Group's subsidiaries which are registered in the PRC shall appropriate certain percentage of profit after tax (after offsetting any accumulated losses brought forward from prior years) calculated under the accounting principles generally applicable to the PRC enterprises to reserve funds. Depending on the natures, the reserve funds can be used to set off accumulated losses of the subsidiaries or distribute to owners in form of bonus issue.

(d) Employee share award scheme

Powerlong Commercial Management Holding Limited ("Powerlong CM"), a subsidiary of the Group, was listed on the Stock Exchange on 30 December 2019 (the "listing"). On 24 November 2020, Powerlong CM granted 11,250,000 awarded shares under share award scheme to Mr. Chen Deli, the executive Director and the chief executive officer of Powerlong CM. The awarded shares will be transferred to Mr. Chen Deli after the relevant vesting conditions are fulfilled.

(e) Capital injection by non-controlling interests

On 22 January 2020, Powerlong CM exercised the over-allotment option in connection with the Listing and issued 22,500,000 additional shares at a price of HK\$9.50 per share. Net proceeds of the over-allotment amounted to approximately HK\$207,962,000 (equivalent to approximately RMB184,647,000). The excess of the net proceeds over the proportionated net assets of Powerlong CM being diluted of approximately RMB133,337,000 was credited to the other reserves and the non-controlling interest increased by RMB51,310,000.

On 10 September 2020, Powerlong CM entered into a Subscription Agreement with Mr. Chen Deli, pursuant to which, Powerlong CM allotted and issued, and Mr. Chen Deli subscribed 11,250,000 new Shares at a price of HK\$24.30 per share. Net proceeds of the subscription shares amounted to approximately HK\$273,375,000 (equivalent to approximately RMB231,314,000). The excess of the net proceeds over the proportionated net assets of Powerlong CM being diluted of approximately RMB164,438,000 was credited to the other reserves and the non-controlling interest increased by RMB66,876,000.

22 PERPETUAL CAPITAL INSTRUMENTS

	Principal RMB'000	Distribution RMB'000	Total RMB'000
Balance as at 1 January 2020	800,000	20,364	820,364
Redemption of Perpetual Capital Instruments	(300,000)	–	(300,000)
Profit attributable to holders of Perpetual Capital Instruments	–	50,979	50,979
Distribution to holders of Perpetual Capital Instruments	–	(51,562)	(51,562)
Balance as at 31 December 2020	500,000	19,781	519,781
Balance as at 1 January 2019	1,546,000	6,254	1,552,254
Issuance of Perpetual Capital Instruments	500,000	–	500,000
Redemption of Perpetual Capital Instruments	(1,246,000)	–	(1,246,000)
Profit attributable to holders of Perpetual Capital Instruments	–	69,556	69,556
Distribution to holders of Perpetual Capital Instruments	–	(55,446)	(55,446)
Balance as at 31 December 2019	800,000	20,364	820,364

The Perpetual Capital Instruments do not have maturity date and the distribution payments can be deferred at the discretion of the Company. Therefore, the Perpetual Capital Instruments are classified as equity instruments and recorded as part of equity in the consolidated balance sheet.

23 BORROWINGS

	31 December	
	2020 RMB'000	2019 RMB'000
Borrowings included in non-current liabilities:		
Senior notes (Note (a))	13,765,707	13,073,322
Corporate bonds (Note (b))	11,928,398	8,644,860
Commercial mortgage backed securities (Note (c))	2,341,364	843,615
Assets-backed securities (Note (d))	1,269,231	–
Bank borrowings (Note (e))	32,965,056	26,049,451
– secured	32,819,276	25,910,556
– unsecured	145,780	138,895
Other borrowings – secured (Note (f))	350,000	1,476,200
Less: current portion of non-current borrowings	(16,720,078)	(10,145,141)
	45,899,678	39,942,307
Borrowings included in current liabilities:		
Bank borrowings – secured (Note (e))	2,384,600	3,498,953
Other borrowings – secured (Note (f))	763,000	677,400
Short-term commercial papers	800,000	999,280
Current portion of long-term borrowings	16,720,078	10,145,141
	20,667,678	15,320,774
Total borrowings	66,567,356	55,263,081

(a) Senior notes

As at 31 December 2020, senior notes of RMB12,924,867,000 (2019: RMB12,178,897,000) was listed on the Singapore Exchange Securities Trading Limited which contain various early redemption options. The options are regarded as embedded derivatives not closely related to the host contract. The directors of the Company consider that the fair value of the above early redemption options was insignificant as at 31 December 2020 and 2019.

The Group's senior notes are guaranteed and secured by pledges of certain subsidiaries and non-PRC joint ventures.

(b) Corporate bonds

As at 31 December 2020, corporate bonds of RMB10,030,811,000 (2019: RMB5,711,845,000) are with the issuer's option to raise the coupon rate and the investor's option to sell back the bonds at the end of the second, third, fourth or fifth years. The options embedded in the corporate bonds are regarded as embedded derivatives not closely related to the host contract. The directors of the Company consider that the fair value of the above options was insignificant as at 31 December 2020 and 2019.

23 BORROWINGS (CONTINUED)

(c) Commercial mortgage backed securities

Certain PRC subsidiaries of the Company engaged in commercial property operation have entered into Commercial Mortgage Backed Securities (“CMBS”) arrangement with a PRC assets management company by pledge of the commercial properties of the subsidiaries and the right of receipt of rental income derived from these commercial properties for certain years.

On 6 September 2019, the CMBS was established with an aggregate nominal value of RMB900,000,000, with an 18-year maturity, amongst which RMB50,000,000 was subordinate securities purchased by the PRC subsidiary as original equity holder. The net proceeds from CMBS, after deducting the issuance costs and the subordinate securities purchased by the PRC subsidiary, amounted to approximately RMB842,985,000.

On 30 October 2020, another CMBS was established with an aggregate nominal value of RMB1,503,000,000, with an 18-year maturity, amongst which RMB3,000,000 was subordinate securities purchased by the PRC subsidiary as original equity holder. The net proceeds from CMBS, after deducting the issuance costs and the subordinate securities purchased by the PRC subsidiary, amounted to approximately RMB1,493,212,000.

(d) Assets-backed securities

Certain PRC subsidiaries of the Company engaged in property development have entered into Assets-backed Securities (“ABS”) arrangement with a PRC assets management company by pledging the trade receivables from sale of properties. On 29 July 2020, an ABS was established with an aggregate nominal value of RMB1,360,000,000, with a 2-year maturity, amongst which RMB80,000,000 was subordinate securities purchased by the PRC subsidiary as original equity holder. The net proceeds from ABS, after deducting the issuance costs and the subordinate securities purchased by the PRC subsidiary, amounted to approximately RMB1,266,513,000.

(e) Bank borrowings

As at 31 December 2020, bank borrowings of RMB35,203,876,000 (2019: RMB29,409,509,000) were secured by property and equipment (Note 6), investment properties (Note 7), properties under development (Note 9), completed properties held for sale (Note 10) and restricted cash (Note 18); the secured bank borrowings of RMB5,612,354,000 (2019: RMB3,450,000,000) were additionally guaranteed by certain related parties (Note 38(b)(iii)).

(f) Other borrowings

As at 31 December 2020, borrowings from other financial institutions of RMB1,113,000,000 (2019: RMB2,153,600,000) were secured by property and equipment (Note 6), investment properties (Note 7), properties under development (Note 9) and completed properties held for sale (Note 10).

23 BORROWINGS (CONTINUED)

- (g) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	6 months or less RMB'000	6–12 months RMB'000	1–5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2020	12,724,612	40,882,070	10,355,360	2,605,314	66,567,356
At 31 December 2019	9,892,731	34,670,509	8,872,426	1,827,415	55,263,081

- (h) The carrying amounts and fair value of the non-current borrowings are as follows:

	31 December 2020		31 December 2019	
	Carrying amount RMB'000	Fair Value RMB'000	Carrying amount RMB'000	Fair Value RMB'000
Senior Notes (Note (i))	9,685,392	10,153,814	9,275,357	9,492,301
Corporate bonds (Note (ii))	5,014,406	5,030,000	6,618,957	6,810,000
Commercial mortgage backed securities (Note (ii))	2,257,766	2,350,000	843,615	850,000
Assets-backed securities (Note (ii))	1,269,231	1,280,000	–	–
Bank borrowings (Note (iii))	27,322,883	27,322,883	22,058,078	22,058,078
Other borrowings (Note (iii))	350,000	350,000	1,146,300	1,146,300
	45,899,678	46,486,697	39,942,307	40,356,679

Notes:

- (i) The fair values were determined directly by reference to the price quotations published by Singapore Stock Exchange Limited on 31 December 2020 and 2019, using the pricing of dealing date and were within level 1 of the fair value hierarchy.
- (ii) The fair values of public bonds were determined by reference to the price quotations published on the last trading day of the year ended 31 December 2020 and were within level 1 of the fair value hierarchy. The fair values of non-public bonds were estimated based on cash flow discounted at the borrowing rate and were within level 2 of the fair value hierarchy.
- (iii) The fair values were estimated based on discounted cash flow using the prevailing market rates of interest available to the Group for financial instruments with substantially the same terms and characteristics at the balance sheet date and were within level 2 of the fair value hierarchy.

23 BORROWINGS (CONTINUED)

(i) The effective interest rates of borrowings are as follows:

	31 December	
	2020	2019
Senior notes	7.18%	7.32%
Corporate bonds	7.24%	6.90%
Commercial mortgage backed securities	5.77%	6.38%
Assets-backed securities	6.87%	–
Bank and other borrowings	5.86%	6.10%
Short-term commercial papers	5.68%	5.87%

(j) The maturity of the borrowings is as follows:

	Within 1 year RMB'000	1–2 years RMB'000	2–5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2020					
Senior notes	4,080,315	2,779,912	6,905,480	–	13,765,707
Corporate bonds	6,913,992	3,519,048	1,495,358	–	11,928,398
Commercial mortgage backed securities	83,598	81,645	325,030	1,851,091	2,341,364
Assets-backed securities	–	1,269,231	–	–	1,269,231
Bank borrowings	8,026,773	6,581,184	12,715,466	8,026,233	35,349,656
Other borrowings	763,000	–	–	350,000	1,113,000
Short-term commercial papers	800,000	–	–	–	800,000
	20,667,678	14,231,020	21,441,334	10,227,324	66,567,356
As at 31 December 2019					
Senior notes	3,797,965	5,164,964	4,110,393	–	13,073,322
Corporate bonds	2,025,904	4,903,671	1,665,286	49,999	8,644,860
Commercial mortgage backed securities	–	–	–	843,615	843,615
Bank borrowings	7,490,325	7,280,184	9,741,095	5,036,800	29,548,404
Other borrowings	1,007,300	796,300	350,000	–	2,153,600
Short-term commercial papers	999,280	–	–	–	999,280
	15,320,774	18,145,119	15,866,774	5,930,414	55,263,081

23 BORROWINGS (CONTINUED)

(k) As at 31 December 2020 and 2019, the Group had the following undrawn borrowing facilities:

	31 December	
	2020 RMB'000	2019 RMB'000
Floating rate:		
– expiring within 1 year	1,020,300	–
– expiring beyond 1 year	5,197,346	6,546,991
Fixed rate:		
– expiring within 1 year	30,000	891,956
– expiring beyond 1 year	51,500	–
	6,299,146	7,438,947

24 DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	31 December	
	2020 RMB'000	2019 RMB'000
Deferred income tax assets:		
To be realised after more than 12 months	427,482	315,107
To be realised within 12 months	373,198	277,775
	800,680	592,882
Deferred income tax liabilities:		
To be realised after more than 12 months	(6,673,448)	(5,626,867)
To be realised within 12 months	(568,996)	(889,384)
	(7,242,444)	(6,516,251)
	(6,441,764)	(5,923,369)

The net movements on the deferred income tax are as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
At 1 January	(5,923,369)	(5,630,847)
Recognised in income tax expense (Note 32)	(421,637)	(284,103)
Tax charge relating to components of other comprehensive income (Note 21(b))	(44,964)	(8,419)
Consolidation of entities previously held as joint ventures	(50,548)	–
Acquisition of a subsidiary	(1,246)	–
At 31 December	(6,441,764)	(5,923,369)

24 DEFERRED INCOME TAX (CONTINUED)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

	Temporary difference on unrealised profit of inter- company transactions RMB'000	Tax losses RMB'000	Lease liabilities RMB'000	Others RMB'000	Total RMB'000
At 1 January 2020	338,439	522,068	90,876	15,425	966,808
Consolidations of entities previously held as joint ventures	-	6,630	-	-	6,630
Acquisition of a subsidiary	-	-	1,895	-	1,895
Credited to the income tax expense	101,771	2,801	127,399	32,094	264,065
At 31 December 2020	440,210	531,499	220,170	47,519	1,239,398
At 1 January 2019	243,745	486,986	-	-	730,731
Credited to the income tax expense	94,694	35,082	90,876	15,425	236,077
At 31 December 2019	338,439	522,068	90,876	15,425	966,808

24 DEFERRED INCOME TAX (CONTINUED)

Deferred income tax liabilities

	Excess of carrying amount of land use right over the tax bases	Temporary difference on revaluation gains of investment properties	Temporary difference on revaluation of FVOCI	Temporary difference on right-of-use assets	Withholding tax on profit to be distributed in future	Temporary difference on interest capitalisation	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	(706,919)	(5,639,423)	(25,049)	(55,771)	(100,000)	(285,486)	(77,529)	(6,890,177)
Consolidations of entities previously held as joint ventures	(57,178)	-	-	-	-	-	-	(57,178)
Acquisition of a subsidiary	-	-	-	(1,740)	-	-	(1,401)	(3,141)
Tax credited/(charged) to the income tax expense	146,300	(550,442)	-	(122,146)	21,000	(180,461)	47	(685,702)
Tax charge relating to components of other comprehensive income	-	-	(14,229)	-	-	-	(30,735)	(44,964)
At 31 December 2020	(617,797)	(6,189,865)	(39,278)	(179,657)	(79,000)	(465,947)	(109,618)	(7,681,162)
At 1 January 2019	(1,036,218)	(5,037,324)	(16,630)	-	-	(188,384)	(83,022)	(6,361,578)
Tax credited/(charged) to the income tax expense	329,299	(602,099)	-	(55,771)	(100,000)	(97,102)	5,493	(520,180)
Tax charge relating to components of other comprehensive income	-	-	(8,419)	-	-	-	-	(8,419)
At 31 December 2019	(706,919)	(5,639,423)	(25,049)	(55,771)	(100,000)	(285,486)	(77,529)	(6,890,177)

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB436,997,000 (2019: RMB306,553,000) in respect of losses amounting to RMB1,747,989,000 (2019: RMB1,226,211,000) that can be carried forward against future taxable income. The tax losses could be carried forward for a maximum of five years.

24 DEFERRED INCOME TAX (CONTINUED)**Deferred income tax liabilities (continued)**

Tax losses will expire in the following years:

Year	RMB'000
2021	192,753
2022	63,610
2023	340,501
2024	507,161
2025	643,964
	1,747,989

Deferred income tax liabilities of RMB3,687,622,000 (2019: RMB3,179,647,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries. Unremitted earnings totalled RMB36,876,216,000 as at 31 December 2020 (2019: RMB31,796,468,000), as the Group does not have a plan to distribute these earnings out of the PRC.

25 TRADE AND OTHER PAYABLES

	31 December	
	2020 RMB'000	2019 RMB'000
Trade payables (Note (a))	13,183,955	12,757,169
– Related parties (Note 38(d))	25,800	33,945
– Third parties	12,890,578	12,712,860
– Notes payable – third parties	267,577	10,364
Other payables and accruals	17,500,555	13,123,425
– Related parties (Note 38(d))	10,986,310	5,956,236
– Non-controlling interests (Note (b))	3,824,565	3,373,658
– Third parties (Note (c))	2,689,680	3,793,531
Payables for retention fee	823,415	981,622
Value-added tax received in advance from customers	1,928,838	1,399,495
Interest payable	1,068,161	1,052,832
Payables for acquisition of land use rights	23,751	90,401
Other taxes payable	734,129	506,376
Dividend payables to non-controlling interests	148,880	148,880
	35,411,684	30,060,200
Less: non-current portion		
Other payables – third parties	(182,167)	(87,617)
Current portion	35,229,517	29,972,583

25 TRADE AND OTHER PAYABLES (CONTINUED)

- (a) The ageing analysis of trade payables as at 31 December 2020 and 2019 based on invoice date is as follows:

	31 December	
	2020 RMB'000	2019 RMB'000
Within 90 days	8,993,850	9,184,699
Over 90 days and within 180 days	2,513,720	2,171,344
Over 180 days and within 365 days	1,217,702	1,046,201
Over 365 days and within 3 years	458,683	354,925
	13,183,955	12,757,169

- (b) Amounts included certain cash advances from non-controlling interest of approximately RMB518,312,000 which are interest-borne and are repayable according to respective arrangements.
- (c) Amounts represent mainly cash advances from independent third parties for joint development projects and deposits from property purchasers.
- (d) Group's trade and other payables were mainly denominated in RMB, except for the interest payables of RMB314,023,000 and RMB21,860,000 (2019: RMB275,399,000 and RMB23,266,000), which was denominated in US\$ and HK\$ respectively.
- (e) The fair value of trade and other payables approximate their carrying amounts.

26 CONTRACT LIABILITIES

	31 December	
	2020 RMB'000	2019 RMB'000
Contract liabilities		
– Related parties (Note 38(d))	74,209	29,921
– Third parties	22,683,123	22,664,643
	22,757,332	22,694,564

Contract liabilities mainly represent the receipts of the property sales.

(a) Revenue recognised in relation to contract liabilities

The following table set out the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	18,702,253	13,642,565

(b) Unsatisfied performance obligations

The amount of unsatisfied performance obligation is approximately the same as the balance of contract liabilities, which are expected to be recognised in 1 to 3 years as of 31 December 2020 and 31 December 2019.

27 CURRENT INCOME TAX LIABILITIES

The current income tax liabilities are analysed as follows:

	31 December	
	2020 RMB'000	2019 RMB'000
Current income tax liabilities		
– PRC corporate income tax payable	5,575,055	4,493,586
– PRC land appreciation tax payable	4,796,556	4,132,412
– PRC withholding tax payable	91,000	–
	10,462,611	8,625,998

28 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Cost of properties sold – including construction cost, land cost and interest cost	20,156,143	14,431,134
Staff costs and other labour costs (including directors' emoluments)	1,808,323	1,590,611
Employee benefit expenditure and other labour costs – including directors' emoluments	2,078,184	1,846,888
Less: capitalised in properties under development, investment properties under construction and construction in progress	(269,861)	(256,277)
Taxes and other levies	262,581	190,123
Advertising costs	700,078	489,538
Hotel operations expenses	296,977	374,683
Outsourced security, greening, cleaning and maintenance costs	288,409	246,228
Depreciation and amortisation	279,506	273,006
– Property and equipment (Note 6)	224,351	227,444
– Right-of-use assets (Note 6)	54,968	45,562
– Intangible assets	187	–
Utilities	138,303	109,918
Office related expenses	93,863	82,193
Donations	68,892	154,385
Rental expenses	30,237	26,009
Auditor's remuneration	11,666	14,025
– Audit services	8,000	6,700
– Non-audit services	3,666	7,325

29 STAFF COSTS

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Wages and salaries	1,696,547	1,481,721
Pension costs – statutory pension	171,320	264,008
Employee share award scheme	18,416	–
Other staff welfare and benefits	56,014	51,689
	1,942,297	1,797,418
Less: capitalised in properties under development, investment properties under construction and construction in progress	(269,861)	(256,277)
	1,672,436	1,541,141

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year including four (2019: four) directors whose emoluments are reflected in the analysis presented in Note 43. The aggregate amounts of emoluments of the other one (2019: one) highest paid individual for the year ended 31 December 2020 and 2019 are set out below:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Employee share award scheme (Note 21(d))	18,416	–
Wages and salaries	700	840
Fee	140	–
Allowance	21	96
Retirement scheme contributions	65	101
	19,342	1,037

The emoluments fell within the following bands:

	Number of individuals	
	2020	2019
Emolument bands (in HK\$)		
HK\$22,000,000 to HK\$23,000,000	1	–
HK\$1,000,000 to HK\$1,500,000	–	1

During the year ended 31 December 2020, no emolument was paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of offices (2019: nil).

29 STAFF COSTS (CONTINUED)

(b) Pensions – defined contribution plans

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

The Group also participates in a pension scheme under the rules and regulations of the MPF Scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income, with a maximum cap per employee per month.

30 OTHER INCOME AND GAINS – NET

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Interest income	82,241	120,957
Exchange gains – net (Note (a))	42,861	1,406
Fair value gains on the remeasurement of investments in joint ventures (Note 40)	37,919	–
Fair value gains/(losses) on financial assets at fair value through profit or loss	12,817	(32,395)
Gains on disposal of investment properties	2,062	9,220
Gains on disposal of a joint venture and an associate (Note (b))	2,000	805,854
Dividend income of financial assets at fair value through profit or loss	1,218	2,390
Losses on disposal of financial assets at fair value through profit or loss	–	(3,993)
Others	3,108	23,669
	184,226	927,108

(a) Amount mainly represents the net gains on translation of foreign currency financial assets and liabilities from foreign currency into RMB at the prevailing year-end exchange rate. It does not include the exchange gain or loss of translation of borrowings which are included in the "Finance (income)/costs – net" (Note 31).

(b) On 25 September 2019, the Group disposed of a joint venture in the PRC to a third party at an aggregated consideration of approximately RMB850 million and recorded a gain of approximately RMB806 million.

31 FINANCE (INCOME)/COSTS – NET

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Interest expense:		
Borrowings	4,275,175	3,572,605
Convertible Bonds	–	5,135
Lease liabilities	35,595	21,341
	4,310,770	3,599,081
Less: finance costs capitalised	(3,004,478)	(2,594,010)
Foreign exchange (gains)/losses on financing activities – net	(1,205,882)	167,881
Finance costs	100,410	1,172,952
Interest income of bank deposits	(413,133)	(273,177)
Gains of early redemption of senior note	290	–
Finance (income)/costs – net	(312,433)	899,775

32 INCOME TAX EXPENSE

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Current income tax:		
PRC corporate income tax	2,366,554	1,988,146
PRC land appreciation tax	1,679,846	1,566,225
	4,046,400	3,554,371
Deferred income tax:		
PRC corporate income tax	513,759	460,132
PRC land appreciation tax	(92,122)	(176,029)
	421,637	284,103
	4,468,037	3,838,474

The tax charge on other comprehensive income has been disclosed in Note 21(b).

32 INCOME TAX EXPENSE (CONTINUED)

The income tax on the profit before income tax of the Group differs from the theoretical amount that would arise using the enacted tax rate of the home country of the respective group entities as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Profit before income tax	13,283,387	9,856,371
Calculated at applicable corporate income tax rate	3,454,944	2,601,933
Effect of expenses not deductible for income tax	21,938	83,326
Effect of income not subject to income tax	(249,872)	(7,709)
Share of profits of investments accounted for using the equity method	(166,748)	(93,939)
Tax losses for which no deferred income tax asset was recognised	160,991	129,175
Utilisation of tax losses previously not recognised	(14,009)	(16,959)
PRC land appreciation tax deductible for PRC corporate income tax purposes	(396,931)	(347,549)
	2,810,313	2,348,278
PRC withholding income tax on profit to be distributed in the future	70,000	100,000
PRC land appreciation tax	1,587,724	1,390,196
	4,468,037	3,838,474

PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof. The corporate income tax rate applicable to the Group entities located in Mainland China is 25%.

PRC withholding income tax

According to the new Corporate Income Tax Law of the PRC, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong.

32 INCOME TAX EXPENSE (CONTINUED)

PRC land appreciation tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate, except for certain group companies which calculate the LAT based on deemed tax rates in accordance with the approved taxation method obtained from tax authorities.

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company's subsidiaries in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income tax.

Hong Kong profits tax

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the Company and the Group did not have assessable profit in Hong Kong for the year. The profit of the group entities in Hong Kong is mainly derived from dividend income, which is not subject to Hong Kong profits tax.

33 EARNINGS PER SHARE

(a) Basic

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

	Year ended 31 December	
	2020	2019
Profit attributable to owners of the Company (RMB'000)	6,093,216	4,041,116
Weighted average number of ordinary shares in issue (thousand shares)	4,142,654	4,025,418
Basic earnings per share (RMB cents per share)	147.1	100.4

33 EARNINGS PER SHARE (CONTINUED)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Convertible bonds have potential dilutive effect on the earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares arising from convertible bonds.

	Year ended 31 December	
	2020	2019
Profit attributable to owners of the Company (RMB'000)		
Used in calculating basic earnings per share	6,093,216	4,041,116
Add: interest expense on Convertible Bonds	–	5,135
Used in calculating diluted earnings per share	6,093,216	4,046,251
Weighted average number of ordinary shares for diluted earnings per share (thousand shares)		
Used in calculating basic earnings per share	4,142,654	4,025,418
Adjustments:		
Convertible Bonds	–	30,449
Used in calculating diluted earnings per share	4,142,654	4,055,867
Diluted earnings per share (RMB cents per share)	147.1	99.8

Convertible Bonds issued during the year are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share from their date of issue. The Convertible Bonds have not been included in the determination of basic earnings.

34 DIVIDENDS

The dividend paid in 2020 consists of (i) the payment of the 2019 final cash dividend of HK\$27.0 cents per ordinary share totalling HK\$1,118,449,000 (equivalent to RMB1,022,598,000) (2018 final cash dividend of HK\$23.2 cents per ordinary share totalling HK\$927,374,000) and the special dividend of HK\$4.0 cents per ordinary share totalling HK\$165,696,000 (equivalent to RMB151,496,000), and (ii) 2020 interim dividend of HK\$12.0 cents per ordinary share in form of cash totalling HK\$497,088,000 (equivalent to RMB444,636,000) (2019 interim dividend: HK\$9.0 cents per ordinary share in form of cash totalling HK\$372,951,000).

The Board recommended the payment of a final dividend of HK\$33.0 cents per ordinary share. Total amount of final dividend would be HK\$1,366,993,000 (equivalent to approximately RMB1,150,516,000) which is calculated according to the ordinary shares in issue as of 31 December 2020. Such dividends is subject to approval by the shareholders at the Annual General Meeting on 11 June 2021. These consolidated financial statements do not reflect this dividend payable.

35 CASH FLOW INFORMATION**(a) Cash generated from operations**

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Profit before taxation	13,283,387	9,856,371
Adjustments for:		
Depreciation and amortisation	279,506	273,006
– Property and equipment (Note 6)	224,351	227,444
– Right-of-use assets (Note 6)	54,968	45,562
– Intangible assets	187	–
Fair value gains on investment properties – net (Note 7)	(2,095,764)	(2,394,403)
Net impairment losses on financial assets	150,002	26,455
Share of profit of investments accounted for using the equity method (Note 16)	(666,990)	(375,755)
Other income and gains-net (Note 30)	(184,226)	(927,108)
Finance costs – net (Note 31)	(312,433)	899,775
Amortisation of employee share award scheme	18,416	–
Changes in operating capital:		
Properties under development and completed properties held for sale	(11,978,916)	(3,313,235)
Restricted cash	(723,197)	(298,137)
Trade and other receivables	(431,326)	(3,454,837)
Contract assets	(126,422)	(272,949)
Prepayments	(2,872,149)	(6,878,274)
Trade and other payables	479,873	8,047,818
Contract liabilities	(527,909)	6,250,380
Cash generated from operation	(5,708,148)	7,439,107

35 CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

	Loan from related parties and non controlling interests RMB'000	Borrowings RMB'000	Convertible bonds RMB'000	Leases RMB'000	Total RMB'000
Net debt as at 1 January 2020	5,956,236	55,263,081	-	429,833	61,649,150
Cash flows					
- Inflow from financing activities	9,892,897	38,638,283	-	-	48,531,180
- Outflow from financing activities	(4,492,209)	(26,524,943)	-	(171,753)	(31,188,905)
Consolidation of entity previously held as joint venture (Note 40)	-	232,500	-	-	232,500
Acquisition - leases	-	-	-	521,242	521,242
Acquisition of a subsidiary	-	-	-	74,003	74,003
Foreign exchange adjustments	-	(1,158,974)	-	-	(1,158,974)
Other changes (i)	-	117,409	-	35,595	153,004
Net debt as at 31 December 2020	11,356,924	66,567,356	-	888,920	78,813,200

	Loan from related parties RMB'000	Borrowings RMB'000	Convertible bonds RMB'000	Leases RMB'000	Total RMB'000
Net debt as at 1 January 2019	5,698,571	47,357,628	1,743,638	299,876	55,099,713
Cash flows					
- Inflow from financing activities	2,509,013	31,778,199	-	-	34,287,212
- Outflow from financing activities	(2,251,348)	(24,267,226)	(1,701,689)	(95,244)	(28,315,507)
Acquisition - leases	-	-	-	203,860	203,860
Foreign exchange adjustments	-	209,830	(41,949)	-	167,881
Other changes (i)	-	184,650	-	21,341	205,991
Net debt as at 31 December 2019	5,956,236	55,263,081	-	429,833	61,649,150

- (i) Other movements mainly comprise: i) amortisation of issuance costs of senior notes, corporate bonds, commercial mortgage backed securities and assets-backed securities, ii) finance expenses recognised of leases and iii) gains on early redemption of senior notes.

36 FINANCIAL GUARANTEE CONTRACTS

The face value of the financial guarantees issued by the Group is analysed as below:

	31 December	
	2020 RMB'000	2019 RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties (Note (a))	29,461,621	23,098,673
Guarantees for borrowings of joint ventures and associates (Note (b))	1,394,430	1,126,615
	30,856,051	24,225,288

- (a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The directors consider that the likelihood of default in payments by purchasers is minimal and in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore the fair value of these financial guarantees is immaterial.

- (b) Amounts represent principal amounts of the loans of the joint ventures and associates guaranteed by the Group. The Directors consider that the fair value of these contracts at the date of inception was minimal, the repayment was on schedule and risk of default in payment was remote, therefore no provision has been made in the financial statements for the guarantees.

37 COMMITMENTS

(a) Commitments for property development expenditures

	31 December	
	2020 RMB'000	2019 RMB'000
Contracted but not provided for:		
Properties development activities	14,102,853	9,103,153
Acquisition of land use rights	5,954,026	4,688,797
	20,056,879	13,791,950

(b) Leases commitments

As at 31 December 2020, the Group did not have any material short-term lease commitments.

38 RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

Name	Relationship
Skylong Holdings Limited	The ultimate holding company of the Company (incorporated in Cayman Islands)
Mr. Hoi Kin Hong	The ultimate controlling shareholder and also the director of the Company
The Controlling Shareholders, including Ms. Wong Lai Chan, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan	A close family member of ultimate controlling shareholder, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan are also the directors of the Company
Sky Infinity Holdings Limited	Shareholder of the Company and fully owned subsidiary of Mr. Hoi Kin Hong
Powerlong Group Development Co., Ltd. 寶龍集團發展有限公司	Controlled by the ultimate controlling shareholder
Xiamen Powerlong Information Industry Co., Ltd. 廈門寶龍信息產業發展有限公司	Controlled by the ultimate controlling shareholder
Fuzhou Powerlong Amusement Management Company Limited 福州寶龍樂園遊樂有限公司	Controlled by the ultimate controlling shareholder
Qingdao Powerlong Amusement Management Company Limited 青島寶龍樂園旅遊文化發展有限公司	Controlled by the ultimate controlling shareholder
Fujian Ping An Security Devices and Network Limited 福建平安報警網絡有限公司	Controlled by the ultimate controlling shareholder
Mantong (HK) Trading Co., Limited 萬通(香港)貿易有限公司	Controlled by the Controlling Shareholder
Shanghai Yueshang Information Technology Co., Ltd. 上海悅商資訊科技有限公司	Significantly influenced by the Controlling Shareholder
Tianjin Powerlong Jinjun Real Estate Development Co., Ltd. 天津寶龍金駿房地產開發有限責任公司	Joint venture of the Group
Hangzhou Xiaoshan Powerlong Property Development Co., Ltd. 杭州蕭山寶龍置業有限公司	Joint venture of the Group
Baohui Real Estate (Hong Kong) Holdings Limited 寶匯地產(香港)控股有限公司	Joint venture of the Group
Shanghai Xuting Property Development Co., Ltd. 上海旭亭置業有限公司	Joint venture of the Group
Powerlong Golden Wheel Coral Company Limited 寶龍金輪珊瑚有限公司	Joint venture of the Group
Yangzhou Golden Wheel Powerlong Property Development Co., Ltd. 揚州金輪寶龍置業有限公司	Joint venture of the Group
Tianjin Shunji Property Development Co., Ltd. 天津順集置業有限公司	Joint venture of the Group
Ningbo Powerlong Huafeng Property Development Co., Ltd. 寧波寶龍華豐置業發展有限公司	Joint venture of the Group
Shanghai Xiaofeng Enterprise Management Co., Ltd. 上海夏鋒企業管理有限公司	Joint venture of the Group
Shanghai Baozhan Real Estate Development Co., Ltd. 上海寶展房地產開發有限公司	Joint venture of the Group

38 RELATED PARTY TRANSACTIONS (CONTINUED)**(a) Name and relationship with related parties (continued)**

Name	Relationship
Nanjing Weirun Real Estate Development Co., Ltd. 南京威潤房地產開發有限公司	Joint venture of the Group
Ningbo Youngor Baolong Property Development Co., Ltd. 寧波雅戈爾寶龍置業有限公司	Joint venture of the Group
Shanghai Baoshen Digital Technology Co., Ltd. 上海寶申數字科技有限公司	Joint venture of the Group
Shanghai Mijie Property Management Co., Ltd. 上海半傑企業管理有限公司	Joint venture of the Group
Tianjin Yujing City Property Development Co., Ltd. 天津愉景城置業有限公司	Joint venture of the Group
Tianjin Binhui Property Development Co., Ltd. 天津濱輝置業有限公司	Joint venture of the Group
Changzhou Chengyuan Property Development Co., Ltd. 常州誠遠置業發展有限公司	Joint venture of the Group
Taizhou Pengmiao Real Estate Development Co., Ltd. 台州鵬淼房地產開發有限公司	Joint venture of the Group
Qingdao Hailong Yilian Property Development Co., Ltd. 青島海龍衣聯置業有限公司	Joint venture of the Group
Taizhou Huayi Property Development Co., Ltd. 台州華懿置業有限公司	Joint venture of the Group
Taizhou Tianqu Property Development Co., Ltd. 台州天衢置業有限公司	Joint venture of the Group
Pingyang Zhongji Lianye Property Development Co., Ltd. 平陽中基聯業置業有限公司	Joint venture of the Group
Hangzhou Powerlong Taoyuan Property Development Co., Ltd. 杭州寶龍桃源置業發展有限公司	Joint venture of the Group
Zhoushan Longyu Commercial Investment Co., Ltd. 舟山龍宇商業投資有限公司	Joint venture of the Group
Zhoushan Longyu Hotel Co., Ltd. 舟山龍宇大酒店有限公司	Joint venture of the Group
Yiwu Meilong Property Development Co., Ltd. 義烏美龍置業有限公司	Joint venture of the Group
Hangzhou Lin'an Longxing Real Estate Development Co., Ltd. 杭州臨安龍興房地產開發有限公司	Joint venture of the Group
Shaoxing Shimao Xinqihang Property Development Co., Ltd. 紹興世茂新啟航置業有限公司	Joint venture of the Group
Lanxi Longrui Real Estate Development Co., Ltd. 蘭溪龍瑞房地產開發有限公司	Joint venture of the Group
Ningbo Ronghui Property Development Co., Ltd. 寧波融輝置業有限公司	Joint venture of the Group
Zhangjiagang Dongjun Real Estate Development Co., Ltd. 張家港東峻房地產開發有限公司	Joint venture of the Group
Zhejiang Xingbaodi Property Development Co., Ltd. 浙江星寶地置業有限公司	Joint venture of the Group

38 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Name and relationship with related parties (continued)

Name	Relationship
Hangzhou Jufan Enterprise Management Co., Ltd. 杭州聚帆企業管理有限公司	Joint venture of the Group
Hainan Baolong Jinhe Property Development Co., Ltd. 海南寶龍晉合置業有限公司	Joint venture of the Group
Shanghai Zhenqian Enterprise Management Co., Ltd. 上海振茜企業管理有限公司	Joint venture of the Group
Shanghai Rongcheng Property Development Co., Ltd. 上海榮城置業有限公司	Joint venture of the Group
Hangzhou Hongxuan Enterprise Management Consulting Co., Ltd. 杭州鴻煊企業管理諮詢有限公司	Joint venture of the Group
Nanjing Xubao Property Development Co., Ltd. 南京旭寶置業發展有限公司	Joint venture of the Group
Ningbo Shiqin Enterprise Management Consulting Co., Ltd. 寧波世沁企業管理諮詢有限公司	Joint venture of the Group
Tianjin Longhu Ruifeng Property Development Co., Ltd. 天津龍湖睿豐置業有限公司	Joint venture of the Group
Shanghai Duxuan Enterprise Management Co., Ltd. 上海都綸企業管理有限公司	Associate of the Group
Quanzhou Shimao New Mileage Property Development Co., Ltd. 泉州世茂新里程置業有限公司	Associate of the Group
Xuzhou Jinbi Real Estate Development Co., Ltd. 徐州金碧房地產開發有限公司	Associate of the Group
Nanjing Baomao Property Development Co., Ltd. 南京寶茂置業有限公司	Associate of the Group
Hangzhou Zhanxiang Industrial Co., Ltd. 杭州展驥實業有限公司	Associate of the Group
Tianjin Hongyao Decoration Engineering Co., Ltd. 天津宏耀裝修工程有限公司	Associate of the Group
Changshu Shibao Real Estate Development Co., Ltd. 常熟世寶房地產開發有限公司	Associate of the Group
Quanzhou Shimao Shiyue Property Development Co., Ltd. 泉州世茂世悅置業有限公司	Associate of the Group
Zhejiang Zhoushan Zhongzhou Property Development Co., Ltd. 浙江舟山中軸置業有限公司	Associate of the Group
Jinhua Ruilin Real Estate Development Co., Ltd. 金華市瑞麟房地產開發有限公司	Associate of the Group
Zhenjiang Hengrun Real Estate Development Co., Ltd. 鎮江恒潤房地產開發有限公司	Associate of the Group
Yiwu Zhongyao Real Estate Development Co., Ltd. 義烏眾耀房地產開發有限公司	Associate of the Group
Quanzhou Shangquan Industrial Development Co., Ltd. 泉州市上泉實業發展有限公司	Associate of the Group
Suzhou Macalline Property Development Co., Ltd. 蘇州紅星美凱龍房地產開發有限公司	Associate of the Group

38 RELATED PARTY TRANSACTIONS (CONTINUED)**(a) Name and relationship with related parties (continued)**

Name	Relationship
Shanghai Hukang Property Management Co., Ltd. 上海湖康企業管理有限公司	Associate of the Group
Shanghai Hubang Real Estate Development Co., Ltd. 上海湖邦房地產有限公司	Associate of the Group
Zhejiang Lancheng Hongyi Youdao Construction Management Co., Ltd. 浙江藍城宏逸有道建設管理有限公司	Associate of the Group
Shaoxing Keqiao Juhang Real Estate Development Co., Ltd. 紹興柯橋聚杭房地產開發有限公司	Associate of the Group
Hangzhou Juyou Enterprise Management Co., Ltd. 杭州聚佑企業管理有限責任公司	Associate of the Group
Yiwu Juli Real Estate Development Co., Ltd. 義烏聚厲房地產開發有限公司	Associate of the Group
Zhoushan Juyou Real Estate Development Co., Ltd. 舟山聚佑房地產開發有限公司	Associate of the Group
Shanghai Taoxia Enterprise Management Co., Ltd. 上海濤峽企業管理有限公司	Associate of the Group
Zhejiang Huzhou Baohui Real Estate Development Co., Ltd. 浙江湖州寶輝房地產開發有限公司	Associate of the Group
Hangzhou Jiayi Property Development Co., Ltd. 杭州嘉怡置業有限公司	Associate of the Group
Tiantai Maolong Real Estate Development Co., Ltd. 天台茂龍房地產開發有限公司	Associate of the Group
Yancheng Shenghua Jingfu Property Development Co., Ltd. 鹽城聖樺京府置業有限公司	Associate of the Group
Ningbo Hejiang Property Development Co., Ltd. 寧波市赫江置業有限公司	Associate of the Group
Wenzhou Zhongjiao Lianghui Property Development Co., Ltd. 溫州中交梁輝置業有限公司	Associate of the Group
Nanjing Longhe Property Development Co., Ltd. 南京龍合置業發展有限公司	Associate of the Group
Hangzhou Juna Industrial Development Co., Ltd. 杭州聚納實業發展有限公司	Associate of the Group
Hangzhou Tianyu Property Development Co., Ltd. 杭州天諭置業有限公司	Associate of the Group

38 RELATED PARTY TRANSACTIONS (CONTINUED)**(b) Transactions with related parties**

- (i) During the years ended 31 December 2020 and 2019, the Group had the following significant transactions with related parties:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Nature of transactions		
The Controlling Shareholders		
Sales of properties	–	973
Loan interests (Note 38(d)(iv))	17,788	17,075
Controlled by the ultimate controlling shareholder		
Rental income	4,321	3,412
Purchase of office equipment and security intelligentisation system services from related parties	33,479	46,297
Hotel accommodation service fee charged by a related party	14	5,589
Significantly influenced by the Controlling Shareholder		
Purchase of digitalisation services	22,653	–
Joint ventures		
Sales of construction materials to joint ventures	21,710	15,277
Interest income from joint ventures	76,232	120,957
Consultation services provided to joint ventures	161,844	45,686
Purchase of information technology services	12,906	–
Associates		
Sales of construction materials to associates	2,415	1,818
Consultation services provided to associates	120,247	9,933

The above transactions were charged in accordance with the terms of the underlying agreements which, in the opinion of the directors, were determined with reference to the market price at the prescribed year.

- (ii) The Group have provided guarantees for borrowings of certain joint ventures and associates of RMB1,394,430,000 as at 31 December 2020 (31 December 2019: RMB1,126,615,000) (Note 36).
- (iii) Certain related parties have provided guarantees for the Group's bank borrowings of RMB5,612,354,000 as at 31 December 2020 (31 December 2019: RMB3,450,000,000) (Note 23).
- (iv) Certain bank deposits of the Group of RMB150,000,000 has been pledged for the commercial properties development of its joint venture (31 December 2019: RMB100,000,000).
- (v) In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.

38 RELATED PARTY TRANSACTIONS (CONTINUED)**(c) Key management compensation**

Key management compensation is set out below:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Key management compensation		
– Salaries and other employee benefits	21,141	20,925
– Pension costs	1,704	1,741
	22,845	22,666

(d) Balances with related parties

As at 31 December 2020, the Group had the following material balances with related parties:

	31 December	
	2020 RMB'000	2019 RMB'000
Amounts due from related parties included in trade receivables (Note (i)):		
Joint ventures	25,681	12,568
Associates	15,861	–
	41,542	12,568
Amounts due from related parties included in other receivables (Note (ii)):		
Controlled by the ultimate controlling shareholder	21,376	21,376
Joint ventures	4,058,535	4,577,821
Associates	3,131,782	2,809,036
	7,211,693	7,408,233
Amounts due to related parties included in trade payables (Note (ii)):		
Controlled by the ultimate controlling shareholder	16,315	18,658
Significantly influenced by the Controlling Shareholder	8,871	–
Joint ventures	614	15,287
	25,800	33,945
Amounts due to related parties included in other payables (Note (iii)):		
Controlled by the ultimate controlling shareholder	2,310,226	388,297
The Controlling Shareholders	–	7,719
Joint ventures	5,654,953	4,127,150
Associates	3,021,131	1,433,070
	10,986,310	5,956,236
Borrowings (Note (iv)):		
The Controlling Shareholders	–	179,362

38 RELATED PARTY TRANSACTIONS (CONTINUED)**(d) Balances with related parties (continued)**

	31 December	
	2020 RMB'000	2019 RMB'000
Amounts due to related parties included in contract liabilities (Note (v)):		
The Controlling Shareholders	10,966	10,840
Joint ventures	41,073	3,633
Associates	22,170	15,448
	74,209	29,921
Prepayments:		
Joint ventures	–	3,120

- (i) Amounts due from joint ventures and associates included in trade receivables are mainly derived from consulting services provided to joint ventures and associates.
- (ii) Amounts due to related parties included in trade payables are mainly derived from purchase of office equipment and security intelligentisation system services, which are unsecured, interest-free and to be settled according to contract terms.
- (iii) Amounts due from/to related parties included in other receivables/payables are cash advances in nature. Apart from amounts due from certain joint ventures are interest bearing (Note 12), others are unsecured, interest-free and receivable/repayable on demand.
- (iv) The balance represented the senior notes purchased by Mr. Hoi Wa Fong and was fully redeemed on 30 December 2020.
- (v) Amounts due to related parties included in contract liabilities mainly consist of advances paid for purchase of properties and consulting services.

39 CAPITAL INJECTION FROM NON-CONTROLLING INTERESTS

During the year ended 31 December 2020, the Group and certain independent third parties entered into certain cooperation agreements in relation to the establishment of property development companies. These property development companies are accounted for as subsidiaries of the Group, and capital contribution from the minority interest amounted to approximately RMB6,296,843,000.

The capital injection from minority interest of Powerlong CM amounted to RMB415,961,000, please refer to Note 21(e) for the detailed information.

40 CHANGE FROM JOINT VENTURE TO SUBSIDIARY

On 1 January 2020, the joint venture partner of Taizhou Powerlong Real Estate Co.,Ltd. (“Taizhou Powerlong”) has transferred the controlling rights of the jointly controlled project to the Group. The investment in Taizhou Powerlong is deemed as having been disposed of, and was remeasured to fair value at the date of deemed disposal, the resulting gains of RMB37,919,000 from the remeasurement are recognised in the profit or loss in accordance with HKFRS 3 – Business Combinations.

Details of the purchase consideration, the net asset acquired and goodwill are as follows:

	Total RMB'000
Total Consideration	
Carrying amounts of the Group’s investments in respective entity	210,065
Fair value gains on the remeasurement of respective entity	37,919
Fair value of the investments in respective entity	<u>247,984</u>
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	144,267
Properties under development	1,636,220
Prepaid taxes	34,689
Prepayments	20,000
Property and equipment	33
Trade and other payables	(551,107)
Contract liabilities	(587,748)
Borrowings	(232,500)
Deferred income tax liabilities	(50,548)
Total identifiable net assets	<u>413,306</u>
Non-controlling interests	(165,322)
Identifiable net assets attributable to the Company	<u>247,984</u>
Goodwill	<u>–</u>

The acquired business contributed revenue of RMB1,157,527,000 and net profit of RMB144,648,000 to the Group for the period from the acquisition date to 31 December 2020.

41 PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries of the Company at 31 December 2020 are set out below.

Name	Place and date of incorporation/ establishment	Kind of legal entity	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Equity interests held by non-controlling interests	Principal activities and place of operations
寶龍地產(香港)控股有限公司 Powerlong Real Estate (Hong Kong) Holdings Limited	Hong Kong 05 July 2007	Limited liability Company	HK\$1	100%	–	Investment holding in Hong Kong
寶龍置地發展有限公司 Powerlong Land Development Limited	Hong Kong 03 October 2008	Limited liability Company	HK\$100	82%	18%	Investment holding in Hong Kong
洪誠企業管理(香港)有限公司 Hongcheng Enterprise Management (Hong Kong) Limited	Hong Kong 15 July 2019	Limited liability company	HK\$100	100%	–	Investment holding in Hong Kong
鵬輝企業管理(香港)有限公司 Pengye Enterprise Management (Hong Kong) Limited	Hong Kong 01 August 2019	Limited liability company	HK\$100	100%	–	Investment holding in Hong Kong
紹興聚嶸置業有限公司 Shaoxing Jurong Property Development Co., Ltd. (Note (b))	the PRC 29 April 2020	Limited liability company	RMB450,000,000	35%	65%	Property development and property investment in the PRC
珠海鵬灣置業有限公司 Zhuhai Pengwan Property Development Co., Ltd. (Note (b))	the PRC 08 January 2020	Limited liability company	RMB50,000,000	45%	55%	Property development and property investment in the PRC
洛陽寶龍置業發展有限公司 Luoyang Powerlong Property Development Co., Ltd.	the PRC 03 March 2006	Limited liability company	RMB100,000,000	100%	–	Property development and property investment in the PRC
寶龍集團(青島)置業發展有限公司 Powerlong Group (Qingdao) Property Development Co., Ltd.	the PRC 13 July 2006	Limited liability company	RMB660,000,000	100%	–	Property development, property investment and hotel operation in the PRC
寶龍星創實業(杭州)有限公司 Powerlong Xingchuang Industrial (Hangzhou) Co., Ltd. (Note (a))	the PRC 21 June 2016	Limited liability company	US\$149,424,383	42%	58%	Property development and property investment in the PRC
珠海寶龍置業有限公司 Zhuhai Powerlong Property Development Co., Ltd.	the PRC 21 November 2019	Limited liability company	RMB10,000,000	90%	10%	Property development and property investment in the PRC
新鄉寶龍置業發展有限公司 Xinxiang Powerlong Property Development Co., Ltd.	the PRC 25 December 2007	Limited liability company	RMB293,833,329	100%	–	Property development, property investment and hotel operation in the PRC

41 PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name	Place and date of incorporation/ establishment	Kind of legal entity	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Equity interests held by non-controlling interests	Principal activities and place of operations
廈門寶龍實業有限公司 Xiamen Powerlong Industrial Development Co., Ltd.	the PRC 25 November 2013	Limited liability company	RMB300,000,000	100%	–	Property development, property investment and hotel operation in the PRC
上海寶龍展飛房地產開發有限公司 Shanghai Powerlong Zhanfei Real Estate Development Co., Ltd.	the PRC 09 December 2013	Limited liability company	RMB1,000,000,000	100%	–	Property development, property investment and hotel operation in the PRC
晉江市晉龍實業發展有限公司 Jinjiang Jinlong Industrial Development Co., Ltd.	the PRC 20 December 2010	Limited liability company	RMB100,000,000	100%	–	Property development and property investment in the PRC
上海康睿房地產發展有限公司 Shanghai Kangrui Real Estate Development Co., Ltd.	the PRC 27 January 2014	Limited liability company	RMB100,000,000	100%	–	Property development and property investment in the PRC
宜興寶明房地產開發有限公司 Yixing Baoming Real Estate Development Co., Ltd. (Note (a))	the PRC 11 October 2019	Limited liability company	RMB200,000,000	48%	52%	Property development and property investment in the PRC
台州璟懿實業有限公司 Taizhou Jingyi Industrial Co., Ltd.	the PRC 29 July 2019	Limited liability company	RMB50,000,000	78%	22%	Property development and property investment in the PRC
上海聚凱企業管理有限公司 Shanghai Jukai Enterprise Management Co., Ltd.	the PRC 10 July 2018	Limited liability company	RMB1,000,000,000	95%	5%	Investment holding in the PRC
上海洪誠實業發展(集團)有限公司 Shanghai Hongcheng Industry Development (Group) Co., Ltd.	the PRC 17 October 2018	Limited liability company	RMB1,200,000,000	95%	5%	Investment holding in the PRC
福鼎寶龍英聚房地產有限公司 Fuding Powerlong Yingju Real Estate Development Co., Ltd.	the PRC 10 September 2018	Limited liability company	RMB100,000,000	52%	48%	Property development and property investment in the PRC
溫州寶信房地產開發有限公司 Wenzhou Baoxin Real Estate Development Co., Ltd.	the PRC 06 July 2018	Limited liability company	RMB50,000,000	100%	–	Property development and property investment in the PRC

41 PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name	Place and date of incorporation/ establishment	Kind of legal entity	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Equity interests held by non-controlling interests	Principal activities and place of operations
常州寶龍置業發展有限公司 Changzhou Powerlong Property Development Co., Ltd.	the PRC 30 June 2008	Limited liability company	RMB572,141,200	100%	–	Property development and property investment in the PRC
宿遷寶龍置業發展有限公司 Suqian Powerlong Property Development Co., Ltd.	the PRC 10 December 2007	Limited liability company	RMB100,000,000	100%	–	Property development and property investment in the PRC
蚌埠寶龍置業有限公司 Bengbu Powerlong Property Development Co., Ltd.	the PRC 21 February 2006	Limited liability company	RMB10,500,000	100%	–	Property development and property investment in the PRC
青島寶龍房地產發展有限公司 Qingdao Powerlong Real Estate Development Co., Ltd.	the PRC 21 November 2007	Limited liability company	RMB44,000,000	100%	–	Property development and property investment in the PRC
福州寶龍貿易有限公司 Fuzhou Powerlong Trading Co., Ltd.	the PRC 21 October 2003	Limited liability company	RMB66,104,400	100%	–	Property development and property investment in the PRC
上海寶龍富閩房地產開發有限公司 Shanghai Powerlong Fumin Real Estate Development Co., Ltd.	the PRC 26 November 2015	Limited liability company	RMB100,000,000	100%	–	Property development and property investment in the PRC
杭州龍耀實業有限公司 Hangzhou Longyao Industrial Co., Ltd.	the PRC 03 August 2017	Limited liability company	US\$103,950,000	82%	18%	Property development and property investment in the PRC
寧波寶龍華隅置業發展有限公司 Ningbo Baolong Huayu Property Development Co., Ltd.	the PRC 13 June 2018	Limited liability company	RMB500,000,000	82%	18%	Property development and property investment in the PRC
紹興豪湖房地產開發有限公司 Shaoxing Haohu Real Estate Development Co., Ltd. (Note (a))	the PRC 25 October 2017	Limited liability company	RMB20,000,000	42%	58%	Property development and property investment in the PRC
上海寶龍芳駿房地產開發有限公司 Shanghai Powerlong Fangjun Real Estate Development Co., Ltd.	the PRC 02 November 2016	Limited liability company	RMB50,000,000	100%	–	Property development and property investment in the PRC

41 PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name	Place and date of incorporation/ establishment	Kind of legal entity	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Equity interests held by non-controlling interests	Principal activities and place of operations
淮安德百信置業有限公司 Huai'an Debaixin Property Development Co., Ltd.	the PRC 08 January 2010	Limited liability company	RMB281,600,000	100%	–	Property development and property investment in the PRC
廈門寶龍地產管理有限公司 Xiamen Powerlong Real Estate Management Co., Ltd.	the PRC 16 October 2007	Limited liability company	RMB4,338,000	100%	–	Investment holding in the PRC
杭州華展房地產開發有限公司 Hangzhou Huazhan Real Estate Development Co., Ltd.	the PRC 04 December 2013	Limited liability company	RMB1,000,000,000	100%	–	Property development and property investment in the PRC
鹽城寶龍置業發展有限公司 Yancheng Powerlong Property Development Co., Ltd.	the PRC 13 May 2008	Limited liability company	RMB204,924,000	100%	–	Property development, property investment and hotel operation in the PRC
寧波奉化寶龍華祥置業有限公司 Ningbo Fenghua Powerlong Huaxiang Property Development Co., Ltd.	the PRC 19 December 2017	Limited liability company	RMB50,000,000	82%	18%	Property development and property investment in the PRC
上海煦新企業管理有限公司 Shanghai Xuxin Enterprise Management Co., Ltd.	the PRC 26 September 2014	Limited liability company	RMB1,000,000	71%	29%	Property management in the PRC
上海寶謙商業經營管理有限公司 Shanghai Baoqian Commercial Management Co., Ltd.	the PRC 13 November 2014	Limited liability company	RMB1,000,000	71%	29%	Property management in the PRC
長影粵海(海南)房地產開發有限公司 Changying Yuehai (Hainan) Real Estate Development Co., Ltd. (Note (a))	the PRC 03 April 2014	Limited liability company	RMB50,000,000	38%	62%	Property development and property investment in the PRC
上海商盛投資管理諮詢有限公司 Shanghai Shangsheng Management Consulting Co., Ltd.	the PRC 15 December 2010	Limited liability company	US\$3,000,000	71%	29%	Investment holding in the PRC
義烏龍瑞房地產開發有限公司 Yiwu Longrui Real Estate Development Co., Ltd.	the PRC 21 November 2018	Limited liability company	RMB10,000,000	65%	35%	Property development and property investment in the PRC

41 PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name	Place and date of incorporation/ establishment	Kind of legal entity	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Equity interests held by non-controlling interests	Principal activities and place of operations
浙江寶龍星匯企業管理有限公司 Zhejiang Powerlong Xinghui Enterprise Management Co., Ltd.	the PRC 12 October 2018	Limited liability company	RMB1,000,000,000	78%	22%	Investment holding in the PRC
上海寶龍實業發展(集團)有限公司 Shanghai Powerlong Industrial Development (Group) Co., Ltd. ("Shanghai Powerlong")	the PRC 22 February 2010	Limited liability company	RMB4,183,562,245	100%	-	Investment holding in the PRC
寧波遠大實業投資有限公司 Ningbo Yuanda Industrial Investment Co., Ltd.	the PRC 23 August 2011	Limited liability company	RMB200,000,000	90%	10%	Property development and property investment in the PRC
諸暨潤龍置業有限公司 Zhuji Runlong Property Development Co., Ltd.	the PRC 31 August 2018	Limited liability company	RMB809,230,000	97%	3%	Property development and property investment in the PRC
上海瑞龍投資管理有限公司 Shanghai Ruilong Investment Management Co., Ltd.	the PRC 08 June 2010	Limited liability company	RMB105,000,000	100%	-	Investment holding in the PRC
上海寶龍商業地產管理有限公司 Shanghai Powerlong Commercial Real Estate Management Co., Ltd.	the PRC 29 June 2007	Limited liability company	RMB5,000,000	71%	29%	Investment holding in the PRC
長影椰海(海南)房地產開發有限公司 Changying Yehai (Hainan) Real Estate Development Co., Ltd. (Note (a))	the PRC 02 April 2014	Limited liability company	RMB1,000,000	38%	62%	Property development and property investment in the PRC
南京寶龍康浚置業發展有限公司 Nanjing Powerlong Kangjun Property Development Co., Ltd.	the PRC 07 November 2017	Limited liability company	US\$50,000,000	82%	18%	Property development and property investment in the PRC
鹽城御龍置業有限公司 Yancheng Yulong Property Development Co., Ltd.	the PRC 21 May 2018	Limited liability company	RMB50,000,000	65%	35%	Property development and property investment in the PRC
常熟寶龍房地產開發有限公司 Changshu Powerlong Real Estate Development Co., Ltd.	the PRC 27 July 2018	Limited liability company	RMB50,000,000	95%	5%	Property development and property investment in the PRC

41 PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name	Place and date of incorporation/ establishment	Kind of legal entity	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Equity interests held by non-controlling interests	Principal activities and place of operations
寧波奉化寶龍華和置業有限公司 Ningbo Fenghua Powerlong Huahe Property Development Co., Ltd.	the PRC 10 August 2018	Limited liability company	RMB50,000,000	78%	22%	Property development and property investment in the PRC
漳州寶龍英聚房地產有限公司 Zhangzhou Powerlong Yingju Real Estate Co., Ltd.	the PRC 16 July 2018	Limited liability company	RMB100,000,000	66%	34%	Property development and property investment in the PRC
永康中梁寶龍置業有限公司 Yongkang Zhongliang Property Development Co., Ltd. (Note (b))	the PRC 19 March 2018	Limited liability company	RMB50,000,000	29%	71%	Property development and property investment in the PRC
上海寶龍展飛房地產開發有限公司 寶龍艾美酒店 Powerlong Le Méridien Hotel	the PRC 14 April 2016	Limited liability company	-	100%	-	Hotel operation in the PRC
泰州寶龍房地產有限公司 Taizhou Powerlong Real Estate Co., Ltd. (Note (b))	the PRC 14 January 2019	Limited liability company	RMB370,000,000	47%	53%	Property development and property investment in the PRC
無錫嘉御置業有限公司 Wuxi Jiayu Property Development Co., Ltd.	the PRC 01 November 2017	Limited liability company	RMB200,000,000	67%	33%	Property development and property investment in the PRC

Notes:

- (a) The Group indirectly hold the equity interest in these companies through layers of holding structures and the Group has control over the board of directors of these companies who can make majority votes to decide the key financial and operating decisions of these companies. The proportion of equity interests as disclosed above represent the effective equity interests attributable to the Group.
- (b) The Group has controlled these entities through agreements entered into with certain minority shareholders pursuant to which the minority shareholders confirmed to act in accordance with the Group in decisions on key business and financing policies of these entities.
- (c) The above table lists the principal subsidiaries of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiaries would, in the opinion of the directors, result in particulars of excessive length.
- (d) The names of certain of the companies referred to in these consolidated financial statements represent management's best effort in translation of the Chinese names of these companies as no English names have been registered or available. The subsidiaries established in the PRC in the above list are limited liability companies.

42 BALANCE SHEET AND RESERVE MOVEMENTS OF THE COMPANY**Balance sheet of the Company**

	Note	31 December	
		2020 RMB'000	2019 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries		6,306,863	6,306,863
Current assets			
Amounts due from subsidiaries		18,559,207	15,118,449
Financial assets at fair value through profit or loss		1,014	–
Restricted cash		84,164	1,051,123
Cash and cash equivalents		1,115,432	1,886,188
		19,759,817	18,055,760
Total assets		26,066,680	24,362,623
EQUITY			
Equity attributable to owners of the Company			
Share capital and share premium		36,795	719,088
Retained earnings/(accumulated losses)	(a)	113,950	(309,977)
Total equity		150,745	409,111
LIABILITIES			
Non-current liabilities			
Borrowings		13,111,503	12,751,485
Current liabilities			
Borrowings		7,737,726	6,713,161
Other payables and accruals		1,644,808	949,957
Amounts due to subsidiaries		3,421,898	3,538,909
		12,804,432	11,202,027
Total liabilities		25,915,935	23,953,512
Total equity and liabilities		26,066,680	24,362,623

The balance sheet of the Company was approved by the Board of Directors on 2 March 2021 and was signed on its behalf.

Hoi Kin Hong
Director

Hoi Wa Fong
Director

42 BALANCE SHEET AND RESERVE MOVEMENTS OF THE COMPANY (CONTINUED)

(a) Reserve movements of the Company

	Retained earnings/ (accumulated losses) RMB'000
At 1 January 2019	(275,269)
Loss for the year	(34,708)
As at 31 December 2019	(309,977)
At 1 January 2020	(309,977)
Profit for the year	1,365,907
Dividends	(941,980)
As at 31 December 2020	113,950

43 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

The remuneration of each director for the year ended 31 December 2020 are set out below:

Emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking:

	Wages and salaries RMB'000	Discretionary Bonuses RMB'000	Retirement scheme contributions RMB'000	Fee RMB'000	Allowance and Benefit RMB'000	Total RMB'000
Executive directors						
Mr. Hoi Kin Hong	1,080	144	-	240	-	1,464
Mr. Hoi Wa Fong	600	144	15	480	-	1,239
Mr. Xiao Qing Ping	720	144	32	240	114	1,250
Ms. Shih Sze Ni Cecilia	600	-	12	240	-	852
Mr. Zhang Hong Feng	720	144	107	240	40	1,251
Non-executive directors						
Ms. Hoi Wa Fan	-	-	-	308	-	308
Independent non-executive directors						
Mr. Ngai Wai Fung	-	-	-	250	-	250
Mr. Mei Jian Ping	-	-	-	250	-	250
Mr. Ding Zu Yu	-	-	-	250	-	250
	3,720	576	166	2,498	154	7,114

43 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(a) Directors' and chief executive's emoluments (continued)

The remuneration of each director for the year ended 31 December 2019 are set out below:

Emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking:

	Wages and salaries RMB'000	Discretionary Bonuses RMB'000	Retirement scheme contributions RMB'000	Fee RMB'000	Allowance and Benefit RMB'000	Total RMB'000
Executive directors						
Mr. Hoi Kin Hong	936	144	–	290	–	1,370
Mr. Hoi Wa Fong	716	144	16	290	–	1,166
Mr. Xiao Qing Ping	576	144	29	290	114	1,153
Ms. Shih Sze Ni Cecilia	610	–	16	290	–	916
Mr. Zhang Hong Feng	576	144	101	290	40	1,151
Non-executive directors						
Ms. Hoi Wa Fan	–	–	–	160	–	160
Independent non-executive directors						
Mr. Ngai Wai Fung	–	–	–	270	–	270
Mr. Mei Jian Ping	–	–	–	270	–	270
Mr. Ding Zu Yu	–	–	–	270	–	270
	3,414	576	162	2,420	154	6,726

Notes:

- i) Emoluments above include estimated money value of non-cash benefits: car, insurance premium and club membership.

(b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits for the year ended 31 December 2020 (2019: nil).

(c) Consideration provided to third parties for making available directors' services

For the year ended 31 December 2020, the Group did not pay consideration to any third parties for making available directors' services (2019: nil).

43 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

The information about loans, quasi-loans and other dealings entered into by the Company or subsidiary undertaking of the Company, where applicable, in favour of certain connected entities of Mr. Hoi Kin Hong, a director of the Company, is as follows:

Name of the borrower	Nature of connection	Total amount payable	Outstanding/ aggregate outstanding amounts	Outstanding/ aggregate outstanding amounts	Maximum outstanding during the year	Amounts/ aggregate amounts fallen due but not been paid	Provisions/ aggregate provisions for doubtful/ bad debts made	Term	Interest rate
			at the beginning of the year	at the end of the year		RMB'000	RMB'000		
At 31 December 2020									
Powerlong Group Development Co., Ltd.	Ultimately controlled by Mr. Hoi	21,376	21,376	21,376	21,376	-	-	Unsecured, interest-free and repayable on demand	nil
Total		21,376	21,376	21,376	21,376	-	-		
At 31 December 2019									
Powerlong Group Development Co., Ltd.	Ultimately controlled by Mr. Hoi	21,376	21,376	21,376	21,376	-	-	Unsecured, interest-free and repayable on demand	nil
Total		21,376	21,376	21,376	21,376	-	-		

(e) Directors' material interests in transactions, arrangements or contracts

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

44 EVENTS AFTER THE BALANCE SHEET DATE

- On 11 January 2021, the Company issued 5.95%, 4-year senior notes, with an aggregated principal amount of US\$100,000,000 at 102.66% to the principal amount. The total net proceeds of the notes, after deduction of the issuance costs, amounted to approximately US\$101,856,000 (equivalent to approximately RMB659,660,000).
- On 11 January 2021, Shanghai Powerlong issued 6.60%, five-year corporate bonds with an aggregate principal amount of RMB1,000,000,000 at 100.00% of the face value.
- On 25 January 2021, Shanghai Powerlong issued 5.70%, 270 days short-term commercial paper with an aggregate principal amount of RMB440,000,000 at 100.00% of the face value.

FIVE-YEAR FINANCIAL SUMMARY

CONSOLIDATED BALANCE SHEET

	31 December				
	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000
Assets					
Non-current assets	73,642,581	62,878,720	55,186,910	50,030,078	42,305,100
Current assets	121,488,932	99,618,235	76,867,630	45,460,670	36,822,419
Total assets	195,131,513	162,496,955	132,054,540	95,490,748	79,127,519
EQUITY AND LIABILITIES					
Total equity	51,801,166	38,907,028	32,804,940	29,474,189	25,940,249
Liabilities					
Non-current liabilities	54,000,209	46,743,690	40,716,605	30,513,779	26,531,616
Current liabilities	89,330,138	76,846,237	58,532,995	35,502,780	26,655,654
Total liabilities	143,330,347	123,589,927	99,249,600	66,016,559	53,187,270
Total equity and liabilities	195,131,513	162,496,955	132,054,540	95,490,748	79,127,519

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

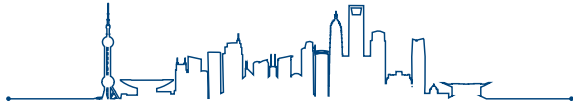
Year ended 31 December

	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000
Revenue	35,495,300	26,041,632	19,593,790	15,592,641	14,295,617
Cost of sales	(22,679,514)	(16,558,591)	(12,041,179)	(10,367,557)	(9,517,476)
Gross profit	12,815,786	9,483,041	7,552,611	5,225,084	4,778,141
Fair value gains on investment properties – net	2,095,764	2,394,403	2,500,520	2,135,356	1,519,884
Selling and marketing costs	(1,096,220)	(984,474)	(785,914)	(500,091)	(480,839)
Administrative expenses	(1,545,590)	(1,411,133)	(1,484,376)	(890,537)	(755,089)
Net impairment (losses)/reversal on financial assets	(150,002)	(28,554)	3,676	(4,544)	(1,824)
Other income and gains – net	184,226	927,108	216,369	558,174	12,200
Operating profit	12,303,964	10,380,391	8,002,886	6,523,442	5,072,473
Finance income/(costs) – net	312,433	(899,775)	(1,376,659)	(572,618)	(678,968)
Share of profit of investments accounted for using the equity method	666,990	375,755	187,234	197,359	314,295
Profit before income tax	13,283,387	9,856,371	6,813,461	6,148,183	4,707,800
Income tax expenses	(4,468,037)	(3,838,474)	(3,165,812)	(2,280,440)	(1,958,596)
Profit for the year	8,815,350	6,017,897	3,647,649	3,867,743	2,749,204
Other comprehensive income					
<i>Items that may be reclassified to profit or loss:</i>					
Change in fair value of available-for-sale financial assets, net of tax	–	–	–	30,193	11,180
Currency translation differences	(16,027)	4,736	15,079	(16,258)	–
<i>Items that will not be reclassified to profit or loss:</i>					
Revaluation gains on property and equipment transferred to investment properties, net of tax	92,203	–	–	–	–
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax	42,688	25,259	158	–	–
Total other comprehensive income for the year, net of tax	118,864	29,995	15,237	13,935	11,180
Total comprehensive income for the year	8,934,214	6,047,892	3,662,886	3,881,678	2,760,384
Profit attributable to:					
Owners of the Company	6,093,216	4,041,116	2,837,007	3,336,752	2,464,682
Holders of Perpetual Capital Instruments	50,979	69,556	123,045	117,017	145,765
Non-controlling interests	2,671,155	1,907,225	687,597	413,974	138,757
	8,815,350	6,017,897	3,647,649	3,867,743	2,749,204
Total comprehensive income attributable to:					
Owners of the Company	6,212,080	4,071,111	2,852,244	3,350,687	2,475,862
Holders of Perpetual Capital Instruments	50,979	69,556	123,045	117,017	145,765
Non-controlling interests	2,671,155	1,907,225	687,597	413,974	138,757
	8,934,214	6,047,892	3,662,886	3,881,678	2,760,384
Earnings per share for profit attributable to owners of the Company for the year (expressed in RMB cents per share)					
– Basic	147.1	100.4	71.0	84.1	62.3
– Diluted	147.1	99.8	66.4	84.1	62.2

31 December

	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000
Proposal final dividends	1,150,516	1,002,247	812,565	654,911	572,014

Certain figures have been reclassified to conform to the current presentation.



ANNUAL REPORT

POWERLONG 2020

POWERLONG TOWER
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