CAPITAL GRAND

BEIJING CAPITAL GRAND LIMITED
首創鉅大有限公司

Incorporated in the Cayman Islands with limited liability

STOCK CODE : **1329**

2020 ANNUAL REPORT

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Corporate Information

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Zhong Beichen *(Chairman)*
Mr. Feng Yujian *(Chief Executive Officer)*

NON-EXECUTIVE DIRECTORS

Mr. Wang Hao
Ms. Qin Yi
Mr. Zhou Yue
Mr. Yang, Paul Chunyao

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Ngai Wai Fung
Ms. Zhao Yuhong
Mr. He Xiaofeng

AUDIT COMMITTEE

Dr. Ngai Wai Fung *(Chairman)*
Ms. Zhao Yuhong
Mr. He Xiaofeng

REMUNERATION COMMITTEE

Ms. Zhao Yuhong *(Chairman)*
Ms. Qin Yi
Mr. Yang, Paul Chunyao
Dr. Ngai Wai Fung
Mr. He Xiaofeng

NOMINATION COMMITTEE

Mr. Zhong Beichen *(Chairman)*
Mr. Zhou Yue
Dr. Ngai Wai Fung
Ms. Zhao Yuhong
Mr. He Xiaofeng

STRATEGIC INVESTMENT COMMITTEE

Mr. Feng Yujian *(Chairman)*
Mr. Wang Hao
Mr. Zhou Yue
Mr. Yang, Paul Chunyao
Mr. He Xiaofeng

SECRETARY OF THE BOARD OF DIRECTORS

Ms. Wang Xia

COMPANY SECRETARY

Mr. Lee Sze Wai

AUTHORISED REPRESENTATIVES

Mr. Feng Yujian
Mr. Lee Sze Wai

AUDITORS

PricewaterhouseCoopers

LEGAL ADVISERS

AS TO HONG KONG LAWS:

Norton Rose Fulbright Hong Kong

AS TO CAYMAN ISLANDS LAWS:

Conyers Dill & Pearman

AS TO PRC LAWS:

Beijing Jingtian & Gongcheng
Beijing Zhonglun W&D

Corporate Information

REGISTERED OFFICE

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

PRC HEADQUARTERS

Building 18, No. 6 Langjiayuan
Tonghuihe North Road, Chaoyang District
Beijing, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 4602–05
One Exchange Square
Central
Hong Kong

PRINCIPAL BANKERS

China Construction Bank
China Merchants Bank
Bank of Communications
Bank of China
Bank of Beijing
Agricultural Bank of China
The Hongkong and Shanghai Banking Corporation Limited
Dah Sing Bank Limited

CORPORATE WEBSITES

www.bcgrand.com
www.capitaloutlets.com

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square Hutchins Drive P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54 Hopewell Centre
183 Queen's Road East, Hong Kong

LISTING INFORMATION

EQUITY SECURITY LISTED ON THE STOCK EXCHANGE OF HONG KONG	**STOCK CODE**
Ordinary shares	(1329. HK)
DEBT SECURITY LISTED ON THE STOCK EXCHANGE OF HONG KONG	
US$400,000,000 guaranteed notes due 2021 at floating rates	(5133. HK)
DEBT SECURITY LISTED ON THE SHENZHEN STOCK EXCHANGE	
RMB2,700,000,000 Senior Class ABS due 2024	119487
RMB879,000,000 Subordinated Class ABS due 2024	119488

INVESTOR RELATIONS CONTACT

Email: contactus@bcgrand.com

Major Events of the Year

January

- " Celebration Activities in Twelve Capital Outlets Malls" (首創十二城熱嗨聯慶) were successfully held, achieving a monthly sales of nearly RMB1 billion and a good start.

February

- Facing the COVID-19 epidemic, the Company announced the implementation of 38-day preferential policies such as rental-free, free deduction rate, free property fee and free promotion fee for the tenants of Capital Outlets across the country, to overcome difficulties together with the tenants.

March to April

- During the epidemic, the offline customer traffic dropped sharply. The Company launched a new omni-channel marketing model such as " BOSS Streaming" (BOSS直播), to serve customers and help tenants expand sales through live streaming, social groups and online channels.

Major Events of the Year

May

- After the peak of the epidemic, open block businesses became the first choice of consumers. The twelve Capital Outlets malls across the country welcomed the prosperous moment, and recovered customer traffic and sales performance in May.

June

- Capital Outlets won 19 awards at the China Outlets Industry Development Forum (中國奧萊產業發展論壇).

July

- The new retail e-commerce platform jointly developed by Beijing Capital Grand and Alibaba Cloud was upgraded and launched, becoming an important battlefield for the Company's omni-channel operation.

Major Events of the Year

August

- Hainan Wanning Capital Outlets transformed to the three-engine driving model of" big brand + travel + unlimited purchases" (大牌+旅遊+不限購), increased duty-free business, and held a nationwide member feedback activity of " visit Hainan, go shopping in Capital Outlets, and enjoy scenery of Sanya" (游海南、逛首創奧萊、賞三亞風光).

September

- Capital Outlets won the title of" Excellent Enterprise" (卓越企業) at the 10th Annual Commercial Property Conference (第十屆商業地產年會); Beijing Capital Outlets won the" CCFA Golden Lily Best Practice Five-star Case Award for Shopping Malls in Fighting the Epidemic" (CCFA金百合購物中心抗擊疫情最佳實踐五星案例大獎) and the award of" 2019–2020 New Era Commercial Brand Model" (2019–2020新時代商業品牌典範); Wuhan Capital Outlets won the" CCFA Golden Lily Best Marketing Practice Five-star Case Award for Shopping Malls" (CCFA金百合購物中心行銷最佳實踐五星案例).

October

- The Company launched a series of National Day & Mid-Autumn Festival marketing activities such as" Eight-day Happy Shopping in Twelve Capital Outlets Malls during National Day Holiday" (首創12城，嗨購國慶八天樂), creating a sales record of RMB800 million in 8 days, and fully empowering brand owners to accelerate their " recovery".

Major Events of the Year

October

- The large membership system jointly developed by Beijing Capital Grand and Alibaba Cloud was officially launched, by which the Company's online and offline members realized the connection of rights and services, and the Company will work with tenants to build a win-win model in the post-epidemic era by improving the omni-channel member experience and building a member economy.

November

- The" 2020 New Silk Road World Model Contest Finals" (2020年度新絲路世界模特大賽總決賽), exclusively titled by the Company, ended perfectly in Wuhan Capital Outlets. This event was contested in 11 cities where Capital Outlets malls located, a total of 3,492 players signed up for model contest, and 195 individuals signed up for dream building charity activities. The total number of online exposures reached 110 million, and as the first program of the Youku live channel," Supermodel Project" (《超模計劃》) received a cumulative view number of 6.45 million.

December

- Kunming Capital Outlets, the 13th Outlets project of Beijing Capital Grand officially opened for business. The shopping mall achieved a customer traffic more than 80,000 and a sales over RMB15 million on the first day, and a customer traffic of 500,000 and a sales over RMB100 million in the first month, becoming an Internet celebrity landmark of Kunming.

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "Board") of Beijing Capital Grand Limited ("Capital Grand" or the "Company", together with its subsidiaries, the "Group"), I am pleased to present the annual results of the Group for the year ended 31 December 2020.

Throughout 2020, facing the sudden outbreak of the COVID-19 epidemic in China and the severe international political and economic environment, the Chinese government has maintained its strategic stability and firm confidence. On the one hand, the Chinese government mobilized all social forces to scientifically prevent and control and implemented precise policies to respond to the epidemic; on the other hand, the government opened up the blockages in industry chain and supply chain and promoted the resumption of work and production in an orderly manner. The total economic volume of China for the year exceeded RMB100 trillion. Affected by the repeated epidemics, the offline consumer channels have been blocked, the overall retail market has been impacted, and the consumer confidence has continued to be sluggish. Companies in retail industry have further improved the digital application level in order to understand, adapt and respond to consumer needs and wishes, and improve operational efficiency and performance. During the period, the domestic outlets ("Outlets"), including the Group, actively carried out diversified innovation and self-assistance, deepened the upgrading of digitization and supply chain system, and continued to expand brand influence.

Chairman's Statement

During the period, the Group responded quickly to and dealt actively and calmly with the epidemic, and became a solid backing for connecting and protecting employees, consumers and tenants. The Group united all employees to fight the epidemic together, quickly established a leading team for epidemic prevention and control, strengthened internal epidemic prevention and control management, and steadily realized scientific and orderly resumption of operation. The Group also actively responded to the government's call to protect the basic needs of people's livelihood, launched online shopping activities in a timely manner, providing consumers with multiple channels of consumption options, and actively assuming corporate social responsibility. In addition, the Group implemented preferential policies such as rental-free, free deduction rate, free property fee and free promotion fee for the cooperative tenants of more than 3,000 brands, guided the business operations of tenants, solved the difficulties of tenants, relieved the psychology of tenants, and carried out disinfection and epidemic prevention work in shopping malls, to ensure the safe operation of tenants.

During the period, the Group, by complying with changes in the domestic market environment and consumption trends, took multiple measures to assist operations, optimize the brand business matrix, and meet new consumer demands. The Group also strengthened the management of the goods supply chain to improve price competitiveness, and created an interactive open scene to build a strong memory shopping experience. The Group has overcome difficulties to stabilize sales, we achieved a sales rebounded in May, and a surge in sales and customer traffic in September, we have completely walked out of the trough of the epidemic, restored consumer confidence, minimized the impact of the epidemic on Outlets sales, and achieved a full recovery of operating efficiency. In the past year, the Group achieved a turnover of approximately RMB7.4 billion and a customer traffic of 38.10 million in Outlets operation. Among which, the Group continued to deepen the unified marketing strategy, integrate all platform resources, and create new consumption hotspots. During the holiday period of National Day & Mid-Autumn Festival, twelve Capital Outlets malls nationwide achieved a sales of RMB800 million and a customer traffic of 2.3 million; Wuhan Outlets strengthened IP marketing, held special events, rationally utilized customer traffic, deployed interactive beautified display devices, to enhance the shopping experience, through the upgraded IP event of "24-Hour HIGH Buying" (HIGH購不打烊) in October, it achieved a customer traffic of 420,000 and a record high sales. During the period, our Kunming project opened for business grandly on schedule, and achieved a customer traffic more than 80,000 and a sales nearly RMB15 million on the first day. We currently have 13 projects in operation, and the layout and number of operating projects ranks first in the industry.

Chairman's Statement

During the period, the Group continued to promote its new retail and digital upgrades to accelerate digital transformation, strengthen data asset collection capabilities, refine digital application standards, and enhance consumers' omni-channel shopping experience. The large membership system jointly developed with Alibaba Cloud was officially launched on 19 October. Based on this, the Group has begun to sort out the membership structure, build a membership label system, provide support for members' full-cycle digital operations, so as to further reduce operating costs, improve online and offline shopping experience, expand the depth and breadth of member services, and redefine the new Outlets retail.

During the period under review, the Group achieved an operating revenue of RMB1,024,035,000, representing a decrease of 45% over the same period of last year, and recorded a net loss attributable to the parent of RMB320,446,000. The Board has resolved not to declare an annual dividend for the year ended 31 December 2020.

Looking into 2021, the pace of global economic recovery and policy shift is still unclear. How to prevent and control the rebound of the epidemic from affecting economic growth again, how to stabilize the virtuous cycle of consumption and supply, and how to effectively deal with the proliferation of global liquidity are the main risks and challenges in the face of China. Under the normalization of the epidemic, the concepts of consumption upgrade, healthy shopping and rational consumption generated by major consumer groups have put forward new requirements for the operation philosophy and management methods of the retail industry. The Group will actively grasp the new trend of the consumer market, adjust its operation strategies, improve its operational capabilities and deepen refined management by controlling costs and improving benefits; at the same time, the Group will strengthen the omni-channel interactive scenes, create more online landmarks and strong cultural atmosphere, and deepen the inner connection with tenants and consumers; in addition, the Group will strengthen the construction of subsequent projects, release the growth potential of existing projects, continue to enrich the brand characteristics and connotation of Capital Outlets, and lead the development trend of the industry.

Chairman's Statement

On behalf of the Board, I would like to express our sincere gratitude to all our shareholders, partners and clients for their care and strong support to Capital Grand. We will steadily advance the digitalization of Outlets and explore the potential of large membership system to gain insights into consumer demand, provide products, services and shopping experience with the characteristics of Outlets, and operate in the way of reducing costs, stabilizing benefits, seeking growth and creating profits, to continuously create value for our shareholders, clients and partners.

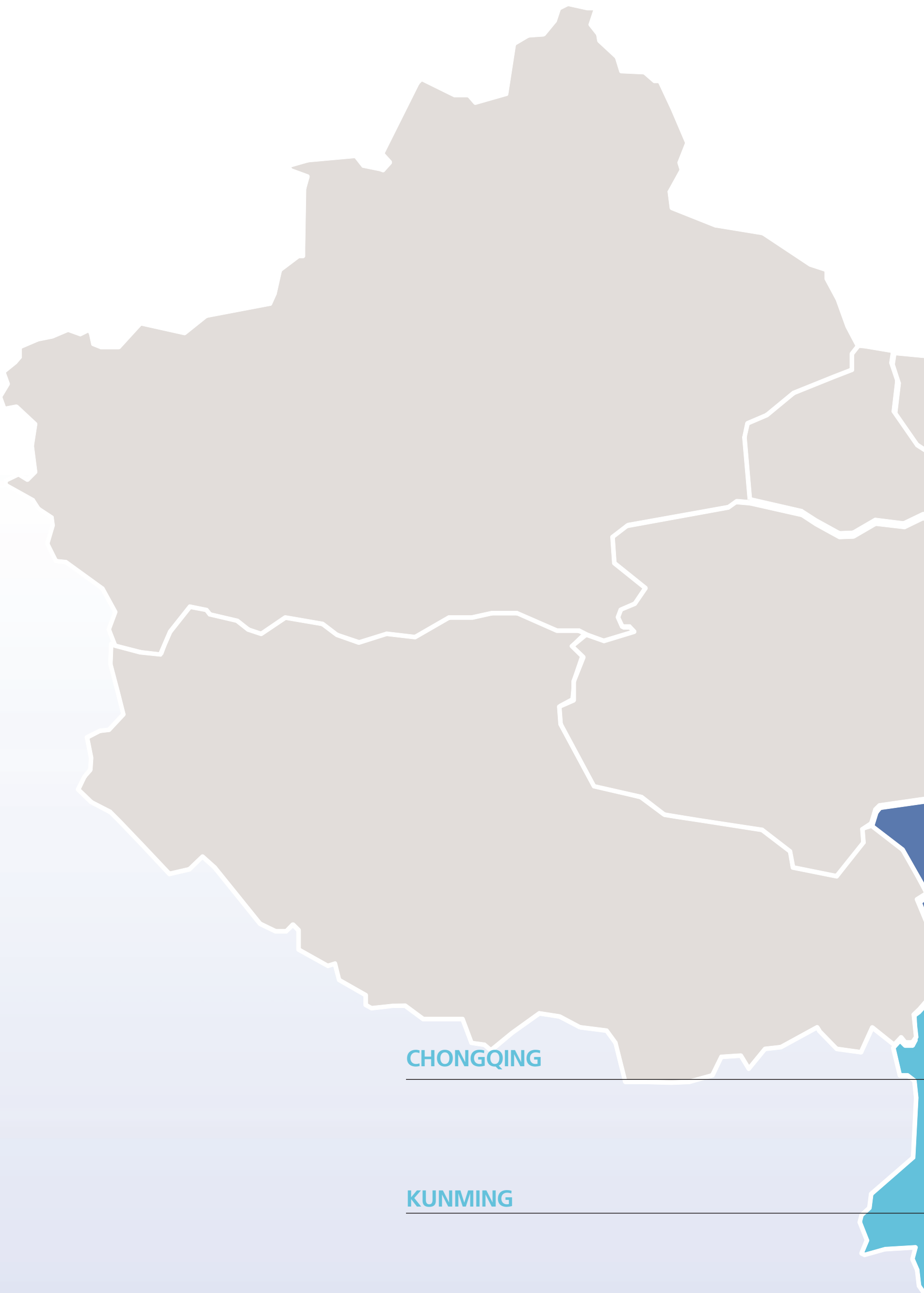
Mr. Zhong Beichen
Chairman
Beijing, 24 March 2021

Strategic Map of Capital Grand

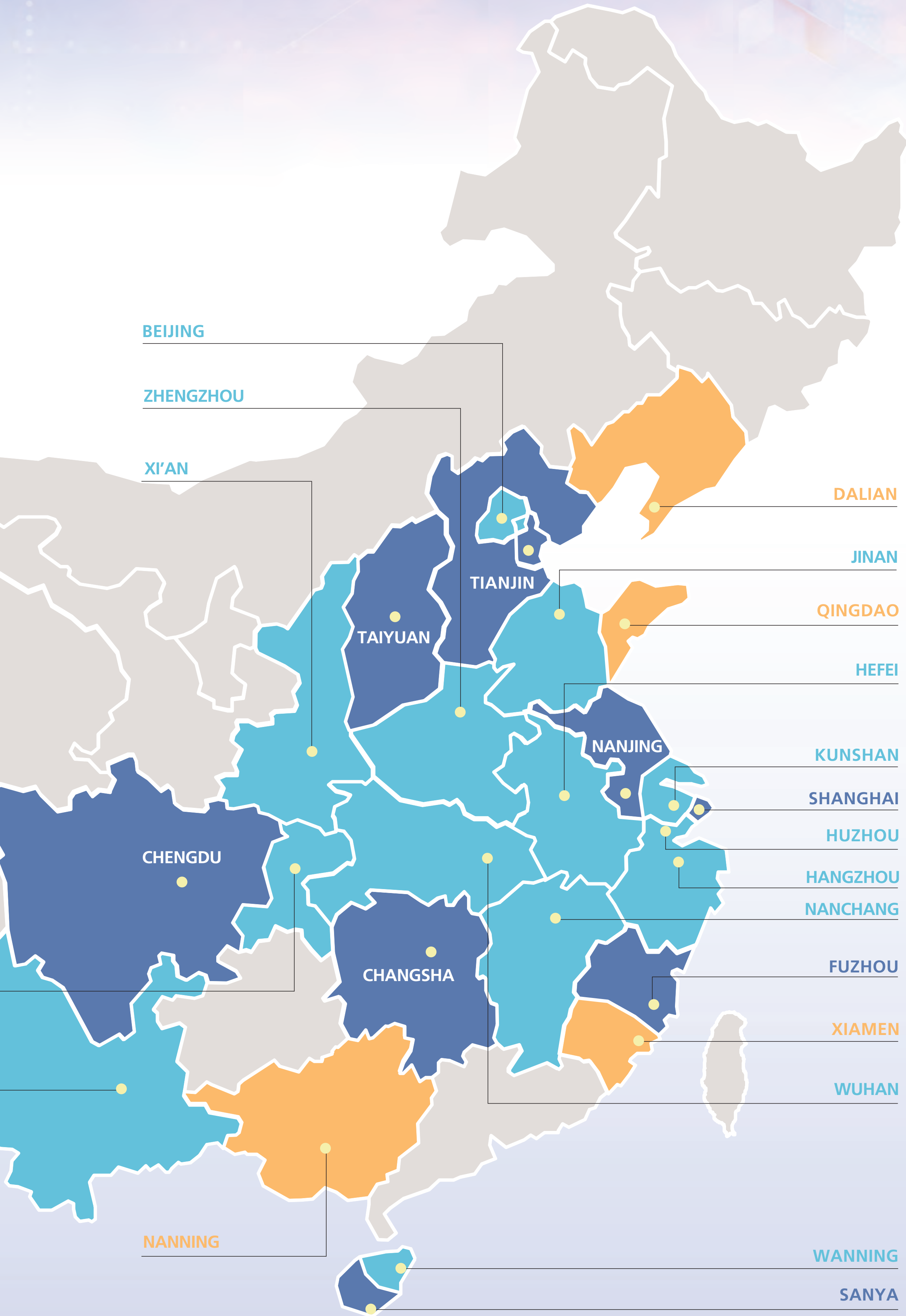
OPENED

UNDER CONSTRUCTION

PLANNING



Strategic Map of Capital Grand



Management Discussion and Analysis


CAPITAL OUTLETS
首创奥特莱斯

Management Discussion and Analysis

INVESTMENT PROPERTIES

Project	Approximate Site Area (m^2) (Note 1)	Total Gross Floor Area (m^2) (Note 2)	Property Type (m^2)	Expected Time of Launching	Attributable Interests
Fangshan Capital Outlets (Changyang Town, Fangshan District, Beijing)	90,770 (Note 3)	108,720	Outlets: 104,340 Parking space: 4,380	2013	100%
	90,770 (Note 3)	87,770	Outlets: 39,540 Supermarket: 3,260 Parking space: 44,970	2019	100%
Kunshan Capital Outlets (Kunshan Development Zone)	46,240	50,420	Outlets: 50,420	2015	100%
	46,790	50,110	Outlets: 50,110	2017	100%
Huzhou Capital Outlets (Huzhou Taihu Lake Tourism Resort) (Note 4)	109,940	97,540	Outlets: 97,540	2013	100%
Nanchang Capital Outlets (Xinjian District, Nanchang)	56,830	129,700	Outlets: 85,240 Parking space: 44,460	2017	100%
	30,150 (Note 5)	28,370	Cinema: 4,990 Supermarket: 7,660 Parking space: 15,720	2018	40%
Hangzhou Capital Outlets (Fuyang District, Hangzhou)	101,690	112,280	Outlets: 88,980 Parking space: 23,300	2017	100%
Wuhan Capital Outlets (Wuhan East Lake High-tech Development Zone)	89,760	107,560	Outlets: 83,740 Parking space: 23,820	2018	99%
Xi'an Capital Outlets (Xi'an Hi-tech Industrial Development Zone)	119,650	118,840	Outlets: 83,040 Parking space: 35,800	2019	100%

INVESTMENT PROPERTIES (CONTINUED)

Project	Approximate Site Area (m²) (Note 1)	Total Gross Floor Area (m²) (Note 2)	Property Type (m²)	Expected Time of Launching	Attributable Interests
Zhengzhou Capital Outlets (Xingyang City, Zhengzhou)	80,860	96,580	Outlets: 81,070 Parking space: 15,510	2018	100%
Jinan Capital Outlets (Tangye New Area, Jinan)	114,930 (Note 6)	121,520	Outlets: 76,990 Parking space: 44,530	2019	100%
Hefei Capital Outlets (Binhu New District, Hefei)	87,910	96,270	Outlets: 75,230 Parking space: 21,040	2018	100%
Chongqing Capital Outlets (Banan District, Chongqing)	74,350 (Note 7)	110,560	Outlets: 79,110 Parking space: 31,450	2019	100%
Kunming Capital Outlets (Wuhua District, Kunming)	67,920	136,040	Outlets: 86,010 Parking space: 50,030	2020	85%
Qingdao Capital Outlets (Qingdao High-tech Zone)	93,970	97,600	Outlets: 80,280 Parking space: 17,320	2021	100%
Nanning Capital Outlets (Xingning District, Nanning)	101,970 (Note 8)	145,590	Outlets: 113,740 Parking Facility and Parking Space: 31,850	2021	100%
Xiamen Capital Outlets (Xiang'an District, Xiamen)	55,660	124,870	Outlets: 83,480 Parking space: 34,890 Supermarket: 6,500	2022	100%

DEVELOPMENT PROPERTIES

Project	Approximate Site Area (m^2)	Unsold Gross Floor Area (m^2)	Unsold Ground Floor Area (m^2)	Property Type	Attributable Interests
Xi'an First City (Xi'an Economic Technology Development Zone)	355,900	332,748	210,718	Residential/Commercial/ Office buildings/ Parking space	100%
Nanchang Capital Outlets (Xinjian District, Nanchang)	30,150 *(Note 5)*	24,397	24,397	Commercial	40%
Jinan Capital Outlets (Tangye New Area, Jinan)	114,930 *(Note 6)*	2,154	2,154	Commercial	100%
Chongqing Capital Outlets (Banan District, Chongqing)	74,350 *(Note 7)*	5,523	5,523	Commercial	100%
Nanning Capital Outlets (Xingning District, Nanning)	101,970 *(Note 8)*	7,768	7,768	Commercial	100%

Note 1: Approximate site area is based on State-owned Construction Land Use Right Grant Contract or Land Use Right Certificates;

Note 2: Total gross floor area is based on State-owned Construction Land Use Right Grant Contract and the latest project design plan;

Note 3: The site area of Fangshan Capital Outlets is 90,800 m^2, of which the gross floor areas of Phase I and Phase II are 108,700 m^2 and 87,800 m^2, respectively;

Note 4: The total site area of Huzhou Capital Outlets is 214,300 m^2, of which the site area of Phase I and Phase II are 109,900 m^2 and 104,400 m^2, respectively;

Note 5: The site area of Nanchang Capital Outlets Plot B is 30,200 m^2, of which 29,700 m^2 of the gross floor area is investment property and 31,300 m^2 is development property;

Note 6: The site area of Jinan Capital Outlets is 114,900 m^2, of which 121,500 m^2 of the gross floor area is investment property and 63,000 m^2 is development property;

Note 7: The site area of Chongqing Capital Outlets is 74,300 m^2, of which 110,600 m^2 of the gross floor area is investment property and 17,100 m^2 is development property;

Note 8: The site area of Nanning Capital Outlets is 102,000 m^2, of which 145,600 m^2 of the gross floor area is investment property and 15,300 m^2 is development property.

MARKET REVIEW OF OUTLETS

Looking back on 2020, the overall macro economy in the first half of the year was significantly affected by the COVID-19 epidemic, the global economy fell into a severe recession, and the external international situation was complex and severe; with the effective control of the epidemic in the second half of the year, the resumption of work and production in all industries has accelerated, the living order of residents has gradually recovered, and the consumption has recovered. Supported by the multiple stimulus policies of the government and enterprises to activate market and promote consumption, the total retail sales of consumer goods have gradually recovered. The total retail sales of consumer goods for the year amounted to approximately RMB39.2 trillion, representing a year-on-year decrease of 3.9%; the total retail sales of consumer goods in December increased by 4.6% year-on-year, representing a steadily increasing year-on-year growth. China has become the only country among the major economies to achieve positive growth in 2020, demonstrating the strong resilience of the Chinese economy.

The COVID-19 epidemic outbroken in early 2020 also had a huge impact on the retail industry, causing a significant drop in customer traffic and revenue of the physical retail industry in the short term, the retail enterprises have been under huge financial pressure. Therefore, creating a refined management and operation capability that integrate consumers, supply chains, and experiencing scenes, accelerating the digital transformation and upgrading and online & offline omni-channel layout, and realizing the transformation from passive demand satisfaction to proactive demand creation has become the only way for retail enterprises to break the situation. In the long run, under the new situation of normalization of the epidemic, consumer confidence has gradually regained and physical retail has recovered, however, the overall growth trend of the industry has not changed. In 2020, assisted by factors such as the return of domestic consumption, upgrading of customer consumption demand and increase in brand awareness, domestic outlets quickly emerged from the shadow of the epidemic, and the scale of the industry has grown steadily, fully reflecting the advantages of countercyclical attributes of the industry. The leading outlets operators have continued to increase their consumer market layout in the second-tier cities and build their retail matrix, in terms of offline, they deepen brand IP concept and optimize the supplier structure and brand format of physical stores, to cater to the new trends of consumer demand classification, consumer brand localization and healthy shopping concept, and provide consumers with cross-scene reach, conversion, repurchase and comprehensive services, to create a full-process outlets shopping experience with unique characteristics; in terms of online, they attach great importance to the cultivation and operation of various social groups, refine the needs of members, expand and accumulate consumer bases through the precise analysis combined with big data, and continue to gather new growth momentum.

BUSINESS REVIEW

ACCELERATE RECOVERY BY ACTIVE RESPONDING

— During the period, with the newly added Kunming project, the Group has accumulated 13 projects in operation, and the layout and number of operating projects ranks first in the industry. Under the pressure of the epidemic, the Group actively responded and adopted various self-rescue measures, our sales gradually returned to normal; in the second half of the year, all projects achieved growth in both customer traffic and sales; and the Group recorded an annual sales of approximately RMB7.4 billion and a customer traffic of 38.10 million

— Insists on epidemic prevention and control and assume social responsibility. During the period, the Group calmly responded to the new management and control requirements under the repeated epidemic situation, implemented the government's new deployment for prevention and control, established a proprietary control policy, to ensure all employees and tenants resume work and production in an orderly manner; at the same time, the Group actively responded to the government's call to help communities prevent epidemics, protect the needs of local residents, and actively assumed corporate social responsibilities

— On 19 December 2020, Kunming Capital Outlets officially opened for business, achieving a customer traffic flow more than 80,000 visits, a sales more than RMB15 million, and a 80% of member consumption rate on the first operating day

GATHER ENERGY TO BREAK THE SITUATION BY OVERCOMING DIFFICULTIES

— Comply with the new normal of the epidemic and make innovations to promote sales. The Group accurately captured the new consumption trends under the normalization of the epidemic, effectively integrated online and offline marketing channel resources, and created a traffic platform using a win-win thinking. The Group also effectively increased the sales and customer traffic and promoted the overall operation recovery of the projects by focusing on four major marketing systems, strengthening centralized holiday operation, enhancing off-season marketing, innovating community operation, empowering multi-dimensional IP, activating member potential and increasing contribution and repurchase rate of single customer. Among which, the twelve shopping malls across the country achieved a sales of RMB800 million and a customer traffic flow of 2.3 million visits in 8 days in the "Eight-day Happy Shopping in Twelve Capital Outlets Malls during National Day Holiday" (首創奧萊12城，嗨購國慶8天樂), representing a substantial increase from month on month

— Accurately implement strategies to improve cost efficiency, upgrade brand and expand advantages. The Group has paid close attention to market changes, reduced tenant attraction costs by diversified policies, reduced the number of decoration subsidy brands by fully leveraging the Group's advantages in centralized procurement, and realized resource sharing and marketing costs saving effectively by strengthening cross-industry cooperation. The Group has also accelerated the progress of brand adjustment and upgrading, deepened the good cooperative relationship with tenants, obtained the maximum resource support, upgraded the level of brand stores, and guaranteed the price and product advantages. Among which, Beijing Fangshan Outlets actively communicated with the brands to strive for goods and event resources, and held more than 20 exclusive events of "Brand Days and Internal Purchases" throughout the year, achieving a sales more than RMB30 million

— Implement strategic synergy to expand advantages, and seek development together by helping those left behind. The Group gave full play to the role of the ballast of its advantageous projects, created new high-quality shopping and experiencing scenes with the advantageous brand resources of old projects and mature marketing methods, to improve the efficiency of customers' consumption decision-making, and gradually improve customer loyalty and brand awareness

ACCELERATE TRANSFORMATION BY OPTIMIZING ITERATION

— Fully promote digitalization and activate the value of digital assets. The Group continued to deepen its cooperation with Alibaba Cloud, and strived to improve its big data application capabilities, and gradually improve the ability that can be checked, compared and analyzed using data middle platform in member labeling, closed-loop marketing and operation and finance indexing, to serve business development. The Group gradually improved its efficient traffic attracting ability by business middle platform and its omni-channel operation capabilities, so that information can reach consumers more effectively, allowing limited customer traffic to release greater consumption power, and supporting rapid, efficient and flexible business development

— Integrate the membership management system and explore the potential of membership consumption. The Group has restructured the membership index system, effectively integrated various membership and rights, strengthened member feedback activities, enhanced member awareness and perception of rights while consolidating member loyalty, to ensure member consumption experience. Among which, in the event of "Going Home for Reunion in Mid-Autumn Season" (中秋團圓季、會員回家嘍), we absorbed 30,000 new members in a single day, and membership sales in Huzhou Capital Outlets and Hangzhou Capital Outlets increased 8 times and 5 times year-on-year, respectively

CONTINUOUSLY ENHANCE THE BRAND INFLUENCE OF "CAPITAL OUTLETS" BY FACING AGAINST ADVERSITY AND STRIVING FOR STABILITY

— During the period, the Group actively responded to the challenge of the epidemic, accurately grasped the industry trend, refined the project operation capabilities, and innovated marketing and services. The Group also organized multiple festival-linked marketing, unified the main vision and theme of the events, and held activities such as "Watermelon Carnival" (西瓜嘉年華), "National Tide Music Festival" (國潮風尚音樂節) and "All-Nation Gathered Carnival" (萬國薈萃嘉年華). The Group continued to deepen the IP-based centralized operation of the New Silk Road, created the large-scale chain scene marketing activities unique to Capital Outlets, achieving a two-way increase in sales and customer traffic

— During the period, with years of professional operation and management experience and good market reputation, the Group won 19 major awards including "China Outlets Innovative Marketing Award" (中國奧萊創新營銷獎) at the "Seventh Development Forum of China Outlets Industry and 2019 China Outlets Awarding Ceremony" (第七屆中國奧特萊斯產業發展論壇暨2019年度中國奧萊頒獎盛典)

— Beijing Capital Outlets won the "2019–2020 New Era Commercial Brand Model Award" (2019–2020新時代商業品牌典範大獎) by China General Chamber of Commerce (中國商業聯合會)

— Wuhan Capital Outlets won the "Golden Lily Best Marketing Practice Five-star Case Award for Shopping Malls" (金百合購物中心行銷最佳實踐五星案例) by China Chain Store & Franchise Association (CCFA)

— In November 2020, the Group was selected as the "Top 100 Commercial Property of China" (中國商業地產TOP100) for the fifth consecutive year with its rapid response, innovative marketing, lean operation strategies, excellent digital practice level and full recovery of operating performance during the epidemic period

FUTURE DEVELOPMENT AND PROSPECTS

Looking into 2021, due to scientific coordination of epidemic prevention and control and economic and social development, the successful results of epidemic prevention and control will be further consolidated, the industrial chain and supply chain will be further stabilized, and the economic and social activities and residents' consumption of goods and services will be fully restored to normal levels. As the cornerstone of sustained economic growth, consumption is an important link in maintaining economic vitality. How to tap the potential of domestic demand, especially consumer demand and build a new development pattern with domestic circulation as the main body and mutual promotion of both domestic and international circulations will become an important issue for the Chinese government in the coming year. The epidemic will have a profound impact on the overall retail market environment and consumer perceptions. As the epidemic is forcing the retail industry to accelerate innovation, a series of new business formats and models derived from the concept of consumption classification and healthy shopping will become a new momentum for the growth of the retail industry. Outlets will rely on open and prolific business format portfolio, family-oriented experiencing consumption, and brand content construction that meets middle-class consumption trends and social needs, to promote the continuous growth of domestic demand in China.

In 2021, the Group will re-construct the value chain of people, goods and malls by firmly grasping the new features of core customer groups, new trends in brand upgrades and new changes in consumer market, and build a new operation mode of product portfolio, brand formats and marketing scenes by focusing on the new characteristics of healthy and rational consumption of the middle class; accelerate the omni-channel construction, attach importance to the cultivation of various brands and various social groups, refine big data and digital operations, understand the needs of customer groups, to improve end-to-end traffic attracting capability, and form rapid growth of social groups; continue to optimize the supplier structure and business layout, deepen the brand content matrix, create strong categories, and improve retail quality; create a unique experiencing outlets integrating shopping, tourism, life, entertainment and social interaction combining the situational interactive experience and the open shopping space experience of the projects, aiming to achieve a win-win situation with suppliers, employees and consumers. We will also continue to improve the Company's overall competitiveness, continue to consolidate and enhance the connotation of the "largest comprehensive outlets operator in China", to create maximum value for our shareholders.

FINANCIAL REVIEW

1. REVENUE AND OPERATING RESULTS

In 2020, the revenue of the Group was approximately RMB1,024,035,000 (2019: RMB1,864,672,000), representing a decrease of 45% as compared to that of 2019. The decrease in revenue was mainly attributable to the delivery of carry-forward revenue from saleable properties of outlets represented by Jinan Outlets in 2019 while there were less saleable properties that can carry forward revenue by the Group in 2020, and a significant decrease in property sales revenue as compared with that of 2019.

In 2020, the gross profit margin of the Group was approximately 34%, representing a decrease of 13 percentage points from 47% in 2019. Lower gross profit margin was mainly attributable to the decrease in revenue from saleable properties with higher gross profit, which led to a decline in overall gross profit margin.

In 2020, the operating profit of the Group was approximately RMB266,531,000 (2019: RMB456,831,000), representing a decrease of 42% as compared to that of 2019. Such decrease was mainly attributed to the decline of revenue.

In 2020, the Group's loss for the year was approximately RMB317,689,000 (2019: RMB223,052,000), representing an increase of 42% as compared to that of 2019. Such increase in loss was mainly attributable to: (i) a decrease in the Group's saleable properties in 2020, resulting in a decrease in operating profit; and (ii) an increase in the weighted average finance amount and increase in the total interest expense in 2020, resulting in an increase in finance cost.

2. LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2020, the Group's cash and cash equivalents and restricted cash totaled approximately RMB854,786,000 (31 December 2019: approximately RMB2,178,729,000), of which approximately RMB852,021,000 (31 December 2019: approximately RMB2,162,610,000), approximately RMB946,000 (31 December 2019: approximately RMB1,141,000) and approximately RMB1,819,000 (31 December 2019: approximately RMB14,978,000) were denominated in RMB, Hong Kong Dollar ("HK$") and US Dollar ("US$"), respectively. The majority of the Group's cash and cash equivalents and restricted cash are deposited with creditworthy banks with no recent history of default.

As at 31 December 2020, the Group's current ratio was 0.55 (31 December 2019: 1.25).

As at 31 December 2020, the Group's net gearing ratio was 176% (31 December 2019: 134%), based on the division of net debt by total equity. Net debt includes total bank and other borrowings, guaranteed notes (including current and non-current portions) and the senior class asset-backed securitization scheme (including current and non-current portions) and lease liabilities less cash and cash equivalents and restricted cash. The change of net gearing ratio was primarily due to the increase in net debt of the Group in 2020.

3. CHANGES IN MAJOR SUBSIDIARIES AND MAJOR NON-CONTROLLING INTERESTS

The Group had no changes in major subsidiaries and major non-controlling interests during the year.

4. BORROWINGS, GUARANTEED NOTES AND ASSET BACKED SECURITIZATION SCHEME

As at 31 December 2020, the Group's borrowings from banks, related parties and other financing institutions were approximately RMB4,304,436,000 (31 December 2019: approximately RMB3,765,000,000). The borrowings from bank of approximately RMB1,034,800,000 (31 December 2019: approximately RMB610,000,000) were secured by the land use rights and the buildings and guaranteed by Beijing Capital Land Ltd. ("BCL") or the Group. The borrowings from bank of approximately RMB604,696,000 (31 December 2019: approximately RMB655,000,000) were secured by the land use rights and guaranteed by BCL. The borrowings from bank and related parties of approximately RMB164,940,000 (31 December 2019: Nil) were credit borrowings. The borrowings from other financial institutions of approximately RMB2,500,000,000 (31 December 2019: approximately RMB2,500,000,000) were guaranteed by BCL.

As at 31 December 2020, the amortised cost of the Group's guaranteed notes (the "Notes") was approximately RMB2,612,936,000 (31 December 2019: RMB2,796,677,000), including the current portion of RMB2,612,936,000 (31 December 2019: RMB20,946,000) and the non-current portion of RMB Nil (31 December 2019: RMB2,775,731,000). The three-year floating-rate guaranteed notes with a nominal value of US$400,000,000 were listed for trading in August 2018. The details of the Notes are set out in the announcements dated 27 July 2018 and 2 August 2018.

On 9 December 2019, the Group non-publicly issued an asset-backed securitization scheme known as Zhonglian Yichuang — Beijing Capital Grand Outlets No.1 Phase I Asset-backed Securitization Scheme* (中聯一創一首創鉅大奧特萊斯一號第一期資產支持專項計劃). The issuance of the asset-backed securitization scheme was for the purpose of securitizing the properties held by the Group, namely the Fangshan Capital Outlets and the Kunshan Capital Outlets, and raising funds for the operation and development of the businesses of the Group. The total issuance of the scheme was RMB3,579,000,000, including: (i) the Senior Class ABS in the principal amount of RMB2,700,000,000 with a fixed coupon rate of 5.2% per annum and a maturity term of five years, all of which were subscribed by qualified third party investors, and listed and traded on the Integrated Negotiated Trading Platform (綜合協議交易平台) of the Shenzhen Stock Exchange (the "Listing"); and (ii) the Subordinated Class ABS in the principal amount of RMB879,000,000 with no fixed coupon rate and a maturity term of five years, all of which were subscribed by Zhuhai Hengqin Hengsheng Huachuang Business Management Co., Ltd (珠海橫琴恒盛華創商業管理有限公司) ("Hengsheng Huachuang"), a wholly-owned subsidiary of the Group. The Subordinated Class ABS will not be listed. It was treated as equity investment of Hengsheng Huachuang from an accounting perspective and offset in the consolidated financial statements of the Group. As at 31 December 2020, the amortised cost of the Group's Senior Class ABS was approximately RMB2,696,341,000 (31 December 2019: RMB2,700,839,000), including the current portion of RMB391,000 (31 December 2019: RMB8,939,000) and the non-current portion of RMB2,695,950,000 (31 December 2019: RMB2,691,900,000).

5. FOREIGN EXCHANGE EXPOSURE

Major subsidiaries of the Company operate in the PRC and most of the transactions are denominated in RMB. In August 2018, the Group issued guaranteed notes with a face value of US$400,000,000. Accordingly, the Group has entered into a structured cross swap agreement to manage the risk of US$ exchange rate fluctuations. In addition, certain of the Group's monetary assets and liabilities are denominated in HK$ and US$, the amount of which is not significant. Hence, it is expected that exchange rate fluctuations will have no significant impact on the finance of the Group.

6. FINANCIAL GUARANTEES

The Group provided guarantees in respect of the mortgage facilities granted by certain banks to purchasers of properties. As at 31 December 2020, the financial guarantees amounted to approximately RMB1,008,045,000 (31 December 2019: RMB1,163,279,000).

7. CAPITAL COMMITMENTS

As at 31 December 2020, the Group had capital commitments relating to the development properties under construction of approximately RMB86,981,000 (31 December 2019: RMB142,096,000), and had capital commitments relating to the investment properties under construction of approximately RMB476,489,000 (31 December 2019: RMB415,591,000).

EVENT AFTER THE REPORTING PERIOD

Details of the subsequent events of the Group are set out in Note 39 to the Consolidated Financial Statements on page 140 of this Annual Report.

COST OF EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, the Group had 1,234 employees (as of 31 December 2019: 1,297). The remuneration policy and package of the Group's employees are structured in accordance to market conditions, the performance, educational background and experience of individual employees as well as statutory requirements where appropriate. In addition, the Group also provides other staff benefits such as pension scheme, medical insurance scheme, unemployment insurance scheme, housing provident fund and share options to motivate and reward employees at all levels to meet the Group's business performance targets.

FUTURE DEVELOPMENT AND PROSPECTS

Looking into 2021, due to scientific coordination of epidemic prevention and control and economic and social development, the successful results of epidemic prevention and control will be further consolidated, the industrial chain and supply chain will be further stabilized, and the economic and social activities and residents' consumption of goods and services will be fully restored to normal levels. As the cornerstone of sustained economic growth, consumption is an important link in maintaining economic vitality. How to tap the potential of domestic demand, especially consumer demand and build a new development pattern with domestic circulation as the main body and mutual promotion of both domestic and international circulations will become an important issue for the Chinese government in the coming year. The epidemic will have a profound impact on the overall retail market environment and consumer perceptions. As the epidemic is forcing the retail industry to accelerate innovation, a series of new business formats and models derived from the concept of consumption classification and healthy shopping will become a new momentum for the growth of the retail industry. Outlets will rely on open and prolific business format portfolio, family-oriented experiencing consumption, and brand content construction that meets middle-class consumption trends and social needs, to promote the continuous growth of domestic demand in China.

In 2021, the Group will re-construct the value chain of people, goods and malls by firmly grasping the new features of core customer groups, new trends in brand upgrades and new changes in consumer market, and build a new operation mode of product portfolio, brand formats and marketing scenes by focusing on the new characteristics of healthy and rational consumption of the middle class; accelerate the omni-channel construction, attach importance to the cultivation of various brands and various social groups, refine big data and digital operations, understand the needs of customer groups, to improve end-to-end traffic attracting capability, and form rapid growth of social groups; continue to optimize the supplier structure and business layout, deepen the brand content matrix, create strong categories, and improve retail quality; create a unique experiencing outlets integrating shopping, tourism, life, entertainment and social interaction combining the situational interactive experience and the open shopping space experience of the projects, aiming to achieve a win-win situation with suppliers, employees and consumers. We will also continue to improve the Company's overall competitiveness, continue to consolidate and enhance the connotation of the "largest comprehensive outlets operator in China", to create maximum value for our shareholders.

Mr. Feng Yujian
Chief Executive Officer
Beijing, 24 March 2021

Biographical Details of the Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Zhong Beichen (鍾北辰), aged 46, was appointed as the chairman of the Board and the chairman of the nomination committee of the Company in January 2017, and was appointed as the executive Director and president of BCL in April 2018. Mr. Zhong served as an architect of the Planning and Design Institute of the Department of Light Industry of the PRC (中國輕工業部規劃設計院) from July 1996 to August 2000. Mr. Zhong served as an architect of Beijing Sunshine Real Estate Comprehensive Development Company (北京陽光房地產綜合開發公司) from August 2000 to December 2001 and the deputy general manager of Beijing Anhua Shiji Real Estate Development Co., Ltd. (北京安華世紀房地產開發有限公司) and Beijing Sunshine City Real Estate Development Co., Ltd. (北京陽光城房地產有限公司) from January 2003 to December 2007. Mr. Zhong served as the general manager of the Product R&D Centre of BCL from January 2008 to May 2010 and the vice-president of Outlets Investment Management Co., Ltd. (奧特萊斯投資管理有限公司) from June 2010 to August 2011. He served as the general manager of the Commercial Property Development Department of BCL from September 2011 to December 2013, and the assistant president of BCL from September 2011 to February 2012. Mr. Zhong acted as the executive Director and chief executive officer of the Company from December 2013 to January 2017. He was the vice-president of BCL from January 2017 to April 2018. Mr. Zhong obtained a bachelor's degree in Architecture from Xiamen University in 1996.

Mr. Feng Yujian (馮瑜堅), aged 47, was appointed as an executive Director and the chief executive officer of the Company in January 2017, the chairman of the strategic investment committee of the Company in February 2018, and the assistant president of BCL in October 2018. He is also a director in certain subsidiaries of the Company. He was the vice-president of the Company from March 2015 to January 2017. He joined BCL and served as the securities business manager in the Business Development Department in March 2003, the deputy general manager of the Strategic Development Centre from April 2008 to January 2010, the general manager of the Capital Management Centre from January 2010 to July 2014, as well as the general manager and investment relationship director of BCL Hong Kong Office from August 2012 to April 2017. Prior to joining BCL, Mr. Feng served as a senior analyst in Foshan Securities Co., Ltd., an analyst in Beijing Xinminsheng Financial Advisory Co., Ltd. and a securities trader in Zhejiang Jinma Property Development Co., Ltd.. Mr. Feng obtained a bachelor's degree in Economics from Renmin University of China in July 1994 and a master's degree in Business Administration from Beijing International MBA (BiMBA) in February 2003.

NON-EXECUTIVE DIRECTORS

Mr. Wang Hao (王昊), aged 38, was appointed as a non-executive Director and a member of the strategic investment committee of the Company in May 2018. Mr. Wang served as a senior manager of the Investment Banking Department of CITIC Securities Co., Ltd. from June 2007 to August 2010. Mr. Wang joined Beijing Capital Group Co., Ltd. (the "Capital Group") as an assistant to the chairman in August 2010 and served as the deputy general manager of the Synergy Development Department of the Capital Group from October 2015 to February 2017, and also served as the deputy general manager of the Real Estate Department of the Capital Group since February 2017. Mr. Wang obtained a bachelor's degree in Electrical Engineering from University of Bristol in the United Kingdom in August 2006.

Ms. Qin Yi (秦怡), aged 42, was appointed as a non-executive Director and a member of the remuneration committee of the Company in December 2018. Ms. Qin served in the financial department of Beijing Saike Pharmaceutical Co., Ltd. (北京賽科藥業股份有限公司) from 2000 to 2001. Ms. Qin joined BCL in July 2004 and served as a professional supervisor of the Business Development Department, a senior manager of the Strategic Development Centre, as well as the assistant general manager and deputy general manager of the Capital Management Centre successively. Ms. Qin has served as the general manager of the Capital Management Centre of BCL since February 2014. She was appointed as the Secretary of the Board of Directors of BCL in March 2016. Ms. Qin obtained a bachelor's degree in Economics from China Institute of Finance and Banking in 2000 and a master's degree in Economics from the School of Economics of Peking University in 2004.

Mr. Zhou Yue (周岳先生), aged 43, was appointed as a non-executive Director, a member of the nomination committee and a member of the strategic investment committee of the Company in October 2020. He is the executive deputy general manager of Sino-Ocean Capital Limited, an associate of Sino-Ocean Group. Mr. Zhou joined the Sino-Ocean Group since April 2015 and served as the person-in-charge for strategic investment and deputy general manager of the CEO Management Centre. He previously held positions at Mapletree Investments of Temasek Holdings, Singapore, HSBC Holdings and Bank of China Investment. Mr. Zhou graduated from Xi'an University of Architecture and Technology in 2000 and obtained a bachelor's degree in Civil Engineering, and also graduated from Tsinghua University in 2007 and received a master's degree in Business Administration.

Mr. Yang, Paul Chunyao (楊文鈞), aged 52, was appointed as a non-executive Director, a member of the remuneration committee and the strategic investment committee of the Company in February 2018. He joined KKR as a member and head of Greater China in 2017. Prior to joining KKR, Mr. Yang was the president and CEO (where he led a team of more than 7,000 employees, with operations in Taipei, Hong Kong, Shanghai, Seoul, Singapore, Bangkok and Jakarta) of China Development Financial Holding Corporation ("CDFC", a company listed on the Taiwan Stock Exchange, stock code: 2883.TW) (one of the oldest and largest commercial banking groups in Asia, with more than US$20 billion in assets under management). Prior to joining CDFC, Mr. Yang was the managing director and head of private equity and mezzanine finance at DBS Bank in Hong Kong. Mr. Yang also held positions at the branches of ICG Asia, Goldman Sachs, General Atlantic and Boston Consulting Group in the U.S. and Asia. He is currently a director of CDFC. He received his BS and MS in Mechanical Engineering at MIT and his MBA at Harvard.

Biographical Details of the Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Ngai Wai Fung (魏偉峰), aged 59, was appointed as an independent non-executive Director, the chairman of the audit committee and a member of the remuneration committee and nomination committee of the Company in December 2013. He is also a director and the group 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. Dr. Ngai has over 30 years of professional practices 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 regulatory compliance, corporate governance and secretarial work for listed issuers including major red chips companies. Dr. 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. Dr. Ngai is currently a member of the General Committee of the Chamber of Hong Kong Listed Companies and the chairman of its Member Service Subcommittee, and has been appointed as a Finance Expert Consultant by the Ministry of Finance of the PRC. He was the President of Hong Kong Institute of Chartered Secretaries (2014–2015), an unofficial member of Working Group on Professional Services under the Hong Kong Special Administrative Region Economic Development Commission (2013–2018) and a member of the Qualification and Examinations Board of the Hong Kong Institute of Certified Public Accountants (2013–2018). Dr. 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, a fellow of Hong Kong Institute of Directors, a member of the Hong Kong Securities and Investment Institute, and a member of the Chartered Institution of Arbitrators. Dr. 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 master's degree in Business Administration from Andrews University of Michigan in the United States and a bachelor honor degree in Laws from University of Wolverhampton in the United Kingdom. Dr. Ngai is currently an independent non-executive director of the following companies: Bosideng International Holdings Limited (HKEX, stock code: 03998), Powerlong Real Estate Holdings Limited (HKEX, stock code: 01238), BaWang International (Group) Holding Limited (HKEX, stock code: 01338), BBMG Corporation (HKEX, stock code: 02009), TravelSky Technology Limited (HKEX, stock code: 00696), China Communications Construction Company Limited (HKEX, stock code: 01800) and China Energy Engineering Corporation Limited (HKEX, stock code: 03996). Dr. Ngai is also an independent director of SPI Energy Co., Ltd. (Nasdaq: SPI). Dr. Ngai served as an independent non-executive director of China Coal Energy Company Limited from December 2010 to June 2017, China Railway Group Limited from June 2014 to June 2017, Renco Holdings Group Limited from March 2016 to April 2018, Yangtze Optical Fibre and Cable Joint Stock Limited Company from September 2014 to January 2020, Health and Happiness (H&H) International Holdings Limited from July 2010 to May 2020 and SITC International Holdings Company Limited from September 2010 to October 2020, respectively. He also served as an independent director of LDK Solar Co., Limited from July 2011 to April 2020.

Ms. Zhao Yuhong (趙宇紅), aged 52, was appointed as an independent non-executive Director, the chairman of the remuneration committee and a member of each of the audit committee and the nomination committee of the Company in December 2013. Ms. Zhao has worked as an associate professor of Faculty of Law, The Chinese University of Hong Kong ("CUHK") since August 2008. Ms. Zhao was the assistant dean (UG student affairs) and associate dean (undergraduate studies) of Faculty of Law at CUHK from September 2008 to August 2010 and from September 2010 to July 2013, respectively. Ms. Zhao was a lecturer and subsequently assistant professor of School of Law at City University of Hong Kong from January 1996 to June 2002 and from July 2002 to August 2006, respectively. From September 2006 to July 2008, Ms. Zhao served as an assistant professor of School of Law at CUHK. Ms. Zhao obtained her Bachelor of Arts degree in English Language and Literature and Bachelor of Laws degree from Peking University in July 1991. Ms. Zhao obtained her Master of Studies in Law degree with Magna Cum Laude from Vermont Law School, the USA in February 1993 and her PhD degree in Law from City University of Hong Kong in November 2000.

Mr. He Xiaofeng (何小鋒), aged 65, was appointed as an independent non-executive Director and a member of each of the audit committee and the strategic investment committee of the Company in December 2013, and was appointed as a member of the remuneration committee and the nomination committee of the Company in December 2016. Mr. He obtained a bachelor's degree and a master's degree in Economics in 1982 and 1984 from Peking University, respectively. He is currently a professor of the Department of Finance, School of Economics of Peking University (北京大學經濟學院金融學系) since August 2000, and has been a doctoral supervisor since August 2001 and a director of the Research Center of Financial and Industrial Development of Peking University (北京大學金融與產業發展研究中心) from August 2005 to January 2020. He has taught in the School of Economics of Peking University (北京大學經濟學院) since 1984. Mr. He has also has served as a council member of China Enterprises Investment Association (中國企業投資協會) and the deputy director of Financial Enterprises Investment Committee (金融企業投資委員會) since 2006, the vice chairman of Beijing Private Equity Association (北京股權投資基金協會) since 2008, a director of Beijing FOF Capital Co., Ltd (Stock Code: 833962.NEEQ). since 2015, an independent non-executive director of Hanergy Thin Film Power Group Limited (Stock Code: 566.HK) from September 2017 to June 2019, and an independent director of Beijing Life Insurance Co., Ltd (北京人壽保險有限公司) since March 2018.

SENIOR MANAGEMENT

Ms. Liu Jing (劉靜), aged 44, was appointed as a vice president of the Company in December 2017. She serves as an assistant president of the Company from March 2015 to December 2017, an assistant general manager of the Commercial Property Development Department of BCL from August 2012 to March 2015, the deputy general manager of the Human Capital Centre of BCL from January to August 2012, an assistant general manager of the Human Capital Centre of BCL from January 2010 to December 2011, a senior professional manager in charge of remuneration management of the Human Capital Centre of BCL from August 2007 to December 2009, the human resources manager of Canon Information Technology (Beijing) Co., Ltd. (佳能資訊技術（北京）有限公司) from April 2005 to July 2007, and the remuneration and benefits manager of Legend Holdings Corporation from October 2000 to March 2005, from July 1999 to October 2000 as market management director of Lenovo (Hong Kong) Limited. Ms. Liu obtained a master's degree in Business Administration from Zhongnan University of Economics and Law in December 2012 and a bachelor's degree in Insurance from Central University of Finance and Economics in June 1998.

Mr. Gao Baofeng (高寶豐), aged 46, was appointed as a vice president of the Company in December 31. He served in the PLA Air Force from July 1995 to December 2007 and acted as a teacher, assistant lecturer, deputy instructor, party branch secretary, and officer of the political office. From December 2007 to October 2013, he served successively as the deputy chief clerk and chief clerk of the Disciplinary Committee of the Beijing Municipal SASAC (北京市國資委); from October 2013 to October 2014, he served as the senior director of the Disciplinary Committee of Beijing Enterprises Group Co., Ltd. (北京控股集團有限公司); from October 2014 to December 2015, he successively served as the deputy general manager (as a temporary post) of the first branch of Beijing Gas Group Co., Ltd.(北京市燃氣集團有限責任公司) and the discipline inspection supervisor (deputy division-level) of the Disciplinary Committee. He served as the director of the Discipline Inspection and Supervision Office of Beijing Capital Co., Ltd. (stock code: 600008) and the secretary of the third party branch of the headquarters from December 2015 to May 2019. He joined BCL in August 2020 as the deputy director of the Party Committee Office. Mr. Gao obtained a diploma in cryptography and information security from the Air Force Telecommunications Engineering Institute in July 1995, and an undergraduate diploma in economics and management from the Air Force Political Institute in July 1999.

Biographical Details of the Directors and Senior Management

Ms. Lu Yi (陸屹), aged 55, was appointed as a vice president of the Company in August 2016. She joined the Company in July 2015. From July 2010 to June 2015, Ms. Lu served as the person-in-charge of retail business at Fu Wah International Group and the general manager of Beijing Jinbao Place Co., Ltd. (北京金寶匯購物中心有限公司). From February 2009 to July 2010, she served as the general manager of Beijing North Star King Power Co., Ltd (北京北辰嘉權時代名門商業有限公司), a joint venture company by Hong Kong King Power Group and Beijing North Star Industrial Group. From November 2006 to February 2009, she served as the deputy director of retail business of Beijing Yintai Property Co., Ltd. (北京銀泰置業有限公司) under Yintai Group. From July 2004 to November 2006, she served as the deputy general manager of Hangzhou Hubin International Boutique Compound (Euro-street) under Narada Group. From August 2003 to July 2004, she served as the store manager of Cartier Boutique at The Peninsula Beijing. From September 1999 to July 2003, she was a manager at Watches of Switzerland in Sydney. From July 1987 to August 1999, she was a manager of Beijing Yanshan Hotel. Ms. Lu obtained a bachelor's degree in Tourism Economics from Zhejiang University (formerly known as "Hangzhou University") in July 1987.

Mr. Yuan Zelu (袁澤路), aged 54, was appointed as a vice president of the Company in October 2018. He is a senior business operator. He served as an assistant manager of Beijing Wangfujing Department Store (北京王府井百貨大樓) from September 1987 to April 1992, the department manager of Beijing Jianguomen Scitech Plaza (北京建國門賽特購物中心) and Xidan Scitech Plaza (西單賽特購物中心) from May 1992 to May 2003, and the deputy general manager of Oriental Kenzo (Beijing) Company Limited (東方銀座商業（北京）有限公司) from June 2003 to March 2007. Later, Mr. Yuan worked as the general manager of the Beijing Project and Tianjin Project of Capital Commercial Real Estate Management Consultation (Shanghai) Company Limited (凱德商用房產管理諮詢（上海）有限公司) Beijing Branch from April 2007 to September 2009. He was the deputy director of the national commercial property business department of Beijing Glory Commercial Management Co., Ltd. (北京國瑞興業商業管理有限公司) and the general manager of Beijing Commercial Management Company (北京商業管理公司) from September 2009 to September 2010. He also served as the executive director for national business management of Beijing Huian Investment Management Co., Ltd. (北京匯安投資管理有限公司) and the general manager of Beijing City Mall (北京都匯天地購物中心) from September 2010 to June 2012. He has served as the general manager of Beijing Company since June 2012, concurrently served as the general manager of the Nanchang Project from January 2019 to November 2020 and the general manager of Kunming Company since December 2020. Mr. Yuan obtained a diploma in Commercial Economics (Corporate) Management (商業經濟（企業）管理專業大專文憑) from the School of Continuing Education, Beijing Normal University in March 2000, a bachelor's degree in Business Administration from Beijing Municipal Party Committee School (北京市委黨校) in July 2006, and an MBA degree from the International Business University of Beijing in July 2012.

Mr. Yuan Qinghua (袁慶華), aged 52, was appointed as a vice president of the Company in September 2019. He served as the chief project engineer of 5th Construction Company of China Construction First Building (Group) Corporation Limited (中國建築一局（集團）有限公司第五建築公司) from July 1989 to December 2002. He joined BCL in December 2002. He served as the department manager of Beijing Heng Yang Huarong Real Estate Co. Ltd. (北京恒陽華隆房地產有限公司) from December 2002 to May 2006, an assistant general manager of Operation Management Department of BCL from June 2006 to December 2006, an assistant general manager of Cost Management Center of BCL from January 2007 to April 2008, a deputy general manager of the Chongqing Company of BCL from May 2008 to January 2011, a deputy general manager and a general manager of Innovation and Research Center of BCL respectively from January 2011 to July 2014, the general manager of Customer Service Development Platform of BCL from July 2014 to October 2017. He has served as the general manager of Jinan Company since October 2017 and concurrently as the general manager of Qingdao Company since February 2021. Mr. Yuan obtained a bachelor's degree in civil engineering from Chongqing University (formerly known as "Chongqing Institute of Architectural Engineering, Chongqing Jianzhu University") in July 1989, and an EMBA degree from Beijing Institute of Technology in March 2001

Mr. Chi Chao (遲超), aged 41, was appointed as the chief financial officer of the Company in October 2017. He was the general manager of the group financial department of Yang Guang Co., Ltd. (陽光新業地產股份有限公司) (Listed on the Shenzhen Stock Exchange, Stock Code: 000608) from August 2014 to October 2017. He successively served as the financial director and deputy general manager of the BCL Qingdao office from March 2012 to August 2014, the senior financial manager of Beijing Chaoyang Jindu Company (北京朝陽金都公司) from March 2011 to March 2012, and the senior manager of the Financial Management Centre of BCL from September 2007 to March 2011. In addition, he worked as a cashier, finance staff of the planning and accounting department, customer manager and deputy manager of the customer management department in China Construction Bank (sales department of Anhui branch, Beijing) from July 2001 to September 2007. Mr. Chi obtained a bachelor's degree in Accounting from North China Electric Power University in June 2001.

SECRETARY OF THE BOARD OF DIRECTORS

Ms. Wang Xia (汪霞), aged 45, was appointed as the secretary of the Board in October 2018. She served as the manager of the president's office of Dalian Hanfeng Group Company (大連漢楓集團公司) and the general manager of its Dalian company from January 2000 to April 2002, as well as a member of the preparatory office, the executive secretary of the general manager's office, the manager of the strategic planning department, and the manager of the process planning and customer relationship management department of ING Capital Life Insurance Co. Ltd (首創安泰人壽保險有限公司) from May 2002 to November 2006. Ms. Wang was the communication and special project manager of the strategy and business development department of Pfizer Investment Limited (輝瑞投資有限公司) from August 2009 to March 2010. She joined BCL in July 2010 and served as the manager for securities affairs, senior manager for capital management and senior manager of the Capital Management Centre. She joined the Company in June 2015 as the general manager of the Capital Management Centre. Ms. Wang obtained a bachelor's degree and a master's degree in Engineering from Shaanxi University of Science and Technology (formerly known as "Northwest Institute of Light Industry") in July 1997 and April 2000 respectively, and earned her master's degree in Business Administration from Tsinghua University (Tsinghua-MIT Global MBA Program) in July 2009.

COMPANY SECRETARY

Mr. Lee Sze Wai (李斯維), aged 38, was appointed as the company secretary of the Company from October 2015 to August 2019 and since October 2020. Mr. Lee is also the company secretary of BCL. Mr. Lee is a member of the Hong Kong Institute of Certified Public Accountants, the Chartered Governance Institute in UK and the Hong Kong Institute of Chartered Secretaries. Mr. Lee is a charterholder of Chartered Financial Analyst. Mr. Lee served as the chief financial officer and company secretary of Greenfield Chemical Holdings Limited (stock code: 582.HK) from February 2010 to August 2011, the assistant company secretary of Allied Group Limited (stock code: 373.HK) from August 2011 to November 2014, and the company secretary of Allied Overseas Limited (stock code: 593.HK) from March 2012 to January 2014. Mr. Lee obtained a Bachelor's Degree in Economics and Finance from the University of Hong Kong in 2004.

Report of the Directors

The board of directors (the "Board" or the "Directors") of Beijing Capital Grand Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") hereby presents its report and the audited consolidated financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Group is principally engaged in commercial property development, with a focus on the development, operation and management of outlets-backed commercial integrated projects and non-outlets retail property projects in the PRC, the details of which have been disclosed in the circular of the Company dated 14 November 2020. The activities of its principal subsidiaries are set out in Note 20 to the financial statements.

BUSINESS REVIEW

The Group's business review required by Schedule 5 to the Hong Kong Companies Ordinance is set out in the "Management Discussion and Analysis" of this annual report. A discussion of the Company's environmental policies and performance and an account of the Company's relationship with its key stakeholders will be disclosed in detail in the 2020 Environmental, Social and Corporate Governance Report to be published by the Company, which will be available for shareholders' inspection at the websites of the Company (www.bcgrand.com) and the Stock Exchange of Hong Kong (www.hkexnews.hk). A description of the key risks and uncertainties faced by the Company is set out below:

KEY RISK FACTORS

The key risks and uncertainties faced by the Group are as follows. As it is a non-exhaustive list, there may be other risks and uncertainties other than those disclosed below. Besides, this annual report does not constitute any recommendation or advice for anyone to invest in the securities of the Company. Investors are advised to make their own judgment or consult professionals before making any investment in the securities of the Company.

There are strategic risks, operation risks, financial risks, legal risks and market risks, etc. during the development process of the Company, of which:

(1) Strategic risks are mainly attributable to domestic and overseas macro-economies, the overall trend of the industrial structure and the commensurate level of the scientific and sustainable standards of strategy establishment of the Company;

(2) Market risks are mainly attributable to changes to internal and external environment, such as domestic and overseas macro-economies, outbreak of COVID-19, market supply and demand, market competition and business partnership, as well as the risk of unexpected potential losses in value in the stock market due to changes of stock prices, interest rates and exchange rates;

(3) Operation risks are mainly attributable to the supervision and control procedures of each business segment involved in the daily operation and management process of the Company;

(4) Financial risks are mainly attributable to the supervision and control procedures of the financial system of the Company as a whole, including fund raising, investment management and revenue accounting;

(5) Legal risks are mainly attributable to the ongoing changes to domestic and overseas policies and regulations, and the internal contract management ability of the Company and the occurrence of relevant legal disputes.

RESULTS AND DIVIDENDS

The Group's results for the year ended 31 December 2020, prepared in accordance with the Chinese Accounting Standards for Business Enterprises, are set out in the Consolidated Statement of Profit or Loss on page 57 of this annual report.

The Directors do not recommend the payment of any dividend for the year ended 31 December 2020.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for each of the last five financial years is set out in the Five-Year Financial Summary on pages 143 to 144 of this annual report. The summary does not form a part of the audited financial statements. The results published may not be comparable to the balance sheet.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the review period are set out in Note 15 to the Consolidated Financial Statements on pages 107 to 108 of this annual report.

INVESTMENT PROPERTY

Details of movements in the investment property of the Group during the review period are set out in Note 18 to the Consolidated Financial Statements on pages 110 to 112 of this annual report.

ISSUED SHARES

During the year, the Company did not issue any shares. Details of movements in the Company's share capital are set out in Note 32 to the Consolidated Financial Statements on page 133 of this annual report.

ISSUE OF THE PERPETUAL CONVERTIBLE BOND SECURITIES

Details of the perpetual convertible bond securities of the Company during the review period are set out in Note 34 to the Consolidated Financial Statements on pages 134 to 135 of this annual report.

DEBT SECURITIES

Details of movements in the debt securities of the Company are set out in Note 27 to the Consolidated Financial Statements on page 126 of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions on pre-emptive rights under the Company's Articles of Association or the Companies Law which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in Note 40(A) to the Consolidated Financial Statements on page 142 of this annual report as well as in the Consolidated Statement of Changes in Equity on page 61 of this annual report.

As at 31 December 2020, the distributable reserves of the Company amounted to approximately RMB3.926 billion.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2020, sales to the Group's largest customer and five largest customers accounted for approximately 1% and 5%, respectively, of the total sales of the Group for the review period. Purchases from the Group's largest supplier and five largest suppliers accounted for approximately 17% and 45%, respectively, of the Group's total purchases for the year. None of the Directors, their associates or any shareholders who owned more than 5% of the Company's share capital had any interest in the five largest customers or five largest suppliers at any time during the year.

BANK BORROWINGS

Details of the bank borrowings of the Group as at 31 December 2020 are set out in Note 26 to the Consolidated Financial Statements on page 124 of this annual report.

DIRECTORS

The Directors of the Company during the year and up to the date of this report are:

EXECUTIVE DIRECTORS:

Mr. Zhong Beichen *(Chairman)*
Mr. Feng Yujian *(Chief Executive Officer)*

NON-EXECUTIVE DIRECTORS:

Mr. Wang Hao
Ms. Qin Yi
Mr. Zhou Yue (Appointed on 16 October 2020)
Mr. Wang Honghui (Resigned on 16 October 2020)
Mr. Yang, Paul Chunyao

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Dr. Ngai Wai Fung
Ms. Zhao Yuhong
Mr. He Xiaofeng

In accordance with Article 83(3) of the Articles of Association of the Company, any director appointed by the Board to fill a temporary vacancy shall have a term of office until the first general meeting of the Company after the appointment, and will be re-elected at the meeting. Mr. Zhou Yue was appointed as a non-executive Director in October 2020 and shall be re-elected at the forthcoming annual general meeting in accordance with the Articles of Association.

In accordance with Articles 84(1) and (2) of the Articles of Association of the Company, at each annual general meeting, one third of the Directors for the time being (or, if such number is not a multiple of three (3), the number nearest to but not less than one third) shall retire from office by rotation, provided that every Director shall be subject to retirement at least once every three years at the annual general meeting. Accordingly, Mr. Wang Hao, Mr. Yang, Paul Chunyao and Ms. Qin Yi will offer themselves for re-election at the forthcoming annual general meeting.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors of the Company are set out on pages 26 to 31 of this annual report.

DIRECTORS' SERVICE CONTRACTS AND REMUNERATION

During the year, no Director entered into a service agreement with the Company which was not terminable by the Company within one year without payment of compensation (other than statutory compensation).

The Directors' remuneration policy and package shall be determined by the Board with the recommendation of the Remuneration Committee of the Company with reference to the market rate, individual qualifications as well as contribution and commitments to the Company. The details of Directors' remuneration are set out in Note 10 to the Consolidated Financial Statements on pages 101 to 104 of this annual report.

DIRECTORS' INTERESTS IN MATERIAL CONTRACTS

None of the Directors had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party during the year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2020, to the knowledge of the Directors, none of the Directors and chief executives of the Company and their associates had interests and short positions in the shares or underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange of Hong Kong pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange of Hong Kong.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year and up to the date of this annual report, the following Directors are also directors and/or officers of Beijing Capital Land Ltd. ("BCL", a controlling shareholder of the Company).

Name of Director	Position held in BCL
Mr. Zhong Beichen	Executive Director and President
Ms. Qin Yi	Secretary of the Board

BCL is a controlling shareholder of the Company and a leading large integrated real estate developer in the PRC, focusing primarily on developing the four core business streams of residential property development, integrated outlets, urban core integrated complex and primary land development, complemented by innovative business areas such as high-tech industry properties, cultural and creative industries and rental housing.

On 28 June 2016, the Company entered into the amended non-competition deed (the "First Amended Non-Competition Deed") with BCL to delineate the business of the Company and BCL by cities and businesses, the details of which are set out in the circular of the Company dated 30 June 2016, and the First Amended Non-Competition Deed has come into effect on 18 July 2016.

On 10 October 2018, the Company entered into the second amended non-competition deed (the "Second Amended Non-Competition Deed") with BCL to replace the First Amended Non-Competition Deed in its entirety and to delineate their businesses according to (i) usage of the land and properties to be developed and (ii) the business models, the details of which are set out in the circular of the Company dated 14 November 2018, and the Second Amended Non-Competition Deed has come into effect on 30 November 2018.

In December 2019, BCL completed the acquisition of the remaining 45% minority interest in the Hainan Integrated Outlets Project (the "Hainan Outlets Project"), and held 100% interest in the Hainan Outlets Project as of 31 December 2019. According to the common intention previously reached between the Company and BCL stated in the Company's circular dated 14 November 2018, the Company is currently negotiating with BCL over the potential acquisition of interest in the Hainan Outlets Project (including the transaction terms involved). During the negotiation, the leasing, marketing, operation and management of the Hainan Outlets Project will continue to be entrusted to the Group until BCL ceases to hold any interest in the Hainan Outlets Project with management fees computed based on the total sales of Hainan Outlets Project for the entrustment period. Such entrustment arrangement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules but is subject to full exemption.

In addition, BCL has confirmed that during the year, it has complied with the non-competition undertaking under the Second Amended Non-Competition Deed. Therefore, none of the Directors or their respective associates had interests in such business that competes or may compete with the business of the Group.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2020, to the knowledge of the Directors, the following entities (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company which shall be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

LONG POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Name of shareholder	Capacity	Number of shares	Approximate percentage of the issued share capital (%)	Total number of ordinary shares convertible from Class A Convertible Preference Shares, Class B Convertible Preference Shares and Perpetual Convertible Bond Securities (at the initial conversion price of HK$2.10 per share)	Total interests	Percentage of total interests to total issued shares
BECL Investment Holding Limited ("BECL")	Beneficial owner	701,353,846	72.94%	1,072,928,106 *(Note 5)*	1,774,281,952	184.53%
BCL	Interests of controlled corporation *(Note 1)*	701,353,846	72.94%	1,072,928,106 *(Note 5)*	1,774,281,952	184.53%
BCG Chinastar International Limited ("BCG Chinastar")	Beneficial owner	19,800,000	2.06%	–	19,800,000	2.06%
Beijing Capital Group Co., Ltd.	Interests of controlled corporation *(Note 2)*	721,153,846	75%	1,072,928,106 *(Note 5)*	1,794,081,952	186.58%
Smart Win Group Limited	Beneficial owner	95,192,308	9.9%	313,140,124	408,332,432	42.47%
Sino-Ocean Land (Hong Kong) Limited	Interests of controlled corporation *(Note 3)*	95,192,308	9.9%	313,140,124	408,332,432	42.47%
Faith Ocean International Limited	Interests of controlled corporation *(Note 3)*	95,192,308	9.9%	313,140,124	408,332,432	42.47%
Shine Wind Development Limited	Interests of controlled corporation *(Note 3)*	95,192,308	9.9%	313,140,124	408,332,432	42.47%
Sino-Ocean Group Holding Limited	Interests of controlled corporation *(Note 3)*	95,192,308	9.9%	313,140,124	408,332,432	42.47%
KKR CG Judo Outlets	Beneficial owner	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR CG Judo	Interests of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR China Growth Fund L.P.	Interests of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR Associates China Growth L.P.	Interests of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%

Report of the Directors

Name of shareholder	Capacity	Number of shares	Approximate percentage of the issued share capital (%)	Total number of ordinary shares convertible from Class A Convertible Preference Shares, Class B Convertible Preference Shares and Perpetual Convertible Bond Securities (at the initial conversion price of HK$2.10 per share)	Total interests	Percentage of total interests to total issued shares
KKR China Growth Limited	Interests of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR Group Partnership L.P.	Interests of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR Group Holdings Corp.	Interests of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR & Co. Inc	Interests of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
KKR Management LLP	Interests of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
Henry Robert Kravis	Interests of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%
Roberts George R.	Interests of controlled corporation *(Note 4)*	95,192,308	9.9%	200,045,787	295,238,095	30.70%

Notes:

1. Total interests in 1,774,281,952 shares were deemed to be corporation interest under the SFO.
2. Total interests in 1,794,081,952 shares were deemed to be corporation interest under the SFO.
3. Total interests in 408,332,432 shares were deemed to be corporation interest under the SFO.
4. Total interests in 295,238,095 shares were deemed to be corporation interest under the SFO.
5. On 19 December 2016, the Company issued a total of 905,951,470 Class B Convertible Preference Shares to BECL pursuant to the Class B Convertible Preference Share Subscription Agreement. On 28 December 2016, BECL converted 571,153,846 Class A Convertible Preference Shares into ordinary shares.

Save as disclosed above, as of the date of this report, as recorded in the register of interests kept by the Company under Section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company which shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Company adopted the scheme (the "Scheme") on 14 March 2012 (the "Adoption Date") which would remain in force for a period of 10 years from the Adoption Date.

Under the Scheme, the Directors may at their discretion grant options to (i) any employee of any member of the Group or any entity in which any member of the Group holds equity interest (the "Invested Entity"); (ii) any executive and non-executive directors of any member of the Group or any Invested Entity; (iii) any supplier and customer of any member of the Group or any Invested Entity; (iv) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; (v) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued or proposed to be issued by any member of the Group or any Invested Entity; or (vi) any adviser or consultant of any member of the Group or any Invested Entity, to subscribe for the shares of the Company.

The number of shares in respect of options granted under the Scheme shall not exceed 10% of the issued share capital of the Company on the date of adopting the Scheme. The limit may be refreshed at any time provided that the new limit must not in aggregate exceed 10% of the issued share capital of the Company as at the date of obtaining shareholders' approval at a general meeting. However, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other scheme of the Company must not in aggregate exceed 30% of the shares in issue from time to time. The maximum number of shares in respect of options granted to any individual in any 12-month period shall not exceed 1% of the shares in issue on the last day of such 12-month period, unless approved by the shareholders of the Company in accordance with the Listing Rules. A nominal consideration of HK$1 is payable by the grantee on acceptance of the grant of an option.

Options may be exercised at any time from the date of grant of the options to the 10th anniversary of the date of grant, as may be determined by the Directors. The exercise price is determined by the Directors, and will not fall below the highest of (i) the closing price per share as stated in the Stock Exchange's daily quotation sheet on the date of the grant of the options; (ii) the average closing price per share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of the grant of the options; or (iii) the nominal value of the shares.

During the year ended 31 December 2020, no share option was granted, exercised, expired or lapsed, and there was no outstanding share option under the Scheme.

MANAGEMENT CONTRACTS

Other than the contracts in relation to continuing connected transactions as mentioned in this report, during the year, no contracts were entered into or subsisted that concerned the management or administration of the whole or any substantial part of the business of the Company.

EQUITY-LINKED AGREEMENTS

Other than the Class A Convertible Preference Share Subscription Agreement entered into on 15 August 2014, the Class B Convertible Preference Share Subscription Agreement entered into on 8 June 2016 and the Subscription Agreement entered into on 25 November 2016 by the Company, and the share option scheme of the Company, during the year ended 31 December 2020, no equity-linked agreements were entered into by the Company or subsisted that would or may result in the Company issuing shares or require the Company to enter into any agreements that would or may result in the Company issuing shares.

CONNECTED TRANSACTIONS

Details of the connected transactions are set out in Note 38 to the Consolidated Financial Statements.

As stated in the announcement of the Company dated 11 December 2020, Beijing Hengsheng Huaxing Investment Management Co., Ltd. ("Hengsheng Huaxing", a wholly-owned subsidiary of the Company) entered into the lease with Beijing Shangbodi Investment Consultant Co., Ltd. ("Shangbodi", a connected person of the Company) and GoldenNet Yicheng Asset Management (Beijing) Co., Ltd. ("GoldenNet", an independent third party of the Group) in relation to the leasing of the premises that would serve as the offices of the Group. According to HKFRS 16, the Group is required to recognize premises as right-of-use assets. Therefore, in accordance with the Listing Rules, the renewal of lease and the transactions contemplated thereunder shall be regarded as acquisition of assets by the Group. The total value of the right-of-use assets to be recognized by the Group under the renewed lease is estimated to be approximately RMB21,443,024, which is the total present value of the rent under the renewed lease calculated in accordance with HKFRS 16. The details have been disclosed in the announcement dated 11 December 2020.

CONTINUING CONNECTED TRANSACTIONS

Details of the continuing connected transactions are set out in Note 38 to the Consolidated Financial Statements.

A) LEASING OF THE PREMISES

As stated in the announcement of the Company dated 1 February 2019, Beijing Hengsheng Huaxing Investment Management Co., Ltd. ("Hengsheng Huaxing", a wholly-owned subsidiary of the Company) entered into the lease with Beijing Shangbodi Investment Consultant Co., Ltd. ("Shangbodi", a connected person of the Company) and GoldenNet Yicheng Asset Management (Beijing) Co., Ltd. ("GoldenNet", an independent third party of the Group) in relation to the leasing of the premises that would serve as the offices of the Group, with a contract term of two years from 14 December 2018 to 13 December 2020 (the "Lease"). For each of the three financial years ended 31 December 2018, 2019 and 2020, the total transaction amount under the Lease shall not exceed RMB1,992,900, RMB7,971,600 and RMB7,971,600, respectively. This arrangement constituted a continuing connected transaction of the Company and the Lease was executed on 1 February 2019.

B) ENTERED INTO THE PROPERTY MANAGEMENT FRAMEWORK AGREEMENT

As stated in the announcement of the Company dated 1 June 2020, the Company and Beijing Capital Property Management Limited ("BC Property Management", a connected person of the Company) entered into the Property Management Framework Agreement, pursuant to which, BC Property Management will provide property management services to the Company and its subsidiaries from 1 June 2020 to 31 May 2023. This arrangement constituted a continuing connected transaction of the Company. The transaction cap for 2020 was agreed to be RMB20,000,000, and the actual amount incurred was RMB17,976,000, which did not exceed the annual cap.

C) ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTIONS

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that such transactions (a) were in the ordinary and usual course of business of the Group; (b) were on normal commercial terms or better terms; and that (c) the agreements governing the transactions were entered into in a fair and reasonable manner and in the interests of the shareholders of the Company as a whole, and such transactions have been carried out in accordance with the agreements governing the transactions.

Pursuant to Rule 14A.56 of the Listing Rules, the Board has engaged the auditors of the Company to conduct an audit of the above continuing connected transactions. The auditors have issued a letter containing their conclusions in respect of the continuing connected transactions of the Group disclosed above and their findings that there is no non-compliance with the Rule 14A.56 of the Listing Rules. The Board hereby adds that the auditors of the Company confirm that the continuing connected transactions (i) were approved by the Board; (ii) were conducted pursuant to the relevant agreements for such transactions; and (iii) did not exceed the caps.

The Company confirmed that it has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the transactions set out above.

RELATED PARTY TRANSACTIONS

As at 31 December 2020, the Group has carried out several related party transactions, please refer to Note 38 to the Consolidated Financial Statements, save as the continuing connected transactions disclosed above, other transactions are not deemed as the connected transactions or continuing connected transactions under Chapter 14A or are exempted from the requirements of reporting, announcement and shareholders' approval under the Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the knowledge of the Directors, there was sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules during the year and up to the date of this report.

CORPORATE GOVERNANCE

Details of the Company's corporate governance are set out in the Corporate Governance Report on pages 42 to 52 of this annual report.

INDEPENDENT AUDITOR

The financial statements for the year were audited by PricewaterhouseCoopers, who will retire at the forthcoming annual general meeting. The Company will propose a resolution at the forthcoming annual general meeting to re-appoint PricewaterhouseCoopers as the Company's auditors for the coming year.

There has been no change in the auditors of the Company during the past three years.

It is the auditors' responsibility to form an independent opinion, based on their audit, on these financial statements and to report their opinion solely to the Company and for no other purpose. They do not assume responsibility towards or accept legal liability to any other person for the contents of the Independent Auditor's Report. The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 53 to 56.

PERMITTED INDEMNITY PROVISION

The Articles of Association of the Company provides that the Directors of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty, provided that such indemnity shall not be extended to any matters in respect of any fraud or dishonesty. During the year, the Company arranged appropriate insurance for its Directors and senior management to cover their responsibilities arising from the legal actions against the Directors and senior management in relation to corporate activities.

On behalf of the Board

Zhong Beichen
Chairman

Beijing, 24 March 2021

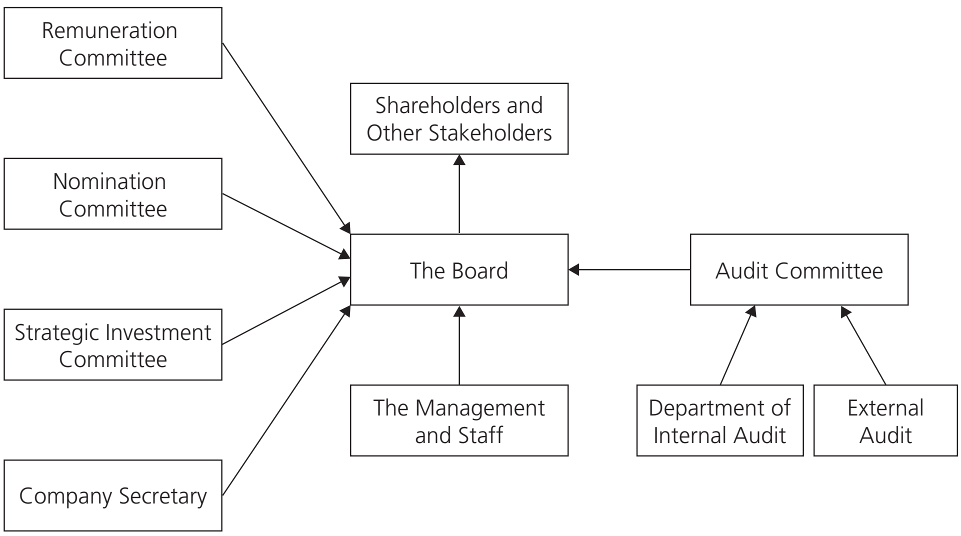
Corporate Governance Report

Both the board of directors of the Company (the "Board") and the management are committed to establishing and maintaining good corporate governance standards, a robust internal control mechanism and effective risk management. They are convinced that sound corporate governance is the cornerstone for the Company's long-term success and can establish a framework for effective management, superior corporate culture, successful business development and higher shareholder value. At the same time, the Board also actively improves transparency and accountability to all shareholders.

For the year ended 31 December 2020, the Company complied with the requirements under the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Listing Rules and the continuing obligations requirements of a listed issuer pursuant to the Listing Rules, except for the deviation from Code Provision E.1.2 of the CG Code that the chairman of the board should attend the annual general meetings of the company. The Chairman of the Board was unable to attend the 2019 annual general meeting due to the epidemic.

CORPORATE GOVERNANCE STRUCTURE

The corporate governance structure of the Company is as follows:



BOARD OF DIRECTORS

As of the date of this report, the Board had nine Directors, including two executive Directors, four non-executive Directors and three independent non-executive Directors. The Directors' biographical details are set out under the section headed "Biographical Details of Directors and Senior Management" on pages 26 to 31 of this report. The current composition and structure of the Board are established with reference to the board diversity policy prepared and adopted by the Company. The professional background, skills or experience of the current Directors are also in line with the Group's demand for all-round sustainable development.

EXECUTIVE DIRECTORS:

Mr. Zhong Beichen *(Chairman)*
Mr. Feng Yujian *(Chief Executive Officer)*

NON-EXECUTIVE DIRECTORS:

Mr. Wang Hao
Ms. Qin Yi
Mr. Zhou Yue
Mr. Yang, Paul Chunyao

BOARD OF DIRECTORS (CONTINUED)

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Dr. Ngai Wai Fung
Ms. Zhao Yuhong
Mr. He Xiaofeng

There is no financial, business, family or other material/relevant relationship among members of the Board. The latest list of Directors setting out their roles and responsibilities is available for inspection at the websites of the Company (www.bcgrand.com) and the Stock Exchange (www.hkexnews.hk).

For the year ended 31 December 2020, the Company held a total of four Board meetings. The respective Directors' attendance at the Board meetings, the Board committee meetings and general meetings is set out below:

DIRECTORS'/COMMITTEE MEMBERS' ATTENDANCE AT MEETINGS

	The Board	Audit Committee	Remuneration Committee	Nomination Committee	Strategic Investment Committee	General Meeting
Executive Directors						
Mr. Zhong Beichen	4/4	–	–	1/1	–	0/1
Mr. Feng Yujian	4/4	–	–	–	2/2	1/1
Non-executive Directors						
Mr. Wang Hao	4/4	–	–	–	2/2	0/1
Ms. Qin Yi	4/4	–	1/1	–	–	0/1
Mr. Zhou Yue (appointed on 16 October 2020)	1/1	–	–	–	1/1	–
Mr. Wang Honghui (resigned on 16 October 2020)	3/3	–	–	1/1	1/1	0/1
Mr. Yang, Paul Chunyao	4/4	–	1/1	–	2/2	0/1
Independent Non-executive Directors						
Dr. Ngai Wai Fung	4/4	3/3	1/1	1/1	–	1/1
Ms. Zhao Yuhong	4/4	3/3	1/1	1/1	–	0/1
Mr. He Xiaofeng	4/4	3/3	1/1	1/1	2/2	0/1

BOARD OF DIRECTORS (CONTINUED)

The Board is responsible to the shareholders for providing effective corporate leadership, and ensuring transparency and accountability of the Group's operations. The Board is responsible for, among other things:

— Setting up the Group's development strategies as well as medium and long-term development plans;

— Establishing and maintaining the Group's business policies and objectives;

— Monitoring the performance of the management and reviewing the functions and assignments regularly;

— Ensuring that the Company implements a prudent and effective control framework to assess and manage risks;

— Ensuring that the financial statements truly and fairly reflect the financial position of the Group.

The Board delegates the day-to-day management, administration and operations of the Group's business to the management of relevant departments and divisions. The management is responsible for the implementation and adoption of the Company's strategies and policies.

The Company has purchased suitable and adequate insurance coverage for all Directors against their litigation liabilities arising from legal actions due to the performance of corporate activities. The Company reviews the insurance purchased annually to ensure the provision of reasonable and sufficient protection.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Zhong Beichen is the Chairman of the Board and Mr. Feng Yujian is the Chief Executive Officer of the Company. The Chairman of the Board is mainly responsible for taking the lead in the Board to ensure its effective operation, providing adequate, complete and reliable information for all Directors in a timely manner, establishing good corporate governance practices and procedures, and ensuring that proper approaches are adopted to maintain effective communication with shareholders. The Chief Executive Officer, on the other hand, is mainly responsible for the day-to-day operations and overall management of the Group, implementing the business policies and objectives determined and adopted by the Board, and reporting to the Board on the Group's overall operations.

NON-EXECUTIVE DIRECTORS

Each of the non-executive Directors and independent non-executive Directors has signed a three-year service contract with the Company which shall start on the date of appointment, subject to the provision on retirement by rotation of Directors under the Articles of Association of the Company.

The Company has three independent non-executive Directors, representing one third of the Board members, of which at least one possesses the appropriate professional qualifications or accounting or relevant financial management expertise. The Company has received annual confirmations of their independence pursuant to Rule 3.13 of the Listing Rules from each of the independent non-executive Directors and considers them as independent.

BOARD OF DIRECTORS (CONTINUED)

DIRECTORS' TRAINING

The Company will provide each newly appointed Director with a comprehensive profile about the Group to ensure that he/she has a proper understanding of the Group's business and operation, and is fully aware of his/her responsibilities under the Listing Rules, laws and other regulatory requirements as well as the Group's business and governance policies. The Company issues monthly reports on the Group's business operations and information disclosure to the Directors. Meanwhile, it collates and sends information to the Directors on the updates of the Listing Rules and regulations to help ensure that the Directors are kept informed of the latest changes in the legal and regulatory environment and their duties.

During the year, the Directors participated in sufficient continuing professional development by attending seminars and training courses, accessing online learning resources, etc. Below sets out a summary based on the information provided by the Directors to the Company:

	Scope		
	Laws and regulations	Corporate governance	The Group's business/ Directors' responsibilities
Executive Directors			
Mr. Zhong Beichen	✓	✓	✓
Mr. Feng Yujian	✓	✓	✓
Non-executive Directors			
Mr. Wang Hao	✓	✓	✓
Ms. Qin Yi	✓	✓	✓
Mr. Zhou Yue (appointed on 16 October 2020)	✓	✓	✓
Mr. Wang Honghui (resigned on 16 October 2020)	✓	✓	✓
Mr. Yang, Paul Chunyao	✓	✓	✓
Independent Non-executive Directors			
Dr. Ngai Wai Fung	✓	✓	✓
Ms. Zhao Yuhong	✓	✓	✓
Mr. He Xiaofeng	✓	✓	✓

COMPANY SECRETARY

The Company Secretary assists the Chairman of the Board in preparing the agenda of the Board meetings and ensures compliance with all applicable rules and regulations of the procedures of such meetings. The Company Secretary shall file for and maintain the detailed minutes of each Board meeting, and make such minutes available to all Directors for inspection.

According to Rule 3.29 of the Listing Rules, the Company Secretary of the Company received no less than 15 hours of relevant professional training for the year ended 31 December 2020.

BOARD OF DIRECTORS (CONTINUED)

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Following specific enquiries by the Company, all Directors have confirmed that they fully complied with the requirements under the Model Code for the year ended 31 December 2020.

BOARD COMMITTEES

Under the Board are four committees, including the Company's Audit Committee ("AC"), Remuneration Committee ("RC"), Nomination Committee ("NC") and Strategic Investment Committee ("SIC"). Each of the Board committees has its respective written terms of reference approved by the Board, which cover its duties, authority and functions. Such terms of reference comply with the requirements of the Listing Rules and have taken into account the specific business needs of the Company. The Board committees have sufficient resources to perform their duties, report to the Board on the results of their meetings, raise key issues and findings, and provide recommendations to assist the Board in decision-making.

(a) AC

The AC was established on 14 March 2012 with written terms of reference determined in compliance with the CG Code and amended from time to time. Since 21 December 2013, the AC has been comprised of three members, including Dr. Ngai Wai Fung (as chairman), Ms. Zhao Yuhong and Mr. He Xiaofeng, all of whom are independent non-executive Directors. Dr. Ngai Wai Fung is a fellow of the Association of Chartered Certified Accountants in the United Kingdom and a member of the Hong Kong Institute of Certified Public Accountants, with appropriate professional qualifications required under Rule 3.10(2) of the Listing Rules.

The primary duties of the AC are to make recommendations to the Board on the appointment and removal of external auditors, review financial statements and express material advice in respect of financial reporting matters, as well as review the financial control, internal control, risk management systems and environmental, social and governance matters of the Company. The terms of reference of the AC are available for inspection at the websites of the Company (www.bcgrand.com) and the Stock Exchange (www.hkexnews.hk).

For the year ended 31 December 2020, the AC held three meetings. Details of each committee member's attendance at the AC meetings are set out in "Directors'/Committee Members' Attendance at Meetings" above. In addition, the AC members had two meetings with the external auditor during the year without the presence of the management.

The work of the AC for the twelve months ended 31 December 2020 is summarized below:

— reviewed the interim and annual results of the Group, and recommended the Board to adopt such results;

— met with the auditors to discuss the accounting and audit issues of the Group, and reviewed their findings, recommendations and representations;

— reviewed the Group's financial control, internal control and risk management systems;

— reviewed the independence of the external auditor, recommended the Board to re-appoint PricewaterhouseCoopers as an external auditor of the Company and reviewed its terms of appointment;

BOARD OF DIRECTORS (CONTINUED)

BOARD COMMITTEES (CONTINUED)

(a) AC (CONTINUED)

— reviewed environmental, social and governance-related risks, and confirmed that environmental, social and governance risk management and internal control systems were in place and effective during the year;

— reviewed the connected transactions and continuing connected transactions during the year; and

— reviewed and revised the terms of reference of the AC.

(b) RC

The RC was established on 14 March 2012 with written terms of reference determined in compliance with the CG Code and amended from time to time. As at the date of this report, the committee consists of five members, including three independent non-executive Directors Ms. Zhao Yuhong (as chairman), Dr. Ngai Wai Fung and Mr. He Xiaofeng, and two non-executive Directors Ms. Qin Yi and Mr. Yang, Paul Chunyao.

The primary duties of the RC are to make recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management of the Group; review remuneration proposals of the management with reference to the corporate objectives and missions of the Board; and ensure that none of the Directors or any of their associates determine their own remuneration. The terms of reference of the RC are available for inspection at the websites of the Company (www.bcgrand.com) and the Stock Exchange (www.hkexnews.hk).

For the year ended 31 December 2020, the RC held one meeting. Details of each committee member's attendance at the RC meetings are set out in "Directors'/Committee Members' Attendance at Meetings" above.

The work of the RC for the year ended 31 December 2020 is summarized below:

— proposed to the Board on the 2020 bonus of the Directors and senior management;

— proposed to the Board on the 2021 remuneration schemes for the Directors and senior management; and

— proposed the service contract and remuneration for newly appointed Director(s).

BOARD OF DIRECTORS (CONTINUED)

BOARD COMMITTEES (CONTINUED)

(c) NC

The NC was established on 14 March 2012 with written terms of reference determined in compliance with the CG Code and amended from time to time. As at the date of this report, the committee consists of five members, including one executive Director Mr. Zhong Beichen (as chairman), one non-executive Director Mr. Zhou Yue, and three independent non-executive Directors Dr. Ngai Wai Fung, Ms. Zhao Yuhong and Mr. He Xiaofeng.

The primary duties of the NC are to review the structure, size and composition of the Board and make recommendations to the Board regarding candidates to fill vacancies on the Board. The terms of reference of the NC are available for inspection at the websites of the Company (www.bcgrand.com) and the Stock Exchange (www.hkexnews.hk).

The Board adopted its board diversity policy in June 2013, which set out the approach to achieve diversity on the Board. Accordingly, the selection of candidates to the Board is based on a range of measurable objectives, including but not limited to gender, age, cultural and educational background, professional experience and qualifications, skills, knowledge and length of service, taking into account the Company's own business model and specific needs from time to time. With the existing Board members coming from a variety of business and professional backgrounds and two out of the nine Board members being women, the Company considers that the Board possesses a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the Company's business. Profiles of the Directors are set out on pages 26 to 29 and have been published at the website of the Company (www.bcgrand.com).

For the year ended 31 December 2020, the NC held one meeting. Details of each committee member's attendance at the NC meetings are set out in "Directors'/Committee Members' Attendance at Meetings" above.

The work of the NC for the year ended 31 December 2020 is summarized below:

— reviewed the structure, size and composition of the Board;

— reviewed the independence of independent non-executive Directors;

— evaluated the Directors' time commitment and contribution for performing their duties;

— made recommendations to the Board on the retirement and re-election of Directors at the annual general meeting in 2020; and

— recommended Director and board committee candidates to the Board, and recommended Directors' functions.

BOARD OF DIRECTORS (CONTINUED)

BOARD COMMITTEES (CONTINUED)

(d) SIC

The SIC, established on 21 December 2013 with obligations under the written terms of reference and amended from time to time, has the primary duty of advising on the long-term development strategies and major investment decisions of the Company. As at the date of this report, the committee consists of five members, including one executive Director Mr. Feng Yujian (as chairman), three non-executive Directors Mr. Wang Hao, Mr. Zhou Yue and Mr. Yang, Paul Chunyao, and one independent non-executive Director Mr. He Xiaofeng.

For the year ended 31 December 2020, the SIC held two meetings. Details of each committee member's attendance at the SIC meetings are set out in "Directors'/Committee Members' Attendance at Meetings" above.

The work of the SIC for the year ended 31 December 2020 is summarized below:

— reviewed the summary of investment projects and operation work in 2020;

— reviewed investment plans and operation plans in 2021;

— reviewed the budget for 2021; and

— reviewed the issuance of the second tranche of asset-backed securities scheme.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties, and adopted the CG Code as its corporate governance code of practice for the year ended 31 December 2020.

The Board has, among other things, reviewed the training and continuous professional development of the Directors as well as the Company's compliance with the relevant code provisions of the CG Code for the year ended 31 December 2020, and made disclosures in this Corporate Governance Report.

ACCOUNTABILITY

The Board is accountable to shareholders, while the management is accountable to the Board. The Board endeavors to ensure that the announcements of annual and interim results and the annual and interim reports of the Group present a balanced and understandable assessment of the Group's position and prospects. The Board remains open and transparent in handling the Company's affairs, whilst protecting the commercial interests of the Company. Financial and other information is delivered to shareholders through announcements at the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.bcgrand.com).

RISK MANAGEMENT AND INTERNAL CONTROL

Risk management and internal control are important parts in the operation and management of the Group. The Board and the management of the Company attach great importance to the organization and implementation of each process of risk management and internal control, and have established a comprehensive risk management system in the Company based on risk identification, measures, internal assessment and continuous improvement, thereby forming a three-tier internal control mechanism that consists of the Board (the AC), the Risk Management and Control Department and the management (each business department):

BOARD OF DIRECTORS (CONTINUED)

RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

The Board is responsible for setting up the risk management and internal control mechanism for the Group, establishing the core values, strategic planning and working guidelines of the Company, and conveying the above to each department of the Group through various channels, including platforms such as the enterprise information system, meetings, training and intranet. Risk control points are incorporated into business processes, and the AC would identify the risks arising from the operation of the internal control system on a regular basis and review the effectiveness of risk management and control:

1. The Risk Management and Control Department is responsible for regularly reviewing and assisting the Board in preparing effective policies and guidance on corporate risk management and internal control based on changes in internal and external conditions and regulations, to enable the risk management and internal control to be implemented under a standardized system with proper processes and institutions. Meanwhile, the Risk Management and Control Department would carry out independent assessment on an ongoing basis, which covers all material aspects including legal risks, compliance control, operation monitoring as well as the workflow and risk assessment of each department of the Group. The Risk Management and Control Department is also directly responsible to the AC and reports on the effectiveness of risk management and internal control;

2. The management and each of the business departments would effectively oversee, review and approve their respective management and control process at the business level based on different functions and work division through various business systems, to enhance the efficiency of risk management and realize a closed-loop management model for risk control which is led by self-supervision at the business level.

In 2020, the Group complied with the development and upgrading plan for comprehensive risk management systems and continued with its priority work in risk control and all-round risk screening. Based on the standardization of risk control system, workflow and accountability, the Interim Measures for the Investigation of Responsibility for Illegal Operations of Subordinate Enterprises of Capital Grand and the Design Standards of Light Assets Outlets Project of Capital Grand have been supplemented and updated to comprehensively improve the operational effectiveness and efficiency of the risk management and control system, and to further align the Company's risk control with its business management. Meanwhile, the Group developed a mature risk control model to realize the sound, proper and effective operation of the internal control system,,and continued with the normalization of prevention and control of the Epidemic, thus safeguarding the strategic development of the Company.

As of the date of this report, the Risk Management and Control Department has assessed the risk management and internal control of the Company and the assessment concluded unanimously that no significant weakness was found in the internal control of the Company. It also issued an internal control report with unqualified opinion to the AC, indicating that the risk management and internal control system of the Company was under good operation.

DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENTS

With the assistance of the financial management department, the Board acknowledged their responsibility for preparing the financial statements of the Group for the year ended 31 December 2020, and confirmed that the financial statements contained herein gave a true and fair view of the results and state of affairs of the Group for the period under review. The Board considers that the financial statements have been prepared in conformity with the statutory requirements and applicable accounting standards.

AUDITORS' REMUNERATION

The financial statements for the year ended 31 December 2020 were audited by PricewaterhouseCoopers, whose term of office will expire upon the forthcoming annual general meeting. The AC has recommended to the Board on re-appointing PricewaterhouseCoopers as the auditors of the Company for the year 2021 at its forthcoming annual general meeting.

The independent auditor's remuneration in respect of its audit service and non-audit service for the year ended 31 December 2020 amounted to RMB2,250,000 and RMB550,000 respectively.

SHAREHOLDERS' RIGHTS

The Company recognizes the importance of and takes high priority on communication with its shareholders. Certain key information on shareholders' rights is provided below:

1. COMMUNICATION WITH SHAREHOLDERS

The Board is well aware of the importance of maintaining proper contact with shareholders and strives to enhance its communication with them. Shareholders can visit the website of the Company (www.bcgrand.com) for the latest information of the Group, including interim and annual reports, announcements and circulars. Press releases are also posted on the website of the Company in a timely manner.

General meetings serve as a communication channel between the Board and shareholders. The Group regards such a meeting as an important activity of the Company during the year. All Directors and senior management personnel would attend the meeting as much as they can. The chairman of the annual general meeting proposes separate resolutions for each of the independent matters. Members of the AC, the RC, the NC and the SIC, external auditors, independent financial advisers and external lawyers would also attend the general meeting to answer questions from shareholders as appropriate. During the year, the Company held one annual general meeting. Details of each Director's attendance at the general meetings are set out in "Directors'/Committee Members' Attendance at Meetings" above.

2. PROCEDURES TO CONVENE AN EXTRAORDINARY GENERAL MEETING

Shareholders may request the Company to convene a general meeting according to the provisions set out in the Company's Articles of Association and the Companies Law of the Cayman Islands. A copy of the Company's Articles of Association is available on the Company's website. The procedures for shareholders to nominate a person for election as a Director of the Company are also available on the Company's website under the title "Procedures for Shareholder(s) to Propose a Person for Election as a Director".

SHAREHOLDERS' RIGHTS (CONTINUED)

3. PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR OF THE COMPANY

The Company has also adopted a set of procedures for shareholders to put forward proposals at general meetings.

Subject to the provisions of its Articles of Association, the Company may elect any person to be a Director either to fill a casual vacancy or as an additional Director by passing ordinary resolutions at a general meeting from time to time.

If a shareholder wishes to propose a person other than a Director of the Company for election as a Director at a general meeting, the shareholder can deposit a written notice at the principal place of business of the Company in Hong Kong for the attention of the Board and the Company Secretary within a seven-day period commencing from the day after the dispatch of the notice of meeting.

In order for the Company to inform other shareholders of the proposal, the written notice must state the full name of the candidate proposed for election as a Director, including his/her biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the shareholder concerned and the person indicating his/her willingness to be elected.

In order to allow sufficient time for shareholders to receive and consider the proposal of electing the nominee as a Director of the Company, shareholders are encouraged to submit and lodge the written notice as early as possible.

4. POLICY OF DIVIDEND PAYMENT

As the Company is still in state of development, it has no policy established for dividend payment.

5. PROCEDURES TO SEND ENQUIRIES TO THE BOARD

Shareholders may send their enquiries and concerns to the Board of the Company by addressing them to the principal place of business of the Company in Hong Kong at Suites 4602–05, One Exchange Square, Central, Hong Kong by post for the attention of the Company Secretary.

6. AMENDMENTS TO THE CONSTITUTIONAL DOCUMENTS OF THE COMPANY

During the year, no amendments were made to the Memorandum and Articles of Association of the Company, which are available to shareholders for inspection at the websites of the Company (www.bcgrand.com) and the Stock Exchange of Hong Kong (www.hkexnews.hk).

INVESTOR RELATIONS

The Company's websites (www.bcgrand.com) and (www.capitaloutlets.com) offer comprehensive and accessible news and information of the Company to shareholders, other stakeholders and investors. The Company will also update the website information from time to time, to inform shareholders and investors of the latest development of the Company.

Independent Auditor's Report

羅兵咸永道

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Beijing Capital Grand Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

WHAT WE HAVE AUDITED

The consolidated financial statements of Beijing Capital Grand Limited (the "Company") and its subsidiaries (the "Group") set out on pages 57 to 142, which comprise:

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

OUR OPINION

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

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.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

KEY AUDIT MATTERS

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

Key audit matter identified in our audit is related to valuation of investment properties.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties	
Refer to Note 18 to the consolidated financial statements. The Group adopts the fair value model for subsequent measurement of investment properties. As at 31 December 2020, investment properties measured at fair value amounted to RMB11,716,904,000 and fair value gains on investment properties for the year then ended was RMB338,937,000. The fair value was determined based on the valuation performed by an independent professional valuer (the "valuer") as a third party engaged by the Group. The valuations of investment properties involved critical accounting estimates and judgements, which mainly included the determination of valuation techniques and the selection of inputs accordingly. The valuation techniques usually include income capitalisation approach and residual approach based on the construction status of each property. As at 31 December 2020, investment properties measured at fair value were the investment properties in operation and adopted income capitalisation approach, the key inputs included market rental prices and discount rates. Considering the above mentioned critical accounting estimates and judgements, and the significant impact on the consolidated financial statements, we paid specific attention to this matter in our audit.	We obtained an understanding of the management's internal control and assessment process of valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty, complexity, subjectivity and susceptibility to management bias or fraud. We assessed the competence, professional ability and objectivity of the valuer. We communicated with the management about the valuation techniques adopted for each investment property, obtained and read the valuation reports for all the investment properties measured at fair value delivered by the valuer, and assessed the relevance and reasonableness of valuation techniques used by the valuer in consideration of the actual construction or operation status. We selected some of the investment properties measured at fair value by sampling and performed the following procedures: We assessed the reasonableness of key inputs used under income capitalisation approach, including market rental prices and discount rates, by comparing the market rental prices with comparative cases in active markets and the information of the rental prices in management's records, and by comparing the discount rates with the average discount rates in the industry. We involved our internal valuation specialists to assist us in assessing the reasonableness of valuation techniques, market rental prices and discount rate used by the Valuers. Based on the above, we obtained supportive evidence for critical accounting estimates and judgements made by management on the valuation techniques and key inputs used in the valuations of investment properties.

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 THE AUDIT COMMITTEE 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.

The Audit Committee is 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 HKSAs 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 HKSAs, we exercise professional judgment and maintain professional skepticism 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.

Independent Auditor's Report

- 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 the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with the Audit Committee, 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 Tsun NG.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 March 2021

Consolidated Statement of Profit or Loss

For the year ended 31 December 2020

	Notes	Year ended 31 December 2020 RMB'000	2019 RMB'000
Revenue	6,7	**1,024,035**	1,864,672
Cost of sales	8	**(678,218)**	(986,249)
Gross profit		**345,817**	878,423
Fair value gains on investment properties	18	**338,937**	56,095
Other gains – net	7	**2,562**	33,975
Other income	7	**45,860**	47,405
Selling and marketing expenses	8	**(157,669)**	(190,742)
Administrative expenses	8	**(303,779)**	(368,325)
Net impairment losses on financial and contract assets	24	**(5,197)**	–
Operating profit		**266,531**	456,831
Finance costs	9	**(462,514)**	(391,339)
Share of losses of investments accounted for using the equity method	21	**(2,450)**	(4,375)
(Loss)/profit before income tax		**(198,433)**	61,117
Income tax expenses	12	**(119,256)**	(284,169)
Loss for the year		**(317,689)**	(223,052)
Attributable to:			
– Owners of the Company		**(320,446)**	(223,539)
– Non-controlling interests		**2,757**	487
Losses per share attributable to owners of the Company during the year	14		
Basic losses per share (RMB)		**(0.13)**	(0.09)
Diluted losses per share (RMB)		**(0.13)**	(0.09)

Details of the dividend proposed for the year are disclosed in Note 13.

The notes on pages 65 to 142 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2020

	Notes	Year ended 31 December 2020 RMB'000	2019 RMB'000
Loss for the year		**(317,689)**	(223,052)
Other comprehensive income/(loss) for the year			
Items that may be reclassified to profit or loss			
Cash flow hedges	*28*	**10,467**	(30,145)
Cost of hedging	*28*	**14,179**	32,559
		24,646	2,414
Total comprehensive loss for the year		**(293,043)**	(220,638)
Attributable to:			
– Owners of the Company		**(295,800)**	(221,125)
– Non-controlling interests		**2,757**	487

The notes on pages 65 to 142 form an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

For the year ended 31 December 2020

	Notes	**31 December 2020 RMB'000**	31 December 2019 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**152,225**	31,438
Right-of-use assets	16	**21,091**	7,789
Long-term prepaid expenses	17	**115,028**	148,371
Investment properties	18	**13,657,289**	12,581,732
Intangible assets	19	**26,674**	17,291
Investments accounted for using the equity method	21	**273,119**	261,689
Deferred income tax assets	31	**34,936**	19,467
Derivative financial assets	28	**–**	1,058
Trade and other receivables	24	**47,564**	–
Total non-current assets		**14,327,926**	13,068,835
Current assets			
Inventories	22	**2,380,773**	1,807,646
Incremental costs of obtaining a contract	6	**7,349**	5,054
Trade and other receivables	24	**637,006**	623,313
Prepayments	24	**104,913**	126,262
Restricted cash	25	**14,345**	26,803
Cash and cash equivalents	25	**840,441**	2,151,926
Total current assets		**3,984,827**	4,741,004
Total assets		**18,312,753**	17,809,839
LIABILITIES			
Non-current liabilities			
Borrowings	26	**2,585,884**	2,629,696
Lease liabilities	16	**12,770**	–
Guaranteed notes	27	**–**	2,775,731
Other payables and accruals	30	**2,695,950**	2,691,900
Deferred income tax liabilities	31	**723,647**	617,927
Total non-current liabilities		**6,018,251**	8,715,254

Consolidated Statement of Financial Position

For the year ended 31 December 2020

	Notes	**31 December 2020 RMB'000**	31 December 2019 RMB'000
LIABILITIES			
Current liabilities			
Trade payables	29	**2,066,591**	1,942,398
Other payables and accruals	30	**319,271**	362,936
Derivative financial liabilities	28	**166,805**	–
Contract liabilities	6	**215,639**	142,500
Borrowings	26	**1,718,552**	1,135,304
Lease liabilities	16	**6,821**	5,906
Guaranteed notes	27	**2,599,504**	–
Current income tax liabilities		**204,189**	215,368
Total current liabilities		**7,297,372**	3,804,412
Total liabilities		**13,315,623**	12,519,666
Net current (liabilities)/assets		**(3,312,545)**	936,592
Total assets less current liabilities		**11,015,381**	14,005,427
EQUITY			
Equity attributable to owners of the Company			
Share capital	32	**16,732**	16,732
Perpetual convertible bond securities	34	**945,572**	945,477
Reserves		**3,223,982**	3,199,336
Retained earnings		**756,911**	1,077,452
		4,943,197	5,238,997
Non-controlling interests		**53,933**	51,176
Total equity		**4,997,130**	5,290,173
Total equity and liabilities		**18,312,753**	17,809,839

The consolidated financial statements on pages 57 to 64 were approved by the Board of Directors on 24 March 2021 and were signed on its behalf.

Mr. Zhong Beichen
Director

Mr. Feng Yujian
Director

The notes on pages 65 to 142 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

		Attributable to owners of the Company									
		Issued capital									
	Notes	Ordinary shares RMB'000	Class A convertible preference shares RMB'000	Class B convertible preference shares RMB'000	Perpetual convertible bond securities RMB'000	Share premium account RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 31 December 2019		7,828	1,329	7,575	945,477	3,169,418	29,918	1,077,452	5,238,997	51,176	5,290,173
(Loss)/profit for the year		–	–	–	–	–	–	(320,446)	(320,446)	2,757	(317,689)
Other comprehensive income for the year	28	–	–	–	–	–	24,646	–	24,646	–	24,646
Total comprehensive income/(loss) for the year		–	–	–	–	–	24,646	(320,446)	(295,800)	2,757	(293,043)
Transactions with owners											
Dividends payable to perpetual convertible bond securities holders	34	–	–	–	95	–	–	(95)	–	–	–
Total transactions with owners		–	–	–	95	–	–	(95)	–	–	–
At 31 December 2020		7,828	1,329	7,575	945,572	3,169,418	54,564	756,911	4,943,197	53,933	4,997,130

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

		Attributable to owners of the Company									
		Issued capital									
	Notes	Ordinary shares RMB'000	Class A convertible preference shares RMB'000	Class B convertible preference shares RMB'000	Perpetual convertible bond securities RMB'000	Share premium account RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 31 December 2018		7,828	1,329	7,575	945,382	3,169,418	27,504	1,301,120	5,460,156	50,689	5,510,845
Adjustment on adoption of Hong Kong Financial Reporting Standard 16 ("HKFRS16")		–	–	–	–	–	–	(34)	(34)	–	(34)
At 1 January 2019 (Restated)		7,828	1,329	7,575	945,382	3,169,418	27,504	1,301,086	5,460,122	50,689	5,510,811
(Loss)/profit for the year		–	–	–	–	–	–	(223,539)	(223,539)	487	(223,052)
Other comprehensive income for the year	28	–	–	–	–	–	2,414	–	2,414	–	2,414
Total comprehensive income/(loss) for the year		–	–	–	–	–	2,414	(223,539)	(221,125)	487	(220,638)
Transactions with owners											
Dividends payable to perpetual convertible bond securities holders	34	–	–	–	95	–	–	(95)	–	–	–
Total transactions with owners		–	–	–	95	–	–	(95)	–	–	–
At 31 December 2019		7,828	1,329	7,575	945,477	3,169,418	29,918	1,077,452	5,238,997	51,176	5,290,173

The notes on pages 65 to 142 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Notes	Year ended 31 December 2020 RMB'000	2019 RMB'000
Cash flows from operating activities			
(Loss)/profit before income tax		**(198,433)**	61,117
Adjustments for:			
Finance costs	9	**462,514**	391,339
Interests received from deposits		**(272)**	(2,463)
Depreciation and amortisation		**82,396**	80,598
Depreciation charge of right-of-use assets		**8,141**	8,234
Share of losses of investments accounted for using the equity method	21	**2,450**	4,375
Fair value gains on investment properties	18	**(338,937)**	(56,095)
Service fee for keepwell deed	8	**8,119**	8,119
Effect of foreign exchange rate changes, net	7	**92**	(2,094)
Loss on disposal of property, plant and equipment		**38**	–
Gains on disposal of assets classified as held-for-sale		**–**	(1,602)
Interest received from a third party		**(1,600)**	(522)
Asset-backed Securitisation Senior Tranche		**4,050**	–
Changes in working capital:			
(Increase)/decrease in inventories		**(553,107)**	280,361
Decrease/(increase) in trade and other receivables and prepayments		**33,684**	(44,309)
Decrease in restricted cash		**12,458**	6,370
Decrease in provisions		**–**	(4,123)
Increase in trade payables, other payables and accruals		**224,681**	217,976
(Increase)/decrease in incremental costs of obtaining a contract		**(2,295)**	11,201
Increase/(decrease) in contact liabilities		**73,139**	(861,683)
Cash (used in)/generated from operations		**(182,882)**	96,799
Income tax paid		**(84,649)**	(109,752)
Net cash flows used in operating activities		**(267,531)**	(12,953)
Cash flows from investing activities			
Interests received from deposits		**272**	2,463
Purchases of property, plant and equipment		**(5,575)**	(38,584)
Additions of investment properties		**(931,596)**	(1,275,967)
Additions of long-term prepaid expenses		**(29,608)**	(62,421)
Investment in a joint venture	21	**(13,880)**	(234,825)
Amounts repaid from related parties	38(f)	**7,944**	–
Amounts provided to related parties	38(f)	**(7,827)**	(23,429)
Amounts received from government repurchase of land use rights		**4,434**	–
Purchases of intangible assets		**(11,654)**	(7,492)
Proceeds from disposal of assets classified as held-for-sale		**–**	74,841
Interest received from a third party		**1,600**	522
Proceeds from disposal of property, plant and equipment		**–**	15,630
Net cash flows used in investing activities		**(985,890)**	(1,549,262)

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Notes	Year ended 31 December 2020 RMB'000	2019 RMB'000
Cash flows from financing activities			
Repayments of bank borrowings		**(547,504)**	(2,429,120)
Interests paid to bank and other financial institution borrowings		**(258,366)**	(322,103)
New bank borrowings		**991,800**	545,646
Service fee for keepwell deed		**(8,119)**	(8,119)
Interests paid for guaranteed notes	*27*	**(104,038)**	(143,779)
Loan from related parties	*38(h)*	**95,140**	–
Cash settlement of hedging instrument		**(61,302)**	(23,002)
Interest expenses on asset-backed Securitization Senior Tranche		**(149,247)**	–
Principal elements of lease payments		**(16,244)**	(9,110)
Interest paid to a third party		**–**	(6,479)
Senior class asset-backed securities scheme	*30*	**–**	2,700,000
Net cash flows (used in)/generated from financing activities		**(57,880)**	303,934
Net decrease in cash and cash equivalents		**(1,311,301)**	(1,258,281)
Cash and cash equivalents at beginning of the year		**2,151,926**	3,408,491
Exchange (losses)/gains on cash and cash equivalents		**(184)**	1,716
Cash and cash equivalents at end of the year		**840,441**	2,151,926

An analysis of net debt and the movements in net debt for each of the years presented is disclosed in Note 35.

The notes on pages 65 to 142 form an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

31 December 2020

1 CORPORATE AND GROUP INFORMATION

Beijing Capital Grand Limited (the "Company") is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in commercial property development with a focus on the development, operation and management of outlets-backed commercial integrated projects and non-outlets retail property projects in the People's Republic of China (the "PRC" or "Mainland China").

As announced on 25 June 2015, Get Thrive Limited ("GTL"), an indirectly wholly-owned subsidiary of Beijing Capital Land Ltd. ("BCL", a joint stock company incorporated in the PRC with limited liability whose H shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited) has transferred (the "Transfer") its entire shareholding of ordinary shares of the Company of 130,200,000 shares (representing approximately 65.1% of the Company's total issued share capital as at the date of the related announcement) and its entire shareholding of convertible preference shares of the Company (the "CPS") of 738,130,482 CPS (representing 100% of the total CPS in issue as at the date of the related announcement, classified as class A CPS) to BECL Investment Holding Limited ("BECL"), a directly wholly-owned subsidiary of BCL incorporated in Hong Kong, on 19 June 2015. Upon the completion of the Transfer, the parent of the Company changed from GTL to BECL.

On 14 December 2016, the Company issued 905,951,470 CPS, which is classified as class B CPS, to BECL at the issue price of Hong Kong dollar ("HK$") 2.78 per share.

On 28 December 2016, the Company issued 95,192,308 ordinary shares to Smart Win Group Limited ("Smart Win") and to KKR CG Judo Outlets ("KKR") respectively (the "Issuance"), at the issue price of HK$2.10 per share. Meanwhile, the Company issued perpetual convertible bonds securities (the "PCBS") in the principal amounts of HK$657,594,260 to Smart Win and in the principal amounts of HK$420,096,153 to KKR respectively, which are convertible at the initial conversion price of HK$2.10 per conversion share.

On 28 December 2016, BECL exercised its conversion rights and converted an aggregate of 571,153,846 class A CPS in accordance with the terms and conditions of the relevant subscription agreement entered into by the Company (the "Conversion").

Upon the completion of the Issuance and the Conversion, BECL held 72.94% of the Company's total issued share capital.

In the opinion of the directors of the Company, the immediate holding company of the Company is BECL. BCL is an intermediate holding company of the Company. The ultimate holding company of the Company is Beijing Capital Group Ltd. ("Capital Group"), a state-owned enterprise registered in the PRC.

The outbreak of Coronavirus Disease 2019 ("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 commercial property including rental revenue and occupancy rate of investment properties, fair value of investment properties, the construction and delivery of commercial properties, allowance for expected credit losses on trade and other receivables and so on. For the year ended 31 December 2020, COVID-19 has a temporary unfavourable impact on the revenue of the Group as certain rental and property management fee was exempted. The Group will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group.

Notes to the Consolidated Financial Statements

31 December 2020

1 CORPORATE AND GROUP INFORMATION (CONTINUED)

The consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been approved and authorised for issue by the Board of Directors on 24 March 2021.

2 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and derivative financial liability, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

As at 31 December 2020, the current liabilities of the Group exceeded its current assets by approximately RMB3,313 million primarily due to the reason that certain long-term borrowings/guaranteed notes will expire in the coming twelve months. Given the debt obligations and working capital requirements, management has thoroughly considered the Group's available sources of funds including, the Group's continuous net cash generated from operating and financing activities including but not limited to borrowings from certain financial institutions, cash of approximately RMB2,600 million from the issue of Assets-Backed Securitization which has been approved by Shenzhen Stock Exchange by issuing no-action letter on 8 February 2021 with a quotation not exceeding 3,268 million (Note 39), etc; undrawn short-term and long-term facilities available to the Group totalling RMB768 million as at 31 December 2020; and financial support from BCL.

Based on the above considerations, the directors of the Company are of the opinion that the Group has sufficient available financial resources to meet or refinance its working capital requirements as and when they all due. As a result, these financial statements have been prepared on a going concern basis.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for its annual reporting period commencing 1 January 2020:

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

The adoption of amendments to HKAS 1, HKAS 8, HKFRS 3, HKFRS 9, HKAS 39 and HKFRS 7 did not have any material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group. These standards are not expected to have a material impact on the group in the current or future reporting periods and on foreseeable future transactions.

3.2 SUBSIDIARIES

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

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

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Group's voting rights and potential voting rights.

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 SUBSIDIARIES (CONTINUED)

(a) Business combination

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 in profit or loss. 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 the statement of profit or loss.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 SUBSIDIARIES (CONTINUED)

(b) Merger accounting under common control

The acquisitions of subsidiaries under common control have been accounted for using the merger method of accounting. The merger method of accounting involves incorporating the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or business are combined using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or the excess of the acquirees' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over the cost of investment at the time of common control combination. The consolidated statement of profit or loss includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination.

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

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

3.3 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 the joint venture's identifiable assets and liabilities is accounted for as goodwill. Where the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 JOINT ARRANGEMENTS (CONTINUED)

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.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 3.9.

3.4 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. 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 investments in associates include 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.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 3.9.

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 statement of 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. Where 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 loss of investments accounted for using equity method' in the statement of profit or loss.

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.

Gains or losses on dilution of equity interest in associates are recognised in the statement of profit or loss.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The 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 statement of profit or loss, except when deferred in equity as qualifying cash flow hedges.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

3.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the assets as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Buildings	20–40 years
Furniture, fixtures & equipment	3–8 yeas
Motor vehicles and others	3–5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

The assets' residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 LONG-TERM PREPAID EXPENSE

Long-term prepaid expenses include expenditures that have been incurred but should be recognised as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure subtract accumulated amortisation.

3.8 INVESTMENT PROPERTIES

Investment properties, including land use rights, buildings and investment properties under construction that are held for the purpose of leasing and buildings that is being constructed or developed for the purpose of leasing in future, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property is included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their cost can be reliably measured; otherwise, the expenditures are recognised in profit or loss in the year in which they are incurred.

After initial recognition, investment property is carried at fair value. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable. 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 flow projections. Investment properties will be valued as at the date of the consolidated statement of financial position and its carrying amount will be adjusted accordingly. The difference between the fair value and the carrying amount will be charged to the current profit or loss account of the Group.

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

If an item of property, plant and equipment becomes an investment property because its use has changed, any differences resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the consolidated statement of profit or loss.

Where fair value of investment properties under construction is not reliably measurable but is expected to be reliably obtained after the construction is completed (including those investment properties under construction acquired initially by the Group), the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.9 IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for an asset is required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

3.10 FINANCIAL ASSETS

(a) Classification

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

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

- those to be measured at amortised cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. 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.

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 FINANCIAL ASSETS (CONTINUED)

(b) Recognition and derecognition

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

(c) Measurement

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

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

Debt instruments

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

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

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

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or financial assets at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statement of profit or loss within 'Other gains – net' in the period in which it arises. Interest income from these financial assets is included in the 'finance income'.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 FINANCIAL ASSETS (CONTINUED)

(c) Measurement (Continued)

Equity instruments

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 OCI, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of profit or loss following the derecognition of the investments. Dividends from such investments continue to be recognised in the consolidated statement of profit or loss 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 in 'Other gains-net' in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at fair value through other comprehensive income are not reported separately from other changes in fair value.

3.11 IMPAIRMENT OF FINANCIAL ASSETS

The Group assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortised cost and financial assets at fair value through profit or loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 5.1(c) details how the Group determines whether there has been a significant increase in credit risk.

For all trade, lease 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.

3.12 FINANCIAL LIABILITIES

(a) Initial recognition and measurement

The Group's financial liabilities include trade payables, other payables and accruals, interest-bearing bank and other financial institution borrowings and guaranteed notes.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

(b) Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Trade and other payables

Trade and other 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 effective interest method.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.12 FINANCIAL LIABILITIES (CONTINUED)

(b) Subsequent measurement (Continued)

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

(c) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3.13 DERIVATIVE FINANCIAL INSTRUMENTS

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

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)

- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or

- hedges of a net investment in a foreign operation (net investment hedges).

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 28. Movements in the hedging reserve in shareholders' equity are shown in note 28. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(a) Cash flow hedge that qualifies for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Where option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised within OCI in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within OCI in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of sales).

- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(a) Cash flow hedge that qualifies for hedge accounting (Continued)

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

(b) Net investment hedges

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

(c) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss.

3.14 INVENTORIES

(a) Properties under development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost and net realisable value. Cost comprises land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period. Net realisable value is determined by reference to management estimates based on the estimated selling price in the ordinary course of business, less the estimated costs to completion, and estimated costs to be incurred in selling the property.

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

(b) Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value.

Cost is determined by an apportionment of total land and building costs attributable to the unsold properties. Net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing market conditions.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 INVENTORIES (CONTINUED)

(c) Merchandise inventories

Merchandise inventories are finished goods purchased from external for retail, which are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods is purchase costs agreed in purchasing contracts. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.15 CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

3.16 SHARE CAPITAL

Ordinary shares, class A and class B CPS are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.17 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when 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 capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

3.18 CURRENT AND DEFERRED INCOME TAX

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

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31 December 2020

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.18 CURRENT AND DEFERRED INCOME TAX (CONTINUED)

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset where there is a legally enforceable right exists to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxable entity and the same taxation authority.

3.19 EMPLOYEE BENEFITS

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 EMPLOYEE BENEFITS (CONTINUED)

(ii) Other long-term employee benefit obligations

The liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. These obligations are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for these employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

3.20 PROVISIONS

Provisions for legal claims, service warranties and make good obligations 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 can be 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 management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.21 FINANCIAL GUARANTEE

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.

3.22 REVENUE RECOGNITION

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) Revenue from sale of completed 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, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For property development and sales contract for which the control of the property is transferred at a point in time, the revenue is recognised at a point in time when the customer obtains the control of the property, that is, when the property is completed and reached check and accept status and is delivered or regarded as delivered to the customer.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.22 REVENUE RECOGNITION (CONTINUED)

(b) *Rental income*

The Group has two types of rental income in investment property operation business.

For lease agreements with no fixed rental amount, the Group recognises income monthly based on certain percentage of the total income of the cooperative lessee.

For lease agreement with fixed rental amount, the Group recognises income monthly on a straight-line basis over the lease period. On the condition that the Group provides rent free period for certain lessee, the Group recognises income by allocating the total rent roll throughout the whole rent period according to straight-line method.

(c) *Interest income*

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(d) *Retail income*

The Group sells products to individual customers through its retail outlets. Sales of goods are recognised in the accounting period in which the retail outlet sells a product to the customer. Retail sales are usually settled in cash or by credit card.

3.23 DIVIDENDS

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

3.24 LEASE

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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.24 LEASE (CONTINUED)

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

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

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 readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, securities 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.

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.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.24 LEASE (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.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalues its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all 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. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised as income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statement of financial position 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.

3.25 SEGMENT REPORTING

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

3.26 GOVERNMENT GRANTS

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the statement of profit or loss on a straight-line basis over the expected lives of the related assets.

Notes to the Consolidated Financial Statements

31 December 2020

4 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

(A) FAIR VALUE OF INVESTMENT PROPERTIES

The Group adopts fair value model for subsequent measurement of investment properties and obtains independent valuations for its investment properties at least semi-annually from an independent professional valuer as a third party. The fair value is determined in accordance with the methods below:

- Current prices (open market quotations) in an active market for the same or similar investment properties;

- When such information above is not available, then use recent trading prices in an active market of the same or similar investment property, and take the factors of situations, dates and locations of transactions, etc. into consideration;

- The Group adopts income capitalisation approach and residual method to determine fair value, based on estimated rental income and development cost to occur in the future and present value of the related cash flows, with considering a properly estimated profit rate to determine fair value. The key estimations are disclosed in Note 18.

Where fair value of investment properties under construction is not reliably measurable but is expected to be reliably obtained after the construction is completed (including those investment properties under construction acquired initially by the Group), the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable.

The valuation of investment properties involves significant judgements and estimates, mainly including determination of valuation techniques and election of different inputs in the models.

The management assessed the reasonableness of key inputs which were used to determine the gross development value under residual approach and under income capitalisation approach, including market rental prices, discount rates, etc., by comparing the market rental prices with comparative cases in active markets and management's records, and by comparing the discount rates with the average discount rates in the industry. The management assessed the reasonableness of other key inputs including interest rates, profit margin rates and development costs to complete, etc. under residual approach, and comparing the development costs to complete with management's budgets.

(B) DEFERRED INCOME TAX

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers its 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.

(C) IMPAIRMENT OF FINANCIAL ASSETS

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the group's past history existing market conditions as well as forward-looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in note 5.

5 FINANCIAL RISK MANAGEMENT

5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other financial institution borrowings, guaranteed notes, senior class asset-backed securities scheme and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as financial assets included in trade and other receivables, trade payables, financial liabilities included in other payables and accruals (excluding senior class asset-backed securities scheme), which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on minimising potential adverse effects of these risks, with material impact, on the Group's financial performance. The Board of Directors reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Foreign exchange risk

The Group mainly operates in Mainland China and Hong Kong with most of the Group's monetary assets, liabilities and transactions principally denominated in HK$, United States dollars ("US$") and RMB. The Group is exposed to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities which are not denominated in the Group's functional currency.

The Group uses structured cross currency swaps to manage its foreign exchange risk arising from US$-denominated floating rate guaranteed note amounting to US$400,000,000. The Group seeks to apply, wherever possible, hedge accounting to present its financial statements in accordance with the economic purpose of the hedging activity. The Group determines the economic relationship between the hedged items and the hedging instruments by reviewing their critical terms and performing a quantitative assessment as needed. As a result, the Group concludes that the risk being hedged for the hedged items and the risk inherent in the hedging instruments are sufficiently aligned, the hedging instruments have a one-to-one hedge ratio with the hedged items. In view of the nature of the hedging activities, no significant ineffectiveness is expected at inception.

	31 December 2020 *RMB'000*	31 December 2019 *RMB'000*
Assets		
HKD	**946**	1,141
USD	**1,819**	14,978
	2,765	16,119
Liabilities		
USD	**2,599,504**	2,775,731

As at 31 December 2020, if RMB had weakened/strengthened by 10% against HKD/USD with all other variable held constant, profit before tax for the year of the Group would have been RMB277,000 higher/lower (2019: 5%, RMB806,000 higher/lower).

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Foreign exchange risk (Continued)

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

	2020 **RMB'000**	2019 *RMB'000*
Net foreign exchange gain included in other gains-net *(Note 7)*	**92**	2,094
Total net foreign exchange gains recognised in profit before income tax for the year *(Note 7)*	**92**	2,094

(b) Interest rate risk

The Group's interest rate risk arises from interest-bearing bank and other financial institution borrowings, guaranteed notes and senior class asset-backed securities scheme. Bank borrowings and guaranteed notes obtained at variable interest rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Other financial institution borrowings and asset-backed securities scheme senior class obtained at fixed rates expose the Group to fair value interest rate risk. The management continuously monitors the interest rate position and makes decisions with reference to the latest market condition.

The interest rate risk of floating route guaranteed note amounting to US$400,000,000 was managed by the use of structured cross currency interest rate swaps.

At 31 December 2020, if interest rates on bank borrowings had been 50 basis points higher/lower with all other variables held constant, profit before tax for the year would have been RMB8,546,000 (2019: RMB6,325,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

The exposure of the group's borrowings to interest rate changes and the contractual re-pricing dates of the borrowings at the end of the reporting period are as follows:

	2020		2019	
	RMB'000	***% of total loans***	*RMB'000*	*% of total loans*
Floating rate guaranteed note	**2,599,504**	**38%**	2,775,731	43%
Variable rate borrowings	**1,709,296**	**25%**	1,265,000	19%
Fixed rate borrowings				
— repricing or maturity dates:				
Less than 1 year	**1,595,140**	**23%**	1,000,000	15%
1–5 years	**1,000,000**	**14%**	1,500,000	23%
	6,903,940	**100%**	6,540,731	100%

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk

Credit risk is managed on group basis. It mainly arises from cash and cash equivalents and trade and other receivables, etc. The Group has policies in place to ensure that credit sales are made to customers with an sufficient financial strength and appropriate percentage of down payment. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers and follow up action is taken to recover overdue debts, if any.

Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default; it also has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. In addition, the Group regularly reviews the recoverable amount of each individual trade and other receivables to ensure that adequate impairment provisions are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

Cash and cash equivalents

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

Trade and other receivables (excluding prepayments)

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, lease receivables and contract assets (excluding prepayments).

The expected loss rates are based on the payment profiles over a period of 36 months before 31 December 2020 or 1 January 2020 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group uses three categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) *Credit risk (Continued)*

Trade and other receivables (excluding prepayments) (Continued)

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Company definition of category	Basis for recognition of expected credit loss provision
Stage one	Customers have a low risk of default and a strong capacity to meet contractual cash flows.	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition.	Lifetime expected losses.
Stage three	Receivables for which there is a credit loss sine initial recognition.	Lifetime expected losses.

The Group accounts for its credit risk by appropriately providing for expected 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.

Since credit risk has not significantly increased after initial recognition, the loss allowance recognised was therefore limited to 12 months expected losses.

	Individual provision for impairment	Group provision for impairment	Total
Carrying amount of other receivables	5,197	679,373	684,570
Expected credit loss rate	100%	0%	1%
Loss allowance	5,197	–	5,197
Other receivables,net	–	679,373	679,373

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk

The Group's policies are to maintain sufficient cash and cash equivalents and to have available funding through senior class asset-backed securities scheme, bank and other financial institution borrowings and guaranteed notes to meet its working capital requirements.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Within 1 year *RMB'000*	1 to 5 years *RMB'000*	Over 5 years *RMB'000*	Total *RMB'000*
At 31 December 2020				
Trade payables	**2,066,591**	**–**	**–**	**2,066,591**
Other payables and accruals	**403,987**	**3,121,200**	**–**	**3,525,187**
Borrowings	**2,084,925**	**2,257,494**	**717,699**	**5,060,118**
Guaranteed notes	**2,650,038**	**–**	**–**	**2,650,038**
Lease liabilities	**6,821**	**12,770**	**–**	**19,591**
	7,212,362	**5,391,464**	**717,699**	**13,321,525**
At 31 December 2019				
Trade payables	1,942,398	–	–	1,942,398
Other payables and accruals	403,621	3,261,600	–	3,665,221
Borrowings	1,335,224	2,141,852	764,241	4,241,317
Guaranteed notes	127,434	2,892,253	–	3,019,687
Lease liabilities	5,906	–	–	5,906
	3,814,583	8,295,705	764,241	12,874,529

The amounts have not included financial guarantee contracts:

– which the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee for loans procured by the purchasers of the Group's properties. 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 one to two years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties;

Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable by providing above guarantees.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.1 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristic of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity. Net debt includes interest bearing bank and other financial institution borrowings, guaranteed notes (including accrued interests payables), senior class asset-backed securities scheme (including accrued interests payables) and lease liabilities less cash and cash equivalents and restricted cash. The gearing ratios as at the end of the reporting periods were as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Total borrowings *(Note 26)*	**4,304,436**	3,765,000
Guaranteed notes (including accrued interests payables) *(Note 27)*	**2,612,936**	2,796,677
Senior class asset-backed securities scheme (including accrued interests payables) *(Note 30)*	**2,696,341**	2,700,839
Lease liabilities *(Note 16)*	**19,591**	5,906
	9,633,304	9,268,422
Less: Cash and cash equivalents	**(840,441)**	(2,151,926)
Restricted cash	**(14,345)**	(26,803)
Net debt	**8,778,518**	7,089,693
Total equity	**4,997,130**	5,290,173
Gearing ratio	**176%**	134%

The change of net gearing ratio was primarily due to the increase in net debt of the Group in 2020.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.2 FAIR VALUE ESTIMATION

The table below analyses the Group's assets and liabilities carried at fair value as at 31 December 2020 and 2019, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or 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).

	Level 1 *RMB'000*	**Level 2** *RMB'000*	**Level 3** *RMB'000*	**Total** *RMB'000*
As at 31 December 2020				
Non-financial assets				
Investment properties	**–**	**–**	**11,716,904**	**11,716,904**
Financial liabilities				
Cross currency interest rate swap	**–**	**(166,805)**	**–**	**(166,805)**
As at 31 December 2019				
Non-financial assets				
Investment properties	–	–	10,694,300	10,694,300
Financial assets				
Cross currency interest rate swap	–	1,058	–	1,058

There were no transfers among level 1, 2 and 3 during the year.

The fair value of financial instruments traded in active markets is based on quoted market prices in active markets. The fair value of financial instruments that are not traded in an active market is determined by valuation techniques. Specific valuation techniques mainly include discounted cash flow analysis and so on.

The Group obtains independent valuations for its investment properties from an independent professional valuer as a third party. The valuations were based on income capitalisation approach which mainly used unobservable inputs such as market rent, discount rate and based on residual method which mainly used unobservable inputs such as profit rate, and interest rate and so on.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

5.3 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT AMORTISED COST

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		**Fair values**	
	31 December 2020 *RMB'000*	31 December 2019 *RMB'000*	**31 December 2020** *RMB'000*	31 December 2019 *RMB'000*
Financial liabilities				
Interest-bearing other financial institution borrowings	**2,595,140**	2,500,000	**2,621,371**	2,528,481
Senior class asset-backed securities scheme (including accrued interests payables)	**2,696,341**	2,700,839	**2,751,202**	2,752,969

Management has assessed that the fair values of cash and cash equivalents, financial assets included in trade and other receivables, trade payables, financial liabilities included in other payables and accruals (excluding senior class asset-backed securities scheme) and lease liabilities approximate to their carrying amounts largely due to the short term maturities of these instruments.

The policies and procedures for the fair value measurements of financial instruments are determined by the Group's finance department and are regularly reviewed by senior management.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the interest-bearing other financial institution borrowings and senior class asset-backed securities scheme have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

6 OPERATING SEGMENT INFORMATION

The members of the Board of Directors ("Directors") are the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the Directors for the purposes of allocating resources and assessing performance.

The Directors considers the business from a product perspective. Management separately considers the performance of property development, investment property development and operation and sale of merchandise inventories. The segment of property development derives its revenue primarily from sale of completed properties. The segments of investment property development and operation derive their revenue primarily from rental income. The segment of sale of merchandise inventories derives its revenue primarily from sale of merchandise inventories. The revenue of sale of merchandise inventories has increased year by year, so it is separately disclosed and the comparative information has been restated accordingly.

These operations of other segments are excluded from the reportable operating segments, as these operations are not the key concern of the Directors. The results of these operations are included in the "All other segments".

The Directors assess the performance of the operating segments based on a measure of operating profit. This measurement basis excludes the effects of non-recurring expenditure from the operating segments. Share of losses of investments accounted for using the equity method, interest income and finance costs are not allocated to segments, as this type of activities is driven by the central treasury function, which manages the cash position of the Group. Other information provided to the Directors, except as noted below, is measured in a manner consistent with that in the financial statements.

Total segment assets exclude cash and cash equivalents, restricted cash, deferred income tax assets, amounts due from related parties, investments accounted for using the equity method and derivative financial assets, all of which are managed on a central basis. Total segment liabilities exclude borrowings, guaranteed notes, amounts due to related parties, deferred income tax liabilities, senior class asset-backed securities scheme and derivative financial liabilities, all of which are managed on a central basis as well. These are part of the reconciliation to total assets and liabilities of the consolidated statement of financial position.

Transactions between segments are carried out at arm's length. The revenue from external parties reported to the Directors is measured in a manner consistent with that in the consolidated statement of profit or loss.

6 OPERATING SEGMENT INFORMATION (CONTINUED)

	Property development *RMB'000*	Investment property development and operation *RMB'000*	Sale of merchandise inventories *RMB'000*	All other segments *RMB'000*	Total *RMB'000*	Inter-segment elimination *RMB'000*	Total *RMB'000*
Year ended 31 December 2020							
Total revenue	**134,268**	**645,254**	**244,513**	**–**	**1,024,035**	**–**	**1,024,035**
Revenue (from external customers) *(i)*	**134,268**	**645,254**	**244,513**	**–**	**1,024,035**	**–**	**1,024,035**
Segment operating profit/(loss)	**19,897**	**314,616**	**17,425**	**(103,454)**	**248,484**	**(1,046)**	**247,438**
Depreciation and amortisation *(Note 8)*	**(2)**	**(71,641)**	**(3,048)**	**–**	**(74,691)**	**–**	**(74,691)**
Income tax expenses *(Note 12)*	**(16,524)**	**(94,683)**	**–**	**(8,049)**	**(119,256)**	**–**	**(119,256)**
Additions to non-current assets (other than investments, deferred income tax assets and derivative financial assets)	**19**	**952,161**	**13,585**	**–**	**965,765**	**–**	**965,765**
Year ended 31 December 2019							
Total revenue	1,069,667	621,976	174,431	–	1,866,074	–	1,866,074
Inter-segment revenue	–	(1,402)	–	–	(1,402)	–	(1,402)
Revenue (from external customers) *(i)*	1,069,667	620,574	174,431	–	1,864,672	–	1,864,672
Segment operating profit/(loss)	478,003	86,411	15,928	(146,238)	434,104	(888)	433,216
Depreciation and amortisation *(Note 8)*	–	(63,252)	(3,271)	(4)	(66,527)	–	(66,527)
Income tax expenses *(Note 12)*	(258,479)	(5,005)	1,737	(22,422)	(284,169)	–	(284,169)
Additions to non-current assets (other than investments, deferred income tax assets and derivative financial assets)	196	1,886,171	2,389	–	1,888,756	–	1,888,756

(i) No revenue from contracts with customers is recognised over time in property development segment (2019: RMB8,448,000) .

6 OPERATING SEGMENT INFORMATION (CONTINUED)

	Property development	Investment property development and operation	Sale of merchandise inventories	All other segments	Total	Inter-segment elimination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2020							
Total segment assets	**3,054,959**	**16,605,273**	**723,948**	**10,244,027**	**30,628,207**	**(13,549,311)**	**17,078,896**
Total segment liabilities	**(929,330)**	**(8,655,787)**	**(1,572,523)**	**(5,084,904)**	**(16,242,544)**	**13,549,311**	**(2,693,233)**
As at 31 December 2019							
Total segment assets	1,585,920	13,312,384	395,595	2,263,074	17,556,973	(2,279,210)	15,277,763
Total segment liabilities	(224,200)	(2,265,254)	(23,031)	(2,287,706)	(4,800,191)	2,279,210	(2,520,981)

A reconciliation of segment operating profit to profit before income tax is provided as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Segment operating profit	**247,438**	433,216
Share of losses of investments accounted for using the equity method *(Note 21)*	**(2,450)**	(4,375)
Bank Interest income *(Note 7)*	**19,093**	23,615
Finance costs *(Note 9)*	**(462,514)**	(391,339)
(Loss)/profit before income tax	**(198,433)**	61,117

6 OPERATING SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities are reconciled to total assets and liabilities as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Total segment assets	**17,078,896**	15,277,763
Cash and cash equivalents *(Note 25)*	**840,441**	2,151,926
Restricted cash *(Note 25)*	**14,345**	26,803
Deferred income tax assets *(Note 31)*	**34,936**	19,467
Investments accounted for using the equity method *(Note 21)*	**273,119**	261,689
Amounts due from related parties *(Note 38(f))*	**71,016**	71,133
Derivative financial assets *(Note 28)*	**–**	1,058
Total assets per consolidated statement of financial position	**18,312,753**	17,809,839
Total segment liabilities	**(2,693,233)**	(2,520,981)
Borrowings *(Note 26)*	**(4,304,436)**	(3,765,000)
Guaranteed notes *(Note 27)*	**(2,612,936)**	(2,796,677)
Amounts due to related parties *(Note 38(g))*	**(118,225)**	(118,242)
Deferred income tax liabilities *(Note 31)*	**(723,647)**	(617,927)
Senior class asset-backed securities scheme *(Note 30)*	**(2,696,341)**	(2,700,839)
Derivative financial liabilities *(Note 28)*	**(166,805)**	–
Total liabilities per consolidated statement of financial position	**(13,315,623)**	(12,519,666)

Assets and liabilities related to contracts with customers:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Sales commission for properties	**7,349**	5,054
Total incremental costs of obtaining a contract	**7,349**	5,054
Advances from sales of properties	**181,961**	117,100
Advances from rental of properties	**14,876**	16,653
Others	**18,802**	8,747
Total contract liabilities	**215,639**	142,500

The Company is incorporated in Cayman Islands, with most of its major subsidiaries domiciled in the PRC. Revenues from external customers of the Group are mainly derived in the PRC for the years ended 31 December 2020 and 2019.

6 OPERATING SEGMENT INFORMATION (CONTINUED)

Assets and liabilities related to contracts with customers: (Continued)

As at 31 December 2020, total non-current assets other than deferred income tax assets located in the PRC is RMB14,292,990,000 (2019: RMB13,049,368,000), none of these non-current assets is located in Hong Kong (2019: none of these non-current assets is located in Hong Kong).

For the year ended 31 December 2020 and 2019, the Group does not have any single customer with revenue over 10% of the revenue from external customers.

For the year ended 31 December 2020, revenue of RMB135,909,000 (31 December 2019: RMB993,530,000) was included in the contract liabilities balance at the beginning of the year.

7 REVENUE, OTHER GAINS-NET AND INCOME

An analysis of revenue, other gains-net and income is as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Revenue		
Rental revenue of investment properties	**645,254**	620,574
Sale of goods	**244,513**	174,431
Sale of properties	**134,268**	1,069,667
	1,024,035	1,864,672
Other gains – net		
Government grants	**1,485**	25,500
Foreign exchange gains – net	**92**	2,094
Tax relief	**–**	3,014
Others	**985**	3,367
	2,562	33,975
Other income		
Bank interest income	**19,093**	23,615
Others	**26,767**	23,790
	45,860	47,405

For the year ended 31 December 2020, affected by the outbreak of COVID-19, the Group has implemented reductions in rental and property management fees, etc.. The management recorded the reductions directly in the consolidated statement of profit or loss, the amount is approximately RMB56,466,000.

8 EXPENSES BY NATURE

Expenses by nature comprised cost of sales, selling and marketing expenses and administrative expenses as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Cost of properties sold	**84,547**	522,102
Cost of goods sold	**216,844**	150,722
Property management fee	**225,353**	182,044
Depreciation charge of right-of-use assets	**8,141**	8,234
Depreciation and amortisation	**74,691**	66,527
Employee benefit expenses	**211,367**	277,014
– Wages, salaries and staff welfare	**177,120**	222,301
– Pension scheme contributions	**3,232**	22,471
– Other allowance and benefits	**31,015**	32,242
Office and traveling expenses	**41,879**	55,044
Consultancy fee	**18,944**	16,867
Advertising and marketing	**128,253**	160,527
Service fee for keepwell deed *(Note 38(b))*	**8,119**	8,119
Business taxes and other surcharges	**86,727**	86,103
Audit services expenses	**2,250**	2,597
Capital market and other non-audit services expenses	**550**	150
Impairment of inventories *(Note 22)*	**19,623**	–
Others	**12,378**	9,266
	1,139,666	1,545,316

9 FINANCE COSTS

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Interest expense on bank and other financial institution borrowings	**259,484**	321,603
Interest expense on senior class asset-backed securities scheme	**140,699**	8,939
Interest expense on lease liabilities	**166**	525
Net fair value loss on derivative financial instruments		
Reclassified from cash flow hedge reserve	**60,105**	15,902
Reclassified from costs of hedging reserves	**1,465**	1,461
Ineffectiveness of cash flow hedges	**10,133**	8,950
Interest expense on guaranteed notes	**102,497**	146,550
Others	**–**	6,479
Less: interests capitalised	**(112,035)**	(119,070)
	462,514	391,339

For the year ended 31 December 2020, the capitalisation rate is 5.72% (year ended 31 December 2019: 5.86%), and the finance costs are mainly capitalized into investment properties and properties under development.

10 DIRECTORS' EMOLUMENTS

Directors' remuneration for the year is as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Fees	**813**	807
Other emoluments:		
Salaries, allowances and benefits in kind	**1,307**	1,567
Performance related bonuses	**–**	2,250
Pension scheme contributions	**89**	91
	1,396	3,908
	2,209	4,715

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10 DIRECTORS' EMOLUMENTS (CONTINUED)

(A) EXECUTIVE DIRECTORS, NON-EXECUTIVE DIRECTORS AND INDEPENDENT NON-EXECUTIVE DIRECTORS

	Fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Performance related bonuses *RMB'000*	Equity settled share option expense *RMB'000*	Pension scheme contributions *RMB'000*	Total remuneration *RMB'000*
2020						
Executive directors						
Mr. Zhong Beichen	–	–	–	–	–	–
Mr. Feng Yujian	–	1,307	–	–	89	1,396
	–	1,307	–	–	89	1,396
2020						
Non-executive directors						
Mr. Wang Honghui	–	–	–	–	–	–
Ms. Qin Yi	–	–	–	–	–	–
Mr. Wang Hao	–	–	–	–	–	–
Mr. Yang, Paul Chunyao	–	–	–	–	–	–
	–	–	–	–	–	–
2020						
Independent non-executive directors						
Dr. Ngai Wai Fung	271	–	–	–	–	271
Ms. Zhao Yuhong	271	–	–	–	–	271
Mr. He Xiaofeng	271	–	–	–	–	271
	813	–	–	–	–	813
Total	813	1,307	–	–	89	2,209

There were no other emoluments payable to the independent non-executive directors during the year (year ended 31 December 2019: Nil).

10 DIRECTORS' EMOLUMENTS (CONTINUED)

(A) EXECUTIVE DIRECTORS, NON-EXECUTIVE DIRECTORS AND INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

	Fees *RMB'000*	Salaries, allowances and benefits in kind *RMB'000*	Performance related bonuses *RMB'000*	Equity settled share option expense *RMB'000*	Pension scheme contributions *RMB'000*	Total remuneration *RMB'000*
2019						
Executive directors						
Mr. Zhong Beichen	–	–	–	–	–	–
Mr. Feng Yujian	–	1,567	2,250	–	91	3,908
	–	1,567	2,250	–	91	3,908
2019						
Non-executive directors						
Mr. Wang Honghui	–	–	–	–	–	–
Ms. Qin Yi	–	–	–	–	–	–
Mr. Wang Hao	–	–	–	–	–	–
Mr. Yang, Paul Chunyao	–	–	–	–	–	–
	–	–	–	–	–	–
2019						
Independent non-executive directors						
Dr. Ngai Wai Fung	269	–	–	–	–	269
Ms. Zhao Yuhong	269	–	–	–	–	269
Mr. He Xiaofeng	269	–	–	–	–	269
	807	–	–	–	–	807
Total	807	1,567	2,250	–	91	4,715

10 DIRECTORS' EMOLUMENTS (CONTINUED)

(A) EXECUTIVE DIRECTORS, NON-EXECUTIVE DIRECTORS AND INDEPENDENT NON-EXECUTIVE DIRECTORS (CONTINUED)

Aggregate emoluments paid to or receivable by directors in respect of their services as directors, whether of the Company or its subsidiaries undertaking		Aggregate emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking		Total	
2020	2019	**2020**	2019	**2020**	2019
RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
813	807	**1,396**	3,908	**2,209**	4,715

11 FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (year ended 31 December 2019: one), details of whose remuneration are set out in note 10 above. Details of the remuneration for the year of the four (year ended 31 December 2019: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	**5,214**	8,332
Performance related bonuses	**–**	5,120
Pension scheme contributions	**268**	282
	5,482	13,734

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December	
	2020	2019
Lower than HK$1,500,000 (equivalent to RMB1,262,460)	**3**	–
HK$2,000,000 (equivalent to RMB1,683,280) to HK$2,500,000 (equivalent to RMB2,104,100)	**1**	–
HK$3,000,000 (equivalent to RMB2,524,920) to HK$3,500,000 (equivalent to RMB2,945,740)	**–**	1
HK$3,500,001 (equivalent to RMB2,945,741) to HK$4,000,000 (equivalent to RMB3,366,560)	**–**	1
HK$4,000,001 (equivalent to RMB3,366,561) to HK$4,500,000 (equivalent to RMB3,787,380)	**–**	2

12 INCOME TAX EXPENSES

Hong Kong corporate are mainly subject to Hong Kong profits tax rate of 16.5%. No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profit arising in Hong Kong during the year (year ended 31 December 2019: Nil).

PRC enterprise income tax has been provided at the rate of 25% (year ended 31 December 2019: 25%) on the taxable profits of the Group's PRC subsidiaries during the year.

The implementation and settlement of PRC land appreciation tax ("LAT") varies among various cities in the PRC. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, which is based on the estimated proceeds from sales of properties less deductible expenditures including land use rights, development and construction expenditure and other related expenditures.

The amount of income tax expenses charged to the consolidated statement of profit or loss represents:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Current income tax:		
– PRC corporate income tax	**21,596**	95,930
– PRC land appreciation tax	**7,409**	176,180
Deferred income tax *(Note 31)*	**90,251**	12,059
Total tax charges for the year	**119,256**	284,169

A reconciliation of the tax expenses applicable to profit before income tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
(Loss)/profit before income tax	**(198,433)**	61,117
Tax calculated at statutory tax rates applicable to profits in the respective countries	**(33,511)**	30,693
Income not subject to tax	**(2,128)**	(1,044)
Expenses not deductible for tax	**8,024**	30,392
Tax losses for which no deferred income tax asset was recognised	**116,556**	49,198
Land appreciation tax	**7,409**	176,180
Income tax effect of land appreciation tax	**(1,852)**	(44,045)
Write-off of previously recognised deferred income tax assets	**16,709**	42,795
Dividend withholding tax	**8,049**	–
Income tax expenses for the year	**119,256**	284,169

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13 DIVIDENDS

No dividend has been paid or declared by the Company during the year ended 31 December 2020 (year ended 31 December 2019: Nil).

14 LOSSES PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of basic and diluted losses per share amount for the year ended 31 December 2020 is based on the loss for the year attributable to owners of the Company of RMB320,446,000 (year ended 31 December 2019: RMB223,539,000), the weighted average number of ordinary shares of 961,538,462 (year ended 31 December 2019: 961,538,462), the weighted average number of CPS of 1,072,928,106 (year ended 31 December 2019: 1,072,928,106) and the weighted average number of shares of 513,185,911 (year ended 31 December 2019: 513,185,911) into which the Company issued PCBS may be converted, in issue during the year.

The calculations of basic and diluted losses per share are based on:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Losses attributable to ordinary equity holders of the parent used in the basic and diluted losses per share calculation	**(320,446)**	(223,539)

	Shares	*Shares*
Weighted average number of ordinary shares	**961,538,462**	961,538,462
Weighted average number of CPS	**1,072,928,106**	1,072,928,106
Weighted average number of shares into which the PCBS may be converted	**513,185,911**	513,185,911
Weighted average number of shares for basic and diluted losses per share	**2,547,652,479**	2,547,652,479

15 PROPERTY, PLANT AND EQUIPMENT

	Buildings *RMB'000*	Furniture fixtures and equipment *RMB'000*	Motor vehicles and others *RMB'000*	Total *RMB'000*
For the year ended 31 December 2020				
At 1 January 2020				
Cost	2,142	62,690	6,992	71,824
Accumulated depreciation	(174)	(35,062)	(5,150)	(40,386)
Net carrying amount	1,968	27,628	1,842	31,438
At 1 January 2020, net of accumulated depreciation	1,968	27,628	1,842	31,438
Additions	–	5,508	67	5,575
Transfer from investment property *(i)*	133,096	–	–	133,096
Disposals	–	(38)	–	(38)
Depreciation provided during the year	(3,712)	(13,529)	(605)	(17,846)
At 31 December 2020, net of accumulated depreciation	131,352	19,569	1,304	152,225
At 31 December 2020				
Cost	135,238	67,668	7,059	209,965
Accumulated depreciation	(3,886)	(48,099)	(5,755)	(57,740)
Net carrying amount	131,352	19,569	1,304	152,225

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings *RMB'000*	Furniture fixtures and equipment *RMB'000*	Motor vehicles and others *RMB'000*	Total *RMB'000*
For the year ended 31 December 2019				
At 1 January 2019				
Cost	10,092	43,676	8,798	62,566
Accumulated depreciation	(1,051)	(30,312)	(4,117)	(35,480)
Net carrying amount	9,041	13,364	4,681	27,086
At 1 January 2019, net of accumulated depreciation	9,041	13,364	4,681	27,086
Additions	–	35,025	3,559	38,584
Disposals	(7,022)	(10,293)	(5,337)	(22,652)
Depreciation provided during the year	(51)	(10,468)	(1,061)	(11,580)
At 31 December 2019, net of accumulated depreciation	1,968	27,628	1,842	31,438
At 31 December 2019				
Cost	2,142	62,690	6,992	71,824
Accumulated depreciation	(174)	(35,062)	(5,150)	(40,386)
Net carrying amount	1,968	27,628	1,842	31,438

(i) For the year ended 31 December 2020, due to the change of holding purpose, the Group has transferred investment properties of RMB 133,096,000 (year ended 31 December 2019:Nil) into property, plant and equipment. This conversion has no impact on profit or loss and equity.

16 LEASES

This note provides information for leases where the Group is a lessee.

(I) AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The consolidated statement of financial position shows the following amounts relating to leases:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Right-of-use assets		
Buildings	**21,091**	7,789
Lease liabilities		
Current	**6,821**	5,906
Non-current	**12,770**	–
	19,591	5,906

Additions to the right-of-use assets during the 2020 financial year were RMB21,443,000 (year ended 31 December 2019: Nil).

(II) AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

The consolidated statement of profit or loss shows the following amounts relating to leases:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Depreciation charge of right-of-use assets		
Properties	**8,141**	8,234
Interest expense (included in finance cost)	**166**	525

The total cash outflow for leases in 2020 was RMB8,320,000 (year ended 31 December 2019: 9,110,000).

(III) THE GROUP'S LEASING ACTIVITIES AND HOW THESE ARE ACCOUNTED FOR

The group leases an office. Rental contract is typically made for fixed periods of 3 years but may have extension options.

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.

17 LONG-TERM PREPAID EXPENSES

	Prepaid decoration expenses *RMB'000*	Others *RMB'000*	Total *RMB'000*
For the year ended 31 December 2020			
At 1 January 2020	**126,187**	**22,184**	**148,371**
Additions	**9,877**	**19,731**	**29,608**
Amortisation provided during the year	**(49,667)**	**(13,284)**	**(62,951)**
31 December 2020	**86,397**	**28,631**	**115,028**
For the year ended 31 December 2019			
At 1 January 2019	134,245	17,092	151,337
Additions	46,547	18,249	64,796
Amortisation provided during the year	(54,605)	(13,157)	(67,762)
31 December 2019	126,187	22,184	148,371

18 INVESTMENT PROPERTIES

(A) INVESTMENT PROPERTIES UNDER CONSTRUCTION

	Cost *RMB'000*	Fair Value *RMB'000*	Total *RMB'000*
At 1 January 2019	1,491,696	2,459,000	3,950,696
Additions	1,034,726	736,136	1,770,862
Transfer to investment properties in operation	–	(3,834,126)	(3,834,126)
Transfer to investment properties under construction at fair value	(638,990)	–	(638,990)
Transfer from investment properties under construction at cost	–	638,990	638,990
At 31 December 2019	1,887,432	–	1,887,432
Additions	**914,302**	**–**	**914,302**
Transfer to investment properties in operation	**(861,349)**	**–**	**(861,349)**
At 31 December 2020	**1,940,385**	**–**	**1,940,385**

18 INVESTMENT PROPERTIES (CONTINUED)

(B) INVESTMENT PROPERTIES IN OPERATION

	2020 RMB'000	2019 RMB'000
At 1 January	**10,694,300**	6,812,400
Other adjustments	**(44,586)**	(8,321)
Transfer from investment properties under construction	**861,349**	3,834,126
Transfer to property, plant and equipment	**(133,096)**	–
Net gains from fair value adjustment	**338,937**	56,095
At 31 December	**11,716,904**	10,694,300

(C) PROFIT OR LOSS OF INVESTMENT PROPERTIES RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Net gains from fair value adjustment	**338,937**	56,095
Rental income from leases	**645,254**	620,574
Direct operating expenses from properties that generated rental income	**(14,264)**	(7,201)
Direct operating expenses from properties that did not generate rental income	**(232)**	(452)

Profit or loss recognised in the consolidated statement of profit of loss arose from fair value changes, rental income and operating expenses, etc.

The Group's finance department is in charge of assets' valuation and employs the independent valuer to evaluate the fair value of investment properties. The finance department verifies all valuation results, takes charge of relative accounting treatments and prepares disclosure information of fair values according to verified valuation results.

The investment properties are leased to tenants under operating leases with rentals payable monthly. There are no variable lease payments that depend on an index or rate.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

18 INVESTMENT PROPERTIES (CONTINUED)

(C) PROFIT OR LOSS OF INVESTMENT PROPERTIES RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

Information about fair value measurements using significant unobservable inputs:

Investment Properties	Fair value as at 31 December 2020 *RMB'000*	Valuation techniques	Unobservable inputs: Title	Range	Relationship of unobservable inputs to fair value
Central region	**7,226,369**	Income capitalisation approach	Discount rate	4% to 7%	The higher discount rate is, the lower fair value
			Market rental price	RMB29 to RMB155 per square meter per month	The higher market rental price is, the higher fair value
North region	**3,640,757**	Income capitalisation approach	Discount rate	4% to 7%	The higher discount rate is, the lower fair value
			Market rental price	RMB50 to RMB280 per square meter per month	The higher market rental price is, the higher fair value
South region	**849,778**	Income capitalisation approach	Discount rate	5.5% to 6.5%	The higher discount rate is, the lower fair value
			Market rental price	RMB44 to RMB122 per square meter per month	The higher market rental price is, the higher fair value

Investment Properties	Fair value as at 31 December 2019 *RMB'000*	Valuation techniques	Unobservable inputs: Title	Range	Relationship of unobservable inputs to fair value
North region	3,503,000	Income capitalisation approach	Discount rate	5.5% to 7%	The higher discount rate is, the lower fair value
			Market rental price	RMB45 to RMB275 per square meter per month	The higher market rental price is, the higher fair value
Central region	7,191,300	Income capitalisation approach	Discount rate	5.5% to 6.5%	The higher discount rate is, the lower fair value
			Market rental price	RMB29 to RMB155 per square meter per month	The higher market rental price is, the higher fair value

19 INTANGIBLE ASSETS

	Land use right *RMB'000*	Software *RMB'000*	Total *RMB'000*
For the year ended 31 December 2020			
At 1 January 2020			
Cost	**7,950**	**19,079**	**27,029**
Accumulated amortisation	**(1,086)**	**(8,652)**	**(9,738)**
Net carrying amount	**6,864**	**10,427**	**17,291**
At 1 January 2020, net of accumulated amortisation	**6,864**	**10,427**	**17,291**
Additions	**–**	**11,654**	**11,654**
Amortisation provided during the year	**(159)**	**(2,112)**	**(2,271)**
At 31 December 2020, net of accumulated amortisation	**6,705**	**19,969**	**26,674**
At 31 December 2020			
Cost	**7,950**	**30,733**	**38,683**
Accumulated amortisation	**(1,245)**	**(10,764)**	**(12,009)**
Net carrying amount	**6,705**	**19,969**	**26,674**
For the year ended 31 December 2019			
At 1 January 2019			
Cost	–	8,935	8,935
Accumulated amortisation	–	(6,616)	(6,616)
	–		
Net carrying amount	–	2,319	2,319
At 1 January 2019, net of accumulated amortisation	–	2,319	2,319
Additions	–	7,492	7,492
Transfer from Property, plant and equipment	7,950	–	7,950
Transfer from long-term prepaid expense	–	2,652	2,652
Disposals	–	(338)	(338)
Amortisation provided during the year	(1,086)	(1,698)	(2,784)
At 31 December 2019, net of accumulated amortisation	6,864	10,427	17,291
At 31 December 2019			
Cost	7,950	19,079	27,029
Accumulated amortisation	(1,086)	(8,652)	(9,738)
Net carrying amount	6,864	10,427	17,291

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20 SUBSIDIARIES

Name	Place of incorporation/ registration and business	Issued ordinary share/registered share capital	Percentage of equity attributable to the Company Direct %	Indirect %	Percentage of equity attributable to non-controlling interests %	Principal activities
Trade Horizon Global Limited ("Trade Horizon") (貿景環球有限公司)	British Virgin Islands	US$1	100	–	N/A	Guaranteed notes offering
Beijing Chuangxin Jianye Real Estate investment Ltd. ("Chuangxin Jianye") (北京創新建業地產投資有限公司)	Mainland China	RMB50,000,000	–	100	N/A	Investment holding
Shanghai Juque Investment Management Co., Ltd. (上海鉅礐投資管理有限公司)	Mainland China	RMB835,000,000	–	100	N/A	Investment holding
Beijing Hengsheng Huaxing Investment Management Co., Ltd (北京恒盛華星投資管理有限公司)	Mainland China	RMB20,000,000	–	100	N/A	Investment holding and retail
Jiangxi Capital Outlets Development Company Limited (江西首創奧特萊斯置業有限公司)	Mainland China	RMB459,000,000	–	100	N/A	Property investment
Hangzhou Capital Outlets Property Limited (杭州首創奧特萊斯置業有限公司)	Mainland China	RMB335,000,000	–	100	N/A	Property investment
Wuhan Capital Juda Outlets Business Management Limited (武漢首創鉅大奧萊商業管理有限公司)	Mainland China	RMB208,000,000	–	99	1	Property investment
Jinan Shouju Real Estate Ltd. (濟南首鉅置業有限公司)	Mainland China	RMB362,960,000	–	100	N/A	Property investment and development
Zhengzhou Juxin Outlets Industrial Co., Ltd. (鄭州鉅信奧萊實業有限公司)	Mainland China	RMB200,000,000	–	100	N/A	Property investment

20 SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration and business	Issued ordinary share/registered share capital	Percentage of equity attributable to the Company		Percentage of equity attributable to non-controlling interests	Principal activities
			Direct	Indirect		
			%	%	%	
Xian Shouju Commercial Development and Management Co., Ltd. (西安首鉅商業開發管理有限公司)	Mainland China	RMB335,000,000	–	100	N/A	Property investment
Hefei Chuangju Outlets (合肥創鉅奧萊商業管理有限公司)	Mainland China	RMB280,000,000	–	100	N/A	Property investment
Capital Outlets (Kunshan) Business Development Co., Ltd. (首創奧特萊斯（昆山）商業開發有限公司)	Mainland China	RMB100,000,000	–	100	N/A	Property investment
Capital Dongxing (Kunshan) Business Development Co., Ltd. (首創東興（昆山）商業開發有限公司)	Mainland China	RMB100,000,000	–	100	N/A	Property investment
Beijing Capital Outlets Property Investment Fang Shan Ltd. (北京首創奧特萊斯房山置業有限公司)	Mainland China	RMB867,134,905	–	100	N/A	Property investment
Zhejiang Outlets Property Real Estate Co., Ltd. ("Zhejiang Outlets") (浙江奧特萊斯置業有限公司)	Mainland China	RMB261,598,013	–	100	N/A	Property investment
Xi'an Capital Xin Kai Real Estate Ltd. ("Xin Kai") (西安首創新開置業有限公司)	Mainland China	US$165,000,000	–	100	N/A	Property development
Kunming Capital Outlet Commercial Management Co., Ltd. (昆明首創奧萊商業運營管理有限公司)	Mainland China	RMB317,700,000	–	85	15	Property investment

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20 SUBSIDIARIES (CONTINUED)

Name	Place of incorporation/ registration and business	Issued ordinary share/registered share capital	Percentage of equity attributable to the Company Direct %	Percentage of equity attributable to the Company Indirect %	Percentage of equity attributable to non-controlling interests %	Principal activities
Chongqing Shouju Outlet Real Estate Co., Ltd. (重慶首鉅奧特萊斯置業有限公司)	Mainland China	RMB200,000,000	–	100	N/A	Property investment
Qingdao Grand Commercial Management Co., Ltd. (青島鉅大奧萊商業管理有限公司)	Mainland China	RMB210,000,000	–	100	N/A	Property investment
Nanning Grand Outlets Property Investment Co., Ltd. (南寧鉅大奧特萊斯置業有限公司)	Mainland China	RMB350,000,000	–	100	N/A	Property investment and development
Xiamen Juda Outlets Business Operation Management Limited (廈門鉅大奧萊商業管理有限公司)	Mainland China	RMB330,000,000	–	100	N/A	Property investment
Zhuhai Hengqin Hengsheng Huachuang Commercial Management Co., Ltd. ("Hengsheng Huachuang") (珠海橫琴恒盛華創商業管理有限公司)	Mainland China	RMB10,000,000	–	100	N/A	Investment holding and asset management
GSUM-Beijing Capital Grand Outlets No. 1 phase 1 Private Equity Fund (中聯前源－首創鉅大奧特萊斯一號第一期私募股權投資基金)	Mainland China	RMB3,578,445,000	–	100	N/A	Asset Management and investment
Zhonglian Yichuang – Beijing Capital Grand Outlets No.1 Phase I Assetbacked Securities Scheme (中聯一創－首創鉅大奧特萊斯一號第一期資產支持專項計劃)	Mainland China	RMB879,000,000	–	100	N/A	Asset Management and investment

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

21 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

21.1 INVESTMENTS IN JOINT VENTURES

	2020	2019
	RMB'000	*RMB'000*
At 1 January	**236,907**	2,205
Capital injection	**13,880**	234,825
Share of losses	**(1,197)**	(123)
At 31 December	**249,590**	236,907

(a) Following are the details of the joint ventures held by the Group as at 31 December 2020, which is unlisted:

Name	Place of incorporation/ registration and business	registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
(1) Shanghai Zanchuang Sports Venues Management Co., Ltd (上海贊創體育場館管理有限公司) ("Shanghai Zanchuang")	Shanghai/Mainland China	RMB10,000,000	–	40%	Sports venues management
(2) Ningbo Shouju Yiming Investment Limited Liability Partnership (寧波首鉅翌明投資合夥企業（有限合夥）) ("Shouju Yiming")*(i)*	Ningbo/Mainland China	RMB3,000,000,000	–	50%	Investment management in PRC

(i) Pursuant to the Partnership Agreement, the total capital commitment is RMB3 billion, amongst which the total amount of capital to be contributed by the Group will be RMB750 million, accounting for 25% of the fund size, comprising RMB10 million as a general partner and RMB740 million as a limited partner. On the other hand, the total amount of capital to be contributed by the Beijing NOVA Corporate Management Consulting Co., Limited, Beijing Yusheng Property Management Co., Limited and Beijing Mobo Management Consulting Co., Limited (collectively referred to as the "Nova Party") will be RMB2.25 billion, accounting for 75% of the fund size, comprising RMB10 million as a general partner and RMB2.24 billion as limited partners. The Group and Nova Party jointly control Shouju Yiming, therefore it is recognised as a joint venture.

21 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

21.1 INVESTMENTS IN JOINT VENTURES (CONTINUED)

(b) Summarised financial information for the joint venture that is material to the Group, which is accounted for using the equity method:

	Shouju Yiming 31 December 2020 *RMB'000*
Current assets	
Cash	**3,650**
Other current assets (excluding cash)	**21,793**
Total current assets	**25,443**
Non-current assets	**870,000**
Current liabilities	
Financial liabilities (excluding trade payables)	**1,732**
Other current liabilities (including trade payables)	**21,245**
Total current liabilities	**22,977**
Non-current liabilities	
Financial liabilities	**374,100**
Other liabilities	**252**
Total non-current liabilities	**374,352**
Net assets	**498,114**

The information above reflects the amounts presented in the financial statements of the joint venture, adjusted for differences in accounting policies between the Group and the joint venture.

21 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

21.1 INVESTMENTS IN JOINT VENTURES (CONTINUED)

(c) Reconciliation of summarised financial information of the joint venture that is material to the Group.

Reconciliation of the summarised financial information presented to the carrying amount of its interests in the joint venture that is material to the Group.

	Shouju Yiming 31 December 2020 ***RMB'000***
Opening net assets	**476,338**
Capital injection	**21,130**
Profit for the year	**646**
Closing net assets	**498,114**
Carrying value	**248,057**

(d) In addition to the interests in the joint venture disclosed above, the group also has interests in a immaterial joint venture that are accounted for using the equity method.

	As at 31 December	
	2020 ***RMB'000***	2019 *RMB'000*
Aggregate carrying amount of the immaterial joint venture	**1,533**	2,053
Aggregate amounts of the group's share of:		
Loss from continuing operations	**(1,520)**	(152)
Other comprehensive income	**–**	–
Total comprehensive loss	**(1,520)**	(152)

21.2 INVESTMENTS IN AN ASSOCIATE

	2020 ***RMB'000***	2019 *RMB'000*
At 1 January	**24,782**	29,034
Share of losses	**(1,253)**	(4,252)
At 31 December	**23,529**	24,782

21 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

21.2 INVESTMENTS IN AN ASSOCIATE (CONTINUED)

(a) Following are the details of the associate held by the Group as at 31 December 2020, which is unlisted:

Name	Place of incorporation/ registration and business	Registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Nanchang Huachuang Xinghong Real Estate Co., Ltd. (南昌華創興洪置業有限公司) ("Nanchang Huachuang")	Nanchang/ Mainland China	RMB50,000,000	–	40%	Real estate investment and investment properties operation

(b) Summarised financial information for the associate which is accounted for using the equity method:

	Nanchang Huachuang 31 December 2020 RMB'000	Nanchang Huachuang 31 December 2019 RMB'000
Current assets		
Cash	**9,459**	5,295
Other current assets (excluding cash)	**266,640**	251,006
Total current assets	**276,099**	256,301
Non-current assets	**93,244**	103,103
Current liabilities		
Financial liabilities (excluding trade payables)	**241,001**	215,640
Other current liabilities (including trade payables)	**60,037**	72,834
Total current liabilities	**301,038**	288,474
Non-current liabilities		
Other liabilities	**9,482**	8,975
Total non-current liabilities	**9,482**	8,975
Net assets	**58,823**	61,955

The information above reflects the amounts presented in the financial statements of the associate, adjusted for differences in accounting policies between the Group and the associate.

21 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

21.2 INVESTMENTS IN AN ASSOCIATE (CONTINUED)

(c) Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interests in the associate.

	Nanchang Huachuang As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Opening net assets	**61,955**	72,584
Loss for the year	**(3,132)**	(10,629)
Closing net assets	**58,823**	61,955
Carrying value	**23,529**	24,782

22 INVENTORIES

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Properties under development	**1,162,069**	638,680
Completed properties held for sale	**781,877**	896,083
Merchandise inventories	**456,450**	272,883
Less: impairment of inventories in cost of sales *(i)*	**(19,623)**	–
	2,380,773	1,807,646

(i) Inventories recognised as an expense during the year ended 31 December 2020 amounted to RMB19,623,000 (2019: Nil). These were included in cost of sales.

23 FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Assets as per consolidated statement of financial position		
Financial assets at amortised cost		
Trade and other receivables and prepayments (excluding prepayments and prepaid taxes)	**294,736**	303,940
Restricted cash *(Note 25)*	**14,345**	26,803
Cash and cash equivalents *(Note 25)*	**840,441**	2,151,926
Derivative financial assets		
Used for cash flow hedging *(Note 28)*	**–**	1,058
	1,149,522	2,483,727

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Liabilities as per consolidated statement of financial position		
Financial liabilities at amortised cost		
Borrowings *(Note 26)*	**4,304,436**	3,765,000
Trade payables *(Note 29)*	**2,066,591**	1,942,398
Guaranteed notes *(Note 27)*	**2,612,936**	2,796,677
Amounts and interest due to related parties *(Note 30)*	**126,378**	129,062
Financial liabilities included in other payables and accruals (excluding other tax payable, employee benefit payable, etc.)	**2,839,853**	2,840,183
Lease liabilities *(Note 16)*	**19,591**	5,906
Derivative financial liabilities		
Used for cash flow hedging *(Note 28)*	**166,805**	–
	12,136,590	11,479,226

24 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Trade receivables from contracts with customers	**65,432**	52,945
Prepayments to related parties *(Note 38(e))*	**5,024**	6,973
Prepayments of merchandise inventories	**93,102**	118,138
Other prepayments	**6,787**	1,151
Input value added tax to be deducted and prepaid other taxes	**388,555**	319,373
Other deposits	**22,150**	22,784
Other receivables due from related parties *(Note 38(e))*	**3,368**	3,366
Amounts due from related parties *(Note 38(f))*	**71,016**	71,133
Receivables from government repurchase of land use rights	**69,931**	74,365
Other receivables	**69,315**	79,347
Less: provision for impairment of other receivables *(Note 5.1(c))*	**(5,197)**	–
	789,483	749,575
less: non-current portion		
– Input value added tax to be deducted	**(42,140)**	–
– Other deposits	**(5,424)**	–
Current portion	**741,919**	749,575

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and other receivables. The loss allowance increased by a further 0 to RMB 5,197,000 for other receivables and none for trade receivables.

Trade receivables mainly arise from rental revenue of investment properties. Lessees are generally granted credit terms of 1 to 3 months. An aging analysis of the Group's trade receivables based on invoice date as at the end of the reporting period is as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Within 3 months	**65,432**	52,945

As at 31 December 2020, included in the trade receivables balances of RMB6,003,000 (31 December 2019: RMB3,088,000) due from related parties which are receivable within 3 months and represented credit terms similar to those offered to other major customers (Note 38(e)).

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25 CASH AND CASH EQUIVALENTS

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Cash and bank balances	**854,786**	2,155,537
Time deposits	**–**	23,192
Less:		
Restricted cash	**(14,345)**	(26,803)
Cash and cash equivalents	**840,441**	2,151,926

At the end of the reporting period, the cash and bank balances of the Group denominated in HK$ were equivalent to RMB946,000 (31 December 2019: equivalent to RMB1,141,000) and those denominated in US$ were equivalent to RMB1,819,000 (31 December 2019: RMB14,978,000).

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits as at 31 December 2020 were made for less than one month depending on the immediate cash requirements of the Group, and earned interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

26 BORROWINGS

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Non-current		
Bank and other financial institution borrowings	**2,490,744**	2,629,696
Related parties borrowings *(Note 38(h))*	**95,140**	–
	2,585,884	2,629,696
Current		
Current portion of long-term bank and other financial institution borrowings	**1,648,752**	1,135,304
Short-term bank borrowings	**69,800**	–
	1,718,552	1,135,304
	4,304,436	3,765,000

26 BORROWINGS (CONTINUED)

As at 31 December 2020, bank borrowings amounting to RMB316,800,000 (31 December 2019: 0) were secured by investment properties with carrying amount of RMB914,000,000 (31 December 2019: 0) and guaranteed by the Company.

As at 31 December 2020, bank borrowings amounting to RMB718,000,000 (31 December 2019: RMB610,000,000) were secured by the land use rights and the buildings of investment properties with carrying amount of RMB2,765,667,000 (31 December 2019: RMB1,431,000,000) and guaranteed by BCL.

As at 31 December 2020, bank borrowings amounting to RMB604,696,000 (31 December 2019: RMB655,000,000) were secured by the land use rights of investment properties with carrying amount of RMB409,763,000 (31 December 2019: RMB175,824,000) and guaranteed by BCL.

As at 31 December 2020, other financial institution borrowings amounting to RMB2,500,000,000 (31 December 2019: RMB2,500,000,000) were guaranteed by BCL.

As at 31 December 2020, related parties borrowings and short-term bank borrowings amounting to RMB164,940,000 (31 December 2019: nil) were credit borrowings.

(a) The maturities of the Group's total borrowings at respective dates of the consolidated statement of financial position are set out as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Total borrowings		
– Within 1 year	**1,718,552**	1,135,304
– Between 1 and 2 years	**212,456**	1,510,000
– Between 2 and 5 years	**1,752,652**	450,000
– Over 5 years	**620,776**	669,696
	4,304,436	3,765,000

(b) All the Group's borrowings are denominated in RMB.

(c) The weighted average effective interest rates at the respective dates of the consolidated statement of financial position are set out as follows:

	As at 31 December	
	2020	2019
Bank and other financial institution borrowings	**5.72%**	5.86%

26 BORROWINGS (CONTINUED)

(d) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates are as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Within 6 months	**3,209,296**	130,000
Between 6 and 12 months	**–**	2,135,000
Between 1 and 5 years	**1,095,140**	1,500,000
	4,304,436	3,765,000

Except for the borrowing listed in Note 5.3, the carrying amounts of other borrowings approximate their respective fair values, as the borrowings bore floating interest rates, the impact of discounting is not significant. The fair values are based on cash flows discounted using market rate and are within level 2 of the fair value hierarchy.

27 GUARANTEED NOTES

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
As at 1 January	**2,796,677**	2,759,458
Interest expenses	**102,497**	146,550
Interest paid	**(104,038)**	(143,779)
Exchange rate effect on guaranteed notes	**(182,200)**	34,448
	2,612,936	2,796,677
Accrued interests for guaranteed notes, classified as other payables under current liabilities *(Note 30)*	**(13,432)**	(20,946)
Less: amounts due within one year	**(2,599,504)**	–
Non-current portion	**–**	2,775,731

On 2 August 2018, Trade Horizon, a wholly-owned subsidiary of the Company, issued floating rate guaranteed notes (the "Notes") amounted to US$400,000,000, which is due on August 2021. The Notes bear interest from 2 August 2018, payable quarterly in arrears on 2 February, 2 May, 2 August and 2 November in each year, until 2 August 2021.

28 DERIVATIVE FINANCIAL INSTRUMENTS

The Group has the following derivative financial instruments:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Cash flow hedges		
Cross currency interest rate swaps *(i)*	**(166,805)**	1,058

(I) On 6 August 2018, Trade Horizon entered into a cross currency interest rate swaps ("CCIRS") to hedge the US$/Chinese Yuan ("CNY") exchange risk and the interest rate risk arising from the US$-denominated floating rate Notes issued on 2 August 2018. According to the contract of the CCIRS, the Group receives US$ floating rate interest and pays CNY fixed rate interest, and receives US$ notional amount and pays CNY equivalent of the notional amount at the strike rate (strike rate varies if the spot rate on the maturity date is above higher cap strike or below the lower cap strike). The CCIRS meets the criteria to apply hedging accounting in accordance with the Group's economic purpose of the hedging activities.

(II) FAIR VALUE MEASUREMENT

Information about the methods and assumptions used in determining the fair value of derivatives are set out below:

Financial Instruments	Valuation techniques	Significant inputs
Cross currency interest rate swaps	Black-Scholes formula	Observable exchange rates, interest rates and volatility levels
	Discounted cash flow	Observable exchange rates and interest rates of respective currency

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28 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(III) HEDGING RESERVES

	Cash flow hedge reserve *RMB'000*	Costs of hedging reserves *RMB'000*	Total *RMB'000*
At 31 December 2018	(23,815)	(11,478)	(35,293)
Other comprehensive loss			
Cash flow hedges			
Net fair value losses	(11,221)	–	(11,221)
Reclassification to profit or loss	(18,924)	–	(18,924)
Total cash flow hedges	(30,145)	–	(30,145)
Costs of hedging			
Net fair value gains	–	31,098	31,098
Amortisation to profit or loss	–	1,461	1,461
Total costs of hedging	–	32,559	32,559
At 31 December 2019	(53,960)	21,081	(32,879)
At 31 December 2019	**(53,960)**	**21,081**	**(32,879)**
Other comprehensive loss			
Cash flow hedges			
Net fair value losses	**(231,746)**	**–**	**(231,746)**
Reclassification to profit or loss	**242,213**	**–**	**242,213**
Total cash flow hedges	**10,467**	**–**	**10,467**
Costs of hedging			
Net fair value gains	**–**	**12,713**	**12,713**
Amortisation to profit or loss	**–**	**1,466**	**1,466**
Total costs of hedging	**–**	**14,179**	**14,179**
At 31 December 2020	**(43,493)**	**35,260**	**(8,233)**

28 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

(IV) The effects of applying hedge accounting on the Group's financial position and performance are as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Cross currency interest rate swaps		
Carrying amount (liabilities)/asset	**(166,805)**	1,058
Notional amount	**2,744,800**	2,744,800
Maturity date	**26 July 2021**	26 July 2021
Hedge ratio	**1:1**	1:1
Changes in fair value of the hedging instrument used for measuring effectiveness	**(231,746)**	(11,222)
Changes in fair value of the hedged item used for measuring effectiveness	**231,746**	11,221
Strike rate	**CNY6.862:US$1**	CNY6.862:US$1
Higher cap	**CNY7.7:US$1**	CNY7.7:US$1
Lower cap	**CNY6.2:US$1**	CNY6.2:US$1
US$ floating interest rate receive leg	**3 months US$-LIBOR+2.575% per annum based on US$ notional**	3 months US$-LIBOR+2.575% per annum based on US$ notional
CNY fixed interest rate pay leg	**5.925% per annum based on CNY notional**	5.925% per annum based on CNY notional

29 TRADE PAYABLES

An aging analysis of the Group's trade payables based on invoice date as at the end of the reporting period, is as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**1,872,154**	1,803,504
1 to 2 years	**171,191**	138,894
2 to 3 years	**23,246**	–
	2,066,591	1,942,398

As at 31 December 2020, included in the trade payables are trade payables of RMB8,266,000 (31 December 2019: RMB526,000) due to related parties which are repayable within 1 year subjected to credit terms similar to those offered by the related parties to its other major customers (Note 38(e)).

The trade payables are non-interest-bearing and repayable within the normal operating cycle or on demand.

30 OTHER PAYABLES AND ACCRUALS

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Other tax payables	**33,974**	35,042
Employee benefit payable	**1,584**	29,603
Other payables and accruals due to related parties *(Note 38(e))*	**8,153**	10,820
Amounts due to related parties *(Note 38(e)(g))*	**118,225**	118,242
Accrued interests for guaranteed notes *(Note 27)*	**13,432**	20,946
Accrued interest for bank and other financial institution borrowings	**6,303**	5,185
Accrued interest for senior class asset-backed securities scheme	**391**	8,939
Senior class asset-backed securities scheme *(i)*	**2,695,950**	2,691,900
Deposits	**116,581**	107,016
Collect and remit payment on behalf	**4,976**	14,331
Others	**15,652**	12,812
	3,015,221	3,054,836
Less: non-current portion		
– Senior class asset-backed securities scheme *(i)*	**(2,695,950)**	(2,691,900)
Current portion	**319,271**	362,936

The financial liabilities included in the above balance excluding senior class asset-backed securities scheme are non-interest-bearing and normally settled on demand.

(i) On 9 December 2019, the Group non-publicly issued an asset-backed securities scheme known as Zhonglian Yichuang – Beijing Capital Grand Outlets No.1 Phase I Asset-backed Securities Scheme. The issuance of the asset-backed securities scheme was for the purpose of securitising the Properties held by the Group, namely the Fangshan Capital Outlets and the Kunshan Capital Outlets, and raising funds for the operation and development of the businesses of the Group.

The total issuance of the scheme was RMB3,579,000,000, including: (i) the Senior Class ABS in the principal amount of RMB2,700,000,000 with a fixed coupon rate of 5.2% per annum and a maturity term of five years, all of which were subscribed by qualified investors (which were Third Parties) and will be listed and tradeable on the Integrated Negotiated Trading Platform of the Shenzhen Stock Exchange; and (ii) the Subordinated Class ABS in the principal amount of RMB879,000,000 with no fixed coupon rate and a maturity term of five years, all of which were subscribed by Zhuhai Hengqin Hengsheng Huachuang Business Management Co., Ltd. ("Hengsheng Huachuang"), a wholly-owned subsidiary of the Group. The Subordinated Class ABS will not be listed. It will be treated as equity investment of Hengsheng Huachuang from an accounting perspective and offset in the consolidated financial statements of the Group.

As at 31 December 2020, the amortised cost of the Group's senior class asset-backed securities scheme was approximately RMB2,696,341,000 (31 December 2019: RMB2,700,839,000), including the current portion of RMB391,000 (31 December 2019: RMB8,939,000) and the non-current portion of RMB2,695,950,000 (31 December 2019: RMB2,691,900,000).

31 DEFERRED INCOME TAX

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

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Deferred income tax assets:		
– to be recovered within 12 months	**10,474**	6,630
– to be recovered after more than 12 months	**156,651**	120,036
	167,125	126,666
Deferred income tax liabilities:		
– to be settled within 12 months	**(2,567)**	(4,212)
– to be settled after more than 12 months	**(853,269)**	(720,914)
	(855,836)	(725,126)
Offsetting	**132,189**	107,199
Deferred income tax assets after offset	**34,936**	19,467
Deferred income tax liabilities after offset	**(723,647)**	(617,927)
Deferred income tax liabilities (net)	**(688,711)**	(598,460)

The gross movement on the deferred income tax account is as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
At beginning of the year	**(598,460)**	(588,901)
Government grants not recognised in the consolidated statement of profit or loss	**–**	2,500
Recognised in the consolidated statement of profit or loss *(Note 12)*	**(90,251)**	(12,059)
At end of the year	**(688,711)**	(598,460)

31 DEFERRED INCOME TAX (CONTINUED)

The movement in deferred income tax assets and liabilities during the years ended 31 December 2020 and 2019, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Tax losses *RMB'000*	Others *RMB'000*	Total *RMB'000*
Deferred income tax assets			
At 1 January 2019	109,578	3,875	113,453
Credited to the consolidated statement of profit or loss	17,088	(6,375)	10,713
Government grants not recognised in the consolidated statement of profit or loss	–	2,500	2,500
At 31 December 2019	126,666	–	126,666
Credited to the consolidated statement of profit or loss	40,459	–	40,459
At 31 December 2020	**167,125**	**–**	**167,125**

	Fair value adjustments arising from acquisition of subsidiaries *RMB'000*	Appreciation of investment properties at fair value *RMB'000*	Others *RMB'000*	Total *RMB'000*
Deferred income tax liabilities				
At 31 December 2018	95,915	540,480	65,959	702,354
(Credited)/charged to the consolidated statement of profit or loss	(4,612)	14,024	13,360	22,772
At 31 December 2019	91,303	554,504	79,319	725,126
At 31 December 2019	91,303	554,504	79,319	725,126
(Credited)/charged to the consolidated statement of profit or loss	(2,567)	84,734	48,543	130,710
At 31 December 2020	**88,736**	**639,238**	**127,862**	**855,836**

31 DEFERRED INCOME TAX (CONTINUED)

As at 31 December 2020, deferred tax assets have not been recognised in respect of unused tax losses of RMB1,058,407,000 (31 December 2019: RMB535,412,000), as they have arisen in the Company and other holding companies, which executing administrative functions and to which employee benefit expense, office and management expense etc. are charged, these companies have been loss-making for some time, and it is not probable that taxable profits will be available against which such tax losses can be utilised.

Deferred income tax liabilities of RMB54,137,000 at 31 December 2020 (31 December 2019: RMB59,012,000) have not been recognised for the withholding tax and other taxes that would be payable on the undistributed earnings of certain subsidiaries. Undistributed earnings totalling RMB541,366,000 at 31 December 2020 (31 December 2019: RMB590,116,000) would be reinvested.

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through the future profits is probable. These tax losses are going to expire within five years.

32 SHARE CAPITAL

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Authorised:		
Ordinary shares		
20,000,000,000 (31 December 2019: 20,000,000,000) ordinary shares of HK$0.01 each	**160,009**	160,009
Class A CPS		
738,130,482 (31 December 2019: 738,130,482) CPS of HK$0.01 each	**5,875**	5,875
Class B CPS		
905,951,470 (31 December 2019: 905,951,470) CPS of HK$0.01 each	**7,575**	7,575
	173,459	173,459
Issued and fully paid:		
Ordinary shares		
961,538,462 (31 December 2019: 961,538,462) ordinary shares of HK$0.01 each	**7,828**	7,828
Class A CPS		
166,976,636 (31 December 2019: 166,976,636) CPS of HK$0.01 each	**1,329**	1,329
Class B CPS		
905,951,470 (31 December 2019: 905,951,470) CPS of HK$0.01 each	**7,575**	7,575
	16,732	16,732

33 CPS

CLASS A CPS

The class A CPS with a par value HK$0.01 each were created as a new class of shares in the share capital of the Company on 22 January 2015. Upon the completion date of the business combination of Xin Kai on 22 January 2015, the Company issued 738,130,482 class A CPS (which are convertible into 738,130,482 ordinary shares of HK$0.01 each in the share capital of the Company at HK$2.66 each to be allotted and issued credited as fully paid by the Company upon the exercise of the conversion rights attaching to the class A CPS), resulting in credits to share capital of approximately RMB5,875,000 (equivalent to approximately HK$7,381,000) with par value of HK$0.01 each and share premium of RMB1,556,817,000 (equivalent to approximately HK$1,956,046,000) respectively.

CLASS B CPS

The class B CPS with a par value HK$0.01 each were created as a new class of shares in the share capital of the Company on 14 December 2016. Upon the completion date of the business combination of Chuangxin Jianye and Zhejiang Outlets on 14 December 2016, the Company issued 905,951,470 class B CPS (which are convertible into 905,951,470 ordinary shares of HK$0.01 each in the share capital of the Company at HK$2.78 each to be allotted and issued credited as fully paid by the Company upon the exercise of the conversion rights attaching to the class B CPS), resulting in credits to share capital of approximately RMB7,575,000 (equivalent to approximately HK$9,060,000) with par value of HK$0.01 each and share premium of RMB2,098,232,000 (equivalent to approximately HK$2,509,485,000) respectively.

The above mentioned CPS shall be convertible at the option of its holder, without the payment of any additional consideration therefor, into such number of fully-paid ordinary shares at the conversion ratio of one CPS for one ordinary share. Holders of the CPS will have the right to convert all or such number of CPS into the new ordinary shares at any time after the issuance of the CPS, provided that they may not exercise the conversion rights as to such number of CPS the conversion of which would result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules. The CPS shall be non-redeemable by the Company or their holders.

Each class B CPS shall confer on its holder the right to receive a preferred distribution ("Preferred Distribution") from the date of the issue of class B CPS at a rate of 0.01% per annum on the issue price, payable annually in arrears. Each Preferred Distribution is non-cumulative, and the Company may, in its sole discretion, elect to defer or not to pay the Preferred Distribution.

Besides, each class A and class B CPS shall confer on the holder thereof the right to receive any dividend pari passu with holders of ordinary shares on the basis of the number of ordinary share(s) into which each CPS may be converted on an as converted basis.

34 PCBS

On 28 December 2016, the Company issued PCBS in the principal amounts of HK$657,594,260 to Smart Win and in the principal amounts of HK$420,096,153 to KKR respectively, resulting in credits to PCBS of RMB945,197,000 after deducting the direct professional fee of RMB22,817,000.

The PCBS has no fixed maturity, and can be redeemed by the Company at any time after 30 years from the issuance date, in its sole and absolute discretion. The PCBS shall be convertible at the option of its holders, at the initial conversion price of HK$2.10 per share, into a maximum of 513,185,911 new ordinary shares, provided that the holders of PCBS may not exercise the conversion rights whenever the conversion would result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules.

34 PCBS (CONTINUED)

The holder(s) of the PCBS are entitled to receive interest on the outstanding principal amount of the PCBS at a rate equal to 0.01% per annum on a non-cumulative basis, of which the Company shall have the right, exercisable in its sole discretion, to elect to defer the payment, with no interest accrued thereon. The Company shall not pay any dividends, distributions or make any other payment on the ordinary shares, class A CPS and class B CPS or other share capital of the Company unless at the same time it pays to the holders of the PCBS any deferred or unpaid interest payment. In the event that any dividend or distribution is paid on the ordinary shares, CPS (save and except for Preferred Distributions to be paid on the class B CPS at a rate which shall not exceed the rate of interest) or other share capital of the Company, the Company shall pay additional variable interest on the PCBS representing such dividend or distribution so paid in an aggregate amount equal to (a) the amount of such dividend or distribution per share multiplied by (b) the aggregate number of ordinary shares into which the PCBS then outstanding may be converted, in the same form and on the same date.

As at 31 December 2020, the Group has accrued interest amounting to RMB375,000 (31 December 2019: RMB280,000).

35 CASH FLOW INFORMATION

NET DEBT RECONCILIATION

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Net Debt		
Cash and cash equivalents	**840,441**	2,151,926
Borrowings due within 1 year	**(1,718,552)**	(1,135,304)
Borrowings due after 1 year	**(2,585,884)**	(2,629,696)
Guaranteed notes, due within 1 year	**(2,612,936)**	(20,946)
Guaranteed notes, due after 1 year	**–**	(2,775,731)
Senior class asset-backed securities scheme, due within 1 year	**(391)**	(8,939)
Senior class asset-backed securities scheme, due after 1 year	**(2,695,950)**	(2,691,900)
Lease liabilities, due within 1 year	**(6,821)**	(5,906)
Lease liabilities, due after 1 year	**(12,770)**	–
Net debt	**(8,792,863)**	(7,116,496)
Cash and cash equivalents	**840,441**	2,151,926
Gross debt – fixed interest rates	**(5,311,072)**	(5,206,745)
Gross debt – variable interest rates	**(4,322,232)**	(4,061,677)
Net debt	**(8,792,863)**	(7,116,496)

35 CASH FLOW INFORMATION (CONTINUED)

NET DEBT RECONCILIATION (CONTINUED)

	Other assets	Liabilities from financing activities								
	Cash and cash equivalents	Borrowings due within 1 year	Borrowings due after 1 year	Guaranteed notes, due within 1 year	Guaranteed notes, due after 1 year	Senior class asset-backed securities scheme, due within 1 year	Senior class asset-backed securities scheme, due after 1 year	Lease liabilities, due within 1 year	Lease liabilities, due after 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net debt as at 1 January 2019	3,408,491	(736,467)	(4,912,007)	(23,139)	(2,736,319)	–	–	–	–	(4,999,441)
Recognised on adoption of HKFRS 16 *(Note 3.1)*	–	–	–	–	–	–	–	(14,058)	–	(14,058)
	3,408,491	(736,467)	(4,912,007)	(23,139)	(2,736,319)	–	–	(14,058)	–	(5,013,499)
Cash flows	(1,258,281)	736,467	1,147,007	–	143,779	–	(2,700,000)	9,110	–	(1,921,918)
Foreign exchange adjustments	1,716	–	–	–	(34,448)	–	–	–	–	(32,732)
Other non-cash movements	–	(1,135,304)	1,135,304	2,193	(148,743)	(8,939)	8,100	(958)	–	(148,347)
Net debt as at 31 December 2019	2,151,926	(1,135,304)	(2,629,696)	(20,946)	(2,775,731)	(8,939)	(2,691,900)	(5,906)	–	(7,116,496)
Cash flows	(1,311,301)	23,704	(563,140)	–	104,038	149,247	–	6,026	–	(1,591,426)
Foreign exchange adjustments	(184)	–	–	–	182,200	–	–	–	–	182,016
Other non-cash movements	–	(606,952)	606,952	(2,591,990)	2,489,493	(140,699)	(4,050)	(6,941)	(12,770)	(266,957)
Net debt as at 31 December 2020	840,441	(1,718,552)	(2,585,884)	(2,612,936)	–	(391)	(2,695,950)	(6,821)	(12,770)	(8,792,863)

36 COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Properties under development	**86,981**	142,096
Investment properties	**476,489**	415,591
	563,470	557,687

37 FINANCIAL GUARANTEES

The Group had the following financial guarantees as at the end of the reporting period:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Mortgage facilities for certain purchasers of the Group's properties	**1,008,045**	1,163,279

As at 31 December 2020, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default on mortgage repayments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interests and penalties 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 relevant mortgage loans and ends when the property purchasers obtain the "property title certificate" which is then pledged with the banks.

38 RELATED PARTY TRANSACTIONS

Apart from the transactions and balances disclosed elsewhere in the financial information, the Group had the following significant transactions with related parties during the reporting period:

(A) PROVISION OF SERVICES

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Provision of services		
– Project management services for a subsidiary of BCL	**2,400**	2,400
	2,400	2,400

38 RELATED PARTY TRANSACTIONS (CONTINUED)

(B) PURCHASES OF SERVICES

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Purchases of services		
– Rental expense to BCL	**1,679**	1,773
– Service fee for keepwell deed to Capital Group *(i)*	**8,119**	8,119
– Rental expense to a joint venture of BCL	**–**	7,972
– Rental expense to a fellow subsidiary	**7,972**	–
– Property management expense to a fellow subsidiary	**17,976**	–
	35,746	17,864

(i) Capital Group provide keepwell and liquidity support deed and the deed of equity interest purchase undertaking to Trade Horizon for the issuance of US$400,000,000 guaranteed notes, Trade Horizon would pay Capital Group with an amount of 0.3% of the issued aggregate principal, amounted to US$1,200,000 (equivalent to RMB8,119,000) per annum. Trade Horizon recorded administrative expenses amounting to RMB8,119,000 during the current period. The service fee fall within the exemption for connected transactions pursuant to Rule14A.90 of the Listing Rules.

(C) PURCHASE OF GOODS

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Purchase of goods from a fellow subsidiary	**–**	2,525

(D) KEY MANAGEMENT COMPENSATION

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kinds	**9,117**	11,476
Performance related bonuses	**–**	10,520
Pension scheme contributions	**468**	540
	9,585	22,536

Further details of directors' and the chief executive's emoluments are included in Note 10 and Note 11 to the financial statements.

38 RELATED PARTY TRANSACTIONS (CONTINUED)

(E) YEAR-END BALANCES

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Prepayments to related parties		
– Capital Group	**4,555**	4,873
– Fellow subsidiaries	**469**	1,742
– a joint venture of BCL	**–**	358
	5,024	6,973
Trade payables		
– Fellow subsidiaries	**8,266**	526
Other payables and accruals		
– BCL	**6,947**	10,820
Trade receivables due from related parties		
– Fellow subsidiaries	**6,003**	3,088
Other receivables due from related parties		
– A joint venture of BCL	**–**	1,993
– Fellow subsidiaries	**3,175**	1,180
– An associate of BCL	**193**	193
	3,368	3,366

(F) AMOUNTS DUE FROM RELATED PARTIES

	2020	2019
	RMB'000	*RMB'000*
An associate of the Group:		
At 1 January	**69,133**	47,704
Amounts advanced during the year	**7,810**	21,429
Repayments during the year	**(7,944)**	–
At 31 December	**68,999**	69,133
A joint venture of the Group:		
At 1 January	**2,000**	–
Amounts advanced during the year	**17**	2,000
At 31 December	**2,017**	2,000

Amounts due from related parties were unsecured, interest free and repayable on demand.

38 RELATED PARTY TRANSACTIONS (CONTINUED)

(G) AMOUNTS DUE TO RELATED PARTIES

	2020	2019
	RMB'000	*RMB'000*
Fellow subsidiaries:		
At 1 January	**17**	17
Repayments during the year	**(17)**	–
At 31 December	**–**	17
Non-controlling interests:		
At 1 January	**118,225**	118,225
At 31 December	**118,225**	118,225

Amounts due to related parties were unsecured, interest free and repayable on demand.

(H) LOANS FROM RELATED PARTIES

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Loans from BCL		
Beginning of the year	**–**	–
Loans advanced	**95,140**	–
Interest charged	**1,207**	–
End of year	**96,347**	–

As at 31 December 2020, borrowing from BCL amounted to RMB95,140,000 (31 December 2019: Nil), which is due on 20 April 2023, and the interest rate is 4.35%.

(I) As at 31 December 2020, BCL provided irrevocable guarantee for the bank and other financial institution borrowings of the Group amounted to RMB3,822,696,000 (31 December 2019: RMB3,765,000,000).

39 SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

On 8 February 2021, the Group obtained no-action letter (深證函2021第105號) from Shenzhen Stock Exchange with the approval of issuing Assets-Backed Securitization with a quotation not exceeding 3,268 million. The no-action letter will be expired after twelve months since the date of this no-action letter issuance.

40 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

		31 December 2020 RMB'000	31 December 2019 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**–**	–
Investments in subsidiaries		**91,376**	91,376
Amounts due from subsidiaries		**574,070**	574,070
		665,446	665,446
Current assets			
Trade and other receivables		**–**	7
Amounts due from subsidiaries		**6,908,323**	6,928,199
Cash and cash equivalents		**4,045**	16,134
		6,912,368	6,944,340
Total assets		**7,577,814**	7,609,786
LIABILITIES			
Non-current liabilities			
Amounts due to subsidiaries		**91,376**	91,376
		91,376	91,376
Current liabilities			
Bank borrowing		**69,800**	–
Other payables and accruals		**1,065**	792
Amounts due to subsidiaries		**2,524,717**	2,491,181
Amounts due to BCL		**1,679**	1,788
		2,597,261	2,493,761
Total liabilities		**2,688,637**	2,585,137
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**16,732**	16,732
PCBS		**945,572**	945,477
Reserves	*(a)*	**4,032,351**	4,032,351
(Accumulated losses)/Retained earnings	*(a)*	**(105,478)**	30,089
Total equity		**4,889,177**	5,024,649
Total equity and liabilities		**7,577,814**	7,609,786

40 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

(A) RESERVE MOVEMENT OF THE COMPANY

	Share premium account *RMB'000*	Retained earnings/ (Accumulated losses) *RMB'000*	Total *RMB'000*
At 1 January 2019	4,032,351	(10,999)	4,021,352
Dividends payable to PCBS holders	–	(95)	(95)
Profit for the year	–	41,183	41,183
At 31 December 2019	4,032,351	30,089	4,062,440
At 1 January 2020	**4,032,351**	**30,089**	**4,062,440**
Dividends payable to PCBS holders	**–**	**(95)**	**(95)**
Profit for the year	**–**	**(135,472)**	**(135,472)**
At 31 December 2020	**4,032,351**	**(105,478)**	**3,926,873**

As at 31 December 2020, the Company's reserves available for distribution to shareholders are RMB3,926,873,000 (31 December 2019: RMB4,062,440,000).

Five-Year Financial Summary

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out below.

RESULTS

	Year ended 31 December 2020 *RMB'000*	Year ended 31 December 2019 *RMB'000*	Year ended 31 December 2018 *RMB'000*	Year ended 31 December 2017 *RMB'000*	Year ended 31 December 2016 *RMB'000*
REVENUE	**1,024,035**	1,864,672	1,224,040	511,523	997,931
Cost of sales	**(678,218)**	(986,249)	(818,440)	(286,369)	(783,723)
Gross profit	**345,817**	878,423	405,600	225,154	214,208
Fair value gains on investment properties	**338,937**	56,095	262,497	222,394	431,581
Other gains – net	**2,562**	33,975	1,218	48,295	17,214
Other income	**45,860**	47,405	47,157	142,888	12,011
Selling and marketing expenses	**(157,669)**	(190,742)	(163,082)	(99,675)	(102,235)
Administrative expenses	**(303,779)**	(368,325)	(297,535)	(160,290)	(122,521)
Net impairment losses on financial and contract assets	**(5,197)**	–	–	–	–
Operating profit	**266,531**	456,831	255,855	378,766	450,258
Finance costs	**(462,514)**	(391,339)	(212,509)	(111,676)	(95,518)
Share of loss of investment accounted for using the equity method	**(2,450)**	(4,375)	(4,155)	(694)	–
(LOSS)/PROFIT BEFORE TAX	**(198,433)**	61,117	39,191	266,396	354,740
Income tax expense	**(119,256)**	(284,169)	(236,649)	(153,087)	(126,903)
(LOSS)/PROFIT FOR THE YEAR	**(317,689)**	(223,052)	(197,458)	113,309	227,837
Attributable to:					
Owners of the Company	**(320,446)**	(223,539)	(197,698)	113,159	227,273
Non-controlling interests	**2,757**	487	240	150	564
	(317,689)	(223,052)	(197,458)	113,309	227,837

Five-Year Financial Summary

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	Year ended 31 December 2020	Year ended 31 December 2019	Year ended 31 December 2018	Year ended 31 December 2017	Year ended 31 December 2016
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
TOTAL ASSETS	**18,312,753**	17,809,839	17,606,786	12,895,511	10,596,330
TOTAL LIABILITIES	**(13,315,623)**	(12,519,666)	(12,095,941)	(7,203,643)	(5,019,271)
NON-CONTROLLING INTERESTS	**(53,933)**	(51,176)	(50,689)	(4,294)	(2,644)
	4,943,197	5,238,997	5,460,156	5,687,574	5,574,415