



AGILE GROUP HOLDINGS LIMITED

雅居樂集團控股有限公司

(Incorporated in the Cayman Islands with limited liability) Stock Code: 3383

# 2020

## Annual Report



# CORPORATE PROFILE

Agile Group Holdings Limited (Stock Code: 3383) and its subsidiaries are principally engaged in the development of large-scale mixed-use property projects, with extensive presence in the businesses such as property management, environmental protection, construction, real estate construction management, urban renewal and commercial. As a renowned brand in China, the Group has established diversified businesses in various cities and districts in China and overseas. As at 31 December 2020, the Group has a land bank with a total planned GFA of 53.01 million sq.m..

Shares of Agile have been listed on the Main Board of Hong Kong Stock Exchange since 2005 and are constituent stocks of Hang Seng Composite Index, Hang Seng Composite MidCap Index, Hang Seng Stock Connect Hong Kong Index, Hang Seng Stock Connect Greater Bay Area Index, Hang Seng Stock Connect China 500 Index, Hang Seng High Dividend Yield Index, Hang Seng China High Dividend Yield Index, MSCI China Index and Lippo Select HK & Mainland Property Index.

## BUSINESS STRUCTURE

Agile will continue to adopt the operating model of “focusing on property development, supported by a synergy of diversified businesses”, driving the solid growth of each business segment.



### Property Development

# P.26

A land bank with a total planned GFA of 53.01 million sq.m. in 84 cities



### A-Living

# P.46

The GFA under management and contracted GFA (excluding GFA of consultant projects and its associates) were 374.8 million sq.m. and 522.6 million sq.m. respectively



### Environmental Protection

# P.48

Optimising its regional presence, driving the development of its business segments including hazardous waste treatment, water treatment and domestic waste-to-energy



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## A-City

# P.50

Committed to providing ecological landscaping service and intelligent home and decoration services

## Real Estate Construction Management

# P.52

Specialist of managing real estate in China, providing commercial agent-construction, government agent-construction and capital agent-construction services

## Urban Renewal

# P.54

Businesses cover 5 provinces, optimise the presence in Greater Bay Area and exploit further into Northern and Central China

## Commercial

# P.56

An urban commercial assets operator whose business segments include assets management and hotel management, etc.

# FINANCIAL HIGHLIGHTS

## Income Statement Highlights

	For the year ended 31 December		
	2020	2019	Change
Revenue (RMB million)	<b>80,245</b>	60,239	+33.2%
Gross profit (RMB million)	<b>24,102</b>	18,358	+31.3%
Gross profit margin	<b>30.0%</b>	30.5%	-0.5 percentage points
Net profit (RMB million)	<b>12,249</b>	9,233	+32.7%
Net profit margin	<b>15.3%</b>	15.3%	-
Core net profit* (RMB million)	<b>11,120</b>	8,478	+31.2%
Profit attributable to shareholders of the Company (RMB million)	<b>9,475</b>	7,512	+26.1%
Core net profit attributable to shareholders of the Company* (RMB million)	<b>8,346</b>	6,769	+23.3%
Basic earnings per share (RMB)	<b>2.440</b>	1.935	+26.1%
Distributed interim dividend per ordinary share (HK cents)	<b>50.0</b>	60.0	-16.7%
Proposed final dividend per ordinary share (HK cents)	<b>60.0</b>	40.0	+50.0%
Full year dividend per ordinary share (HK cents)	<b>110.0</b>	100.0	+10.0%

## Balance Sheet Highlights

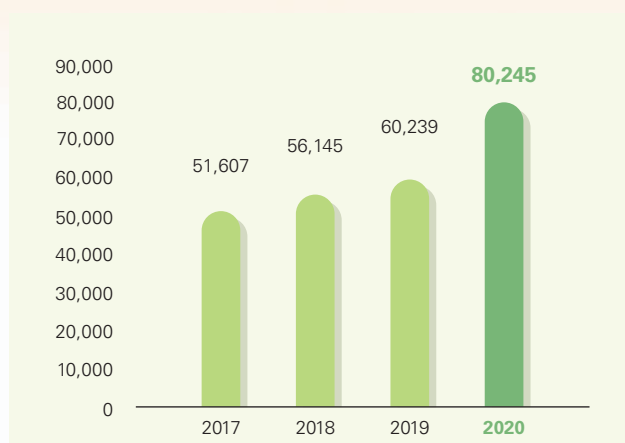
	As at 31 December		
	2020	2019	Change
Total assets (RMB million)	<b>313,765</b>	273,232	+14.8%
Cash and cash equivalents (RMB million)	<b>41,926</b>	33,551	+25.0%
Restricted cash (RMB million)	<b>8,939</b>	9,004	-0.7%
Short-term borrowings (RMB million)	<b>38,569</b>	42,297	-8.8%
Long-term borrowings (RMB million)	<b>59,244</b>	54,373	+9.0%
Shareholders' equity (RMB million)	<b>50,816</b>	44,474	+14.3%
Return on equity (ROE)	<b>18.6%</b>	16.9%	+1.7 percentage points
Total debt/total assets	<b>31.2%</b>	35.4%	-4.2 percentage points
Net debt/total equity	<b>61.0%</b>	82.8%	-21.8 percentage points

\* excluding fair value gains on investment properties, net exchange differences, fair value gains or losses on derivative financial instruments and gains or losses on financial assets/liabilities at fair value through profit or loss ("FVPL") and the related tax effect

## FINANCIAL HIGHLIGHTS (CONTINUED)

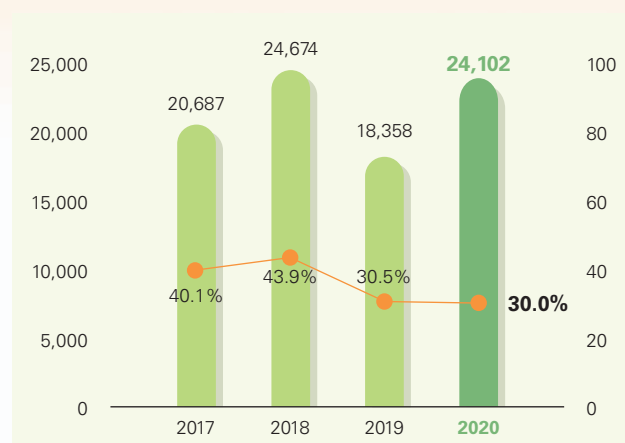
### Revenue

(RMB million)



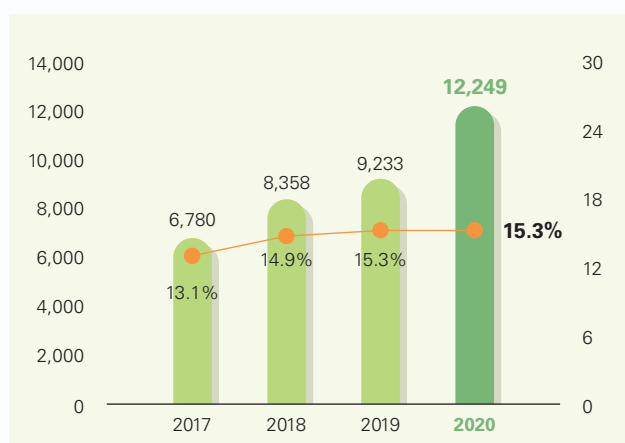
### Gross Profit and Gross Profit Margin

(RMB million/%)



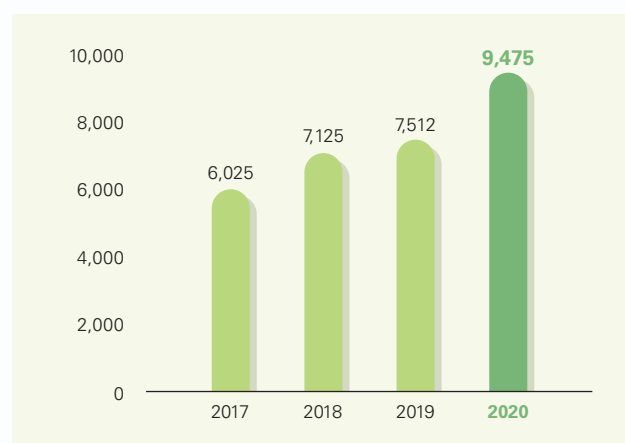
### Net Profit and Net Profit Margin

(RMB million/%)



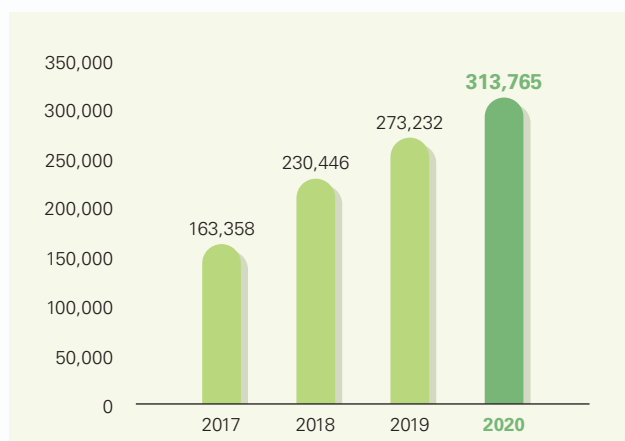
### Profit Attributable to Shareholders of the Company

(RMB million)



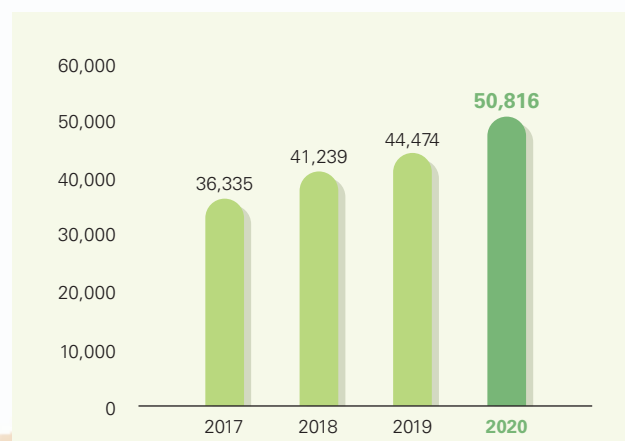
### Total Assets

(RMB million)



### Shareholders' Equity

(RMB million)



# MILESTONES 2020

## January

Upon the outbreak of the novel coronavirus, the Company donated RMB30 million as a special relief fund to offer full support to pandemic control in affected areas



## March

A-Living completed the acquisition of equity interest in CMIG Futurelife Property Management Limited including its subsidiaries to further polish its all-encompassing national presence

The real estate construction management was honoured as a "Leading Enterprise in Real Estate Project Management Operation (TOP2)" by China Real Estate Top 10 Research Team and China Index Academy, demonstrating its comprehensive capability as an industry leader

## June

The urban renewal group was officially established to further enrich the diversity strategic planning of the Company



## August

A-City hosted a brand launch conference themed "Beauty of Smart Residence" to announce its new brand philosophy and vision

Flower Ridge in Agile Eden Yunnan has become the second AAAA tourist scenic area of the Company



## September

The shares of the Company was included as a constituent of the Hang Seng Stock Connect Greater Bay Area Index

The property development organised its first product launch conference themed “Agile • Facets of Life” to proudly announce the Agile 5N product series, “Eight Elegances of Residence” product philosophy and 5S+ service systems



## October

The Group has signed a brand upgrade cooperation agreement with Marriott International Group and Shanghai Marriott Hotel City Centre will become the first “Marriott Marquis” brand hotel in China and the ninth in the world



## November

A-Living was officially renamed as “A-Living Smart City Services Co., Ltd.” with a view to becoming a smart city service provider characterized by high quality, strong brand and diversity



## December

The Company reached a record high of total pre-sale at RMB138.2 billion

The growth of environmental protection outperformed the industry and was awarded the “Leading Enterprise in the Hazardous Waste Sector” title for three consecutive years



# MAJOR HONOURS AND AWARDS

## Corporate Social Responsibility

**Outstanding Enterprise of the Year for Poverty Alleviation**  
*21st Century Business Herald*

**BEC Low Carbon Charter**  
*Business Environment Council*

**Corporate Social Responsibility Award 2020**  
*Capital magazine*

**Enterprises with Special Contribution in the Battle against the Pandemic during 2020**  
*China Business Journal*

**Hong Kong Green Organisation Certification – Wastewi\$e Certificate – Excellence**  
*Environmental Campaign Committee*

**Lai See Reuse and Recycle Program 2020**  
*Greeners Action*

**2020 Enterprises of Charity Innovation**  
*International Financial News*

**Best ESG Award**  
*RoadShow China*

**Most Socially Responsible Enterprise Award 2020**  
*Securities Market Weekly*

**Anti-Epidemic Pioneer Enterprise**  
*Southern Weekly*

**The Asset ESG Corporate Award 2020 – Titanium Award**  
*The Asset magazine*

**Caring Company**  
*The Hong Kong Council of Social Service*

**InnoESG Prize 2020**  
*UNESCO Hong Kong Association Global Peace Centre  
 Rotarian Action Group for Peace  
 WoFoo Social Enterprises  
 SocietyNext Foundation*

**Green Office Awards Labelling Scheme and Eco-Healthy Workplace**  
*World Green Organisation*





## MAJOR HONOURS AND AWARDS (CONTINUED)

### Investor Relations

The 6th Investor Relations Awards 2020 —  
Certificate of Excellence  
*Hong Kong Investor Relations Association*

### Corporate Governance

The Listed Enterprise Excellence Awards 2020  
— Corporate Governance Award  
*Capital Weekly magazine*

### Corporate Brand

“Golden Vase Award” 2020 — Real Estate  
Brands with Outstanding Product Strength  
2020  
*China Times*

Billboard of the Most Valuable Real Estate  
Enterprises of China 2020 — Enterprises of the  
Year for Valuable Property Services  
*National Business Daily*

Hong Kong Outstanding Enterprises 2020  
— Main Board Category  
*Economic Digest magazine*

China Property Award of Supreme Excellence  
2020  
*Organising Committee of China Property Award of  
Supreme Excellence*

Extraordinary Enterprises Awards 2020  
*Economic Digest magazine*

Outstanding China Real Estate Enterprise 2019  
*Quamnet*

Headline NO.1 Award 2020 — No. 1 China’s  
Property Developer in Greater Bay Area  
*Headline Daily*

The Most Valuable Cultural Tourism Project  
Award 2020  
*Times Media*

Real Estate Enterprises of 2020 — Award for  
Model Enterprises with Outstanding Product  
Strength  
*Hexun.com*

*Awards in alphabetical order of the issuing organisations*



# CHAIRMAN'S STATEMENT

The Group remains confident about the future development of its business segments, and firmly believes that we will succeed in combating the epidemic with our concerted efforts. In the meantime, the Group will continue to deliver steady growth by enhancing internal management capabilities, optimising operational management model, improving training system, reinforcing brand image and continuously upgrading product and service quality. While further enhancing market position, the Group will also strive to develop Agile into a century-long enterprise.



**CHEN Zhuo Lin**  
*Chairman and President*

### **Dear shareholders,**

I am pleased to report the audited consolidated results of Agile Group Holdings Limited and its subsidiaries for the year ended 31 December 2020 as follows:

### **Results and Dividends**

During the year, the revenue of the Group amounted to RMB80,245 million, representing an increase of 33.2% when compared with last year. Gross profit amounted to RMB24,102 million, representing an increase of 31.3% when compared with last year. The Group's overall gross profit margin was 30.0%, comparable with last year. During the year, core net profit of the Group and core net profit attributable to shareholders of the Company were RMB11,120 million and RMB8,346 million respectively, representing an increase of 31.2% and 23.3% when compared with last year. The margin of core net profit of the Group and the margin of core net profit attributable to shareholders of the Company were 13.9% and 10.4%

respectively. Profit attributable to shareholders of the Company amounted to RMB9,475 million, representing an increase of 26.1% when compared with last year.

During the year, revenue from recognised sales of property development was RMB69,547 million, representing an increase of 28.4% when compared with last year. Revenue from property development business and diversified businesses accounted for 86.7% and 13.3% respectively. The proportion of revenue from diversified businesses increased by 3.2 percentage points when compared with last year. The rise reflects the sustained effectiveness of the Group's operating model of "focusing on property development, supported by a synergy of diversified businesses". During the year, property management and environmental protection recorded revenue growth of 119.5% and 51.6% respectively, continuing to provide solid revenue to the Group.





Taking into account the Group's business development needs and shareholders' investment returns, the board of directors of the Company has proposed the declaration of a final dividend of HK60.0 cents per ordinary share for the year ended 31 December 2020. Together with the interim dividend of HK50.0 cents per ordinary share paid in 2020, the total dividend of 2020 will be HK110.0 cents per ordinary share, representing an increase of 10.0% when compared with last year.

### Market Review

The year 2020 was an unusual year. Under the influence of the novel coronavirus ("COVID-19"), countries affected by the pandemic took measures including border closure, travel restrictions and lockdown of affected areas in order to contain the spread of the COVID-19. The pandemic caused an economic blow to global industries including the airline industry, the tourism industry, the retail industry and the import and export trade. However, governments around the world took actions promptly to respond to the impact of the pandemic and implemented various relief measures such as easing fiscal and monetary policies, increasing medical expenditure and providing immediate financial assistance to mitigate the economic loss of various industries.

In respect of China's real estate market, sales nationwide saw a steep fall at the beginning of the year due to the impact of the pandemic. However, with the pandemic under control in the second quarter, China's real estate market experienced months of continuous recovery. In August, the year-on-year growth rate in nationwide accumulated sales of commercial housing returned to positive for the first time during the year. Eventually, the nationwide accumulated sales of commercial housing in 2020 exceeded RMB17.1 trillion, reaching a new record high.

In the 14th Five-Year Plan, the Central Government reiterated the adherence to the positioning "houses are for living in, not for speculation", the adherence to the exclusion of real estate as a short-term economic stimulus, and the adherence to the goal of "stabilising land prices, housing prices and expectations", setting a keynote for the regulation of the real estate industry in China for the next five years. The Group capitalised on the opportunities in the steady development of China's real estate market while upholding and implementing the operating model of "focusing on property development, supported by a synergy of diversified businesses".

### Pre-sale Value Rising 17.1% Year on Year, Reached a Record High

During the year, the aggregated pre-sale value of the Group, together with the joint ventures and associates of the Group as well as property projects carrying "Agile" brand name managed by the Group amounted to RMB138.19 billion, representing an increase of 17.1% when compared with last year and reached a record high. The accumulated gross floor area ("GFA") presold was 10.25 million sq.m., representing an increase of 15.0% when compared with last year, while the average selling price was RMB13,482 per sq.m.. During the year, the completion rate of pre-sale value target reached 115.2%.

The Group continued to drive regional diversified online and offline sales strategies. Meanwhile, the Group accelerated the resumption of project construction after the pandemic came under control in each region, while adjusting the saleable resources in each region where appropriate. During the year, the Group achieved satisfactory pre-sale results in Southern China, Eastern China, Hainan and Yunnan and Northern China regions. The value of saleable resources was approximately RMB220 billion for the full year, with 216 projects for sale including 46 newly launched projects.



### Diversified Land Acquisition Approaches and Focus on the Greater Bay Area and the Yangtze River Delta with Prudent Expansion in Overseas Markets

During the year, the Group continued to implement diversified land acquisition approaches to further strengthen its business presence. The Group strategically obtained 40 new high-quality projects through tender, auction, listing-for-sale, land application and equity acquisitions. The total planned GFA of the new projects amounted to 8.361 million sq.m.. The total consideration of the new projects was RMB35.701 billion, with an average land cost of RMB4,270 per sq.m.. The total consideration attributable to the Group was RMB23.385 billion. As at 31 December 2020, the Group had a land bank with total planned GFA of 53.01 million sq.m. in a total of 84 cities, among which, 6 markets were newly explored during the year.

The Group held approximately 13.54 million sq.m. of land bank, which accounted for 25.5% of its total land bank, in the Guangdong-Hong Kong-Macao Greater Bay Area (the "Greater Bay Area"). Following the Central Government's announcement of implementation opinions and action plans related to the development of the Greater Bay Area, the Group remains ideally positioned to benefit from the enormous potential for future development. In addition, the Group held 6.94 million sq.m. of land bank in the Yangtze River Delta, which accounted for 13.1% of its total land bank, with the accumulated number of development projects exceeding 50. The Group will continue to expand its market share in the Yangtze River Delta, thereby generating stable long-term revenue streams for the Group. The Group has two high-quality property projects in Hong Kong, including Hong Kong King's Road & Mount Parker Road Project and Kowloon Tong Eastbourne Road Project.

## CHAIRMAN'S STATEMENT (CONTINUED)

In addition, the Group has developed a total of 5 projects in overseas. In Malaysia, the Group has developed 3 high-quality property projects in Kuala Lumpur, including Agile Mont Kiara Kuala Lumpur that was sold out in 2020, and on sale projects, Agile Bukit Bintang Kuala Lumpur and Agile Embassy Garden Kuala Lumpur. In Cambodia, Agile Sky Residence Phnom Penh is the Group's first development project in Phnom Penh. In San Francisco, United States, the Group acquired San Francisco Project 88 during the year. The project has been capped and is planned to be launched in the third quarter of 2021. As at 31 December 2020, the Group held approximately 0.36 million sq.m. of land bank, which accounted for 0.7% of its total land bank in overseas. The Group adopts a prudent yet proactive development strategy with China property market as the main development position, with prudent expansion in overseas markets.

### Working Together to Achieve Joint Success through Diversification

In respect of diversified businesses, the Group's property management, environmental protection, A-City Group Limited ("A-City"), urban renewal, real estate construction management and commercial continued to generate on synergies. During the year, the Group's property management and environmental protection recorded a year-on-year revenue growth of 119.5% and 51.6% respectively, continuing to provide solid revenue to the Group.



### Renaming of A-Living and Completion of Acquisition of CMIG PM

During the Year, "A-Living Smart City Services Co., Ltd." forged ahead to seize the trend of industry upgrading and transformation, and comprehensively upgraded itself to a smart city service platform. A-Living officially changed its company name from "A-Living Services Co., Ltd." to "A-Living Smart City Services Co., Ltd." with an aim to break through the service boundaries and establish a strong foothold in the blue ocean market with a market size exceeding trillions of yuan.

As at 31 December 2020, the GFA under management and contracted GFA of A-Living (excluding GFA of consultant projects and its associates) were 374.8 million sq.m. and 522.6 million sq.m., respectively. Among which, the contracted GFA from Agile and Greenland Holdings Group Company Limited amounted to 82.1 million sq.m. and 53.1 million sq.m., respectively, representing an increase of 6.5% and 32.5% as compared with that as at 31 December 2019. The contracted GFA from third-party projects amounted to 387.4 million sq.m.. The newly obtained contracted GFA exceeded 205.7 million sq.m., representing a significant increase of 113.2% compared with that as at 31 December 2019, and accounting for 74.1% of the total contracted GFA. The proportion of the contracted GFA from third-party projects increased significantly.

With its comprehensive strengths and brand influence, A-Living leaped to the 4th of the "2020 Top 100 Property Management Companies in China" and was included in the Hang Seng Composite Index, and eligible stocks for Shenzhen-Hong Kong Stock Connect, etc. during the year.

### Proposed Spin-off and Listing of Two Businesses of A-City

The Group proposed the spin-off and separate listing of the shares of A-City Group Limited, a subsidiary of the Company, on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Upon completion of the proposed spin-off and listing, the Company is expected to have an interest of not less than 50% in A-City and A-City will remain as a subsidiary of the Company.

In August 2020, the Group held a brand launch with the theme of "Beauty of Smart Home" for the brand new of A-City, releasing a new brand philosophy and a new vision. Looking forward, as a leading "Ecological Habitat Service Provider", A-City will focus on two business segments including ecological landscaping service and intelligent home and decoration services in line with its brand mission of "Building Smart Spaces". As at 31 December 2020, A-City had spanned 203 cities in 31 provinces in China, with long-standing stable cooperation with the leading property developers in China.

### The Development Strategy of "1 Core, 4 Drivers and N Wings" for the Environmental Protection Business

During the year, following the development strategy of "1 Core, 4 Drivers and N Wings", the environmental protection business of the Group focused on hazardous waste treatment while engaging in selective projects of energy and power generation, ecological industrial parks, environmental protection water treatment and ecological restoration. As at 31 December 2020, the environmental protection business had a total of 48 projects, including 32 hazardous waste treatment projects, 7 domestic waste-to-energy projects, 4 integrated industrial park projects and 5 water treatment projects. During the year, revenue generated from the environmental protection business amounted to RMB2,289 million, representing an increase of 51.6% when compared with last year. The revenue growth led the industry. The Group was honoured as a "leading enterprise in the field of hazardous waste" for three consecutive years.



## CHAIRMAN'S STATEMENT (CONTINUED)

### Further Expansion of the Real Estate Construction Management Business

During the year, the Group further expanded its real estate construction management business in core urban clusters including the Yangtze River Delta, the Pearl River Delta and Chengyu, with 18 newly contracted agent construction projects and an accumulated value of saleable resources exceeding RMB110.0 billion. With its comprehensive strength, the real estate construction management business was honoured as a "Leading Enterprise in Real Estate Project Management Operation (TOP2)" by China Real Estate Top 10 Research Team and China Index Academy during the year.

### The Urban Renewal Business Focusing on the Greater Bay Area While Further Expanding into Northern China Region and Central China Region

The Group has been developing its urban renewal business since 2017 and expanding related developments such as old village redevelopment, old factory redevelopment, urban redevelopment and shanty town redevelopment. In June 2020, the Group formally established the Urban Renewal Group. Adhering to its positioning as an "Integrated Urban Renewal Operator", the Urban Renewal Group strived to achieve a harmonious development of the city, where residents can enjoy life, and all parties have a sustainable and mutually beneficial future. During the year, the Group successfully transformed an urban renewal project located in Taiyuan City, Shanxi Province into part of its land bank, consisting of an estimated aggregate planned GFA of approximately 340,000 sq.m..

As at 31 December 2020, the urban renewal had signed 18 cooperation agreements, with businesses covering 5 provinces across China. The Group focused on the Greater Bay Area while further expanding into Northern China Region and Central China Region, and had locked-in planned GFA of 11.50 million sq.m., with a locked-in saleable resources of nearly RMB360.0 billion.

### Steady Development of the Commercial Business

During the year, the Group's commercial business continued its stable development. The total number of projects under management exceeded 170. These business segments covered more than 50 cities throughout China, with GFA under management of nearly 5.60 million sq.m.. In August 2020, the Flower Ridge in Agile Eden Yunnan became the second national AAAA-rated tourist attraction under the Group following Hainan Clearwater Bay. Separately, the Group has signed a brand upgrade cooperation agreement with Marriott International Group on 26 October 2020, and Shanghai Marriott Hotel City Centre will become the first "Marriott Marquis" brand hotel in China and the ninth in the world.

### Optimisation of Onshore and Offshore Debt Structures

Sound financial position has been a vital pillar supporting the Group's business development. Therefore, the Group made efforts to accelerate its cash collection from pre-sale, strengthen capital and budget management as well as optimising cost and expense control. The Group also optimised its onshore and offshore debt structures through the diversification of financing channels. During the year, the Group issued USD500 million 5.75% senior notes due 2025 and USD483 million 6.05% senior notes due 2025 on the offshore front. The Group was also granted a 36-month term loan facility of HKD3.242 billion (with a greenshoe option). Separately, the Company issued RMB3 billion 6.2% non-public corporate bonds due 2022 on the onshore front. As at 31 December 2020, the Group's total cash and bank balances amounted to RMB50,865 million.



### **Maintaining Good Corporate Governance and Performing Corporate Social Responsibilities**

The Group upholds the concept of “mutual communication for a win-win situation”. Subject to the requirements of the Rules Governing the Listing of Securities on the Stock Exchange and relevant laws, the Group maintains effective mutual communications and builds good relationships with commercial and investment banks, rating agencies, investors and analysts, thereby improving its corporate transparency on an on-going basis.

Following the outbreak of the COVID-19 pandemic, the Group donated RMB30 million immediately to set up a special relief fund, and all business arms of the Group were involved in the combat against the pandemic. The Group received a number of awards including “Anti-Epidemic Pioneer Enterprise”, “Award for Enterprise of Special Contribution to Anti-Epidemic Efforts” and “Best Social Responsibility Award 2020”, in recognition of its outstanding contribution to the combat against the pandemic.

The Group makes active efforts to fulfil its corporate social responsibilities. Adhering to the brand philosophy of “Lifestyle of a Lifetime”, the Group is determined to build ties and foster empathy with the communities. In delivering these promises, great importance is placed on supplier management, with a view to ensuring the provision of high-quality product and service. The Group is also playing its part in environment protection and cares about the well-being of staff. Specific good corporate citizenship efforts also include promoting sustainable development in communities through supporting and participating in charity and community activities across areas such as environmental protection, medical care, education, culture and sports.

### **Prospects and Strategy**

Entering 2021, as many countries around the world have progressively vaccinated their citizens, the economic activities of the countries around the world and all walks of life are expected to return to normal gradually.

In respect of China, according to the 14th Five-Year Plan, China will accelerate the establishment of a long-term control mechanism for the real estate industry. As supporting policies are implemented, the effect of such policies will show gradually. Accordingly, the real estate market is expected to continue to grow at a steady pace in 2021.

The Group firmly believes in adhering to the business model of “focusing on property development, supported by a synergy of diversified businesses”. Through the efforts of all employees, the overall business will develop steadily, and further increase the brand awareness of Agile across the nation and maintain its position in the competitive market. Meanwhile, the Group will continue to uphold its promise in corporate social responsibilities by making contribution to society through participating in charitable activities.

### **Acknowledgement**

On behalf of the Board, I would like to extend our heartfelt gratitude to our shareholders, customers, staff and other stakeholders for their unwavering support and dedication in contributing and sustaining steady growth of the Group.

**CHEN Zhuo Lin**

*Chairman and President*

Hong Kong, 23 March 2021

# MANAGEMENT DISCUSSION AND ANALYSIS

## Overall performance

During the year, the Group's revenue was RMB80,245 million (2019: RMB60,239 million), representing an increase of 33.2% over 2019. The Group's operating profit was RMB20,927 million (2019: RMB18,040 million), representing an increase of 16.0% over 2019.

The Group's net profit for the year and core net profit for the year (excluding fair value gains on investment properties, net exchange differences, fair value gains or losses on derivative financial instruments and gains or losses on financial assets/liabilities at FVPL and the related tax effect) were RMB12,249 million and RMB11,120 million, representing an increase of 32.7% and 31.2% when compared with RMB9,233 million and RMB8,478 million in 2019 respectively.

Profit attributable to shareholders of the Company and the core net profit attributable to shareholders of the Company were RMB9,475 million and RMB8,346 million respectively, representing an increase of 26.1% and 23.3% when compared with RMB7,512 million and RMB6,769 million in 2019 respectively.

Basic earnings per share was RMB2.440 for the year ended 31 December 2020 (2019: RMB1.935).

## Land bank

The Group continued to adopt proactive yet prudent land replenishment strategy in response to the market conditions. As at 31 December 2020, the Group had a land bank with a total planned GFA of 53.01 million sq.m. in 84 cities located in Southern China Region, Eastern China Region, Western China Region, Central China Region, Hainan and Yunnan Region, Northeast China Region, Northern China Region, Hong Kong and Overseas. The average land cost was RMB3,627 per sq.m., which was competitive.

During the year, the Group was dedicated to expanding its nationwide presence through strategically acquiring 40 new land parcels by means of tender, auction, listing-for-sale, land application and equity acquisitions, in which, Baoji, Guiyang, Qidong, Taixing, Taiyuan and Zhaoqing were the Group's newly explored markets. The total planned GFA of the newly acquired projects was 8.361 million sq.m., of which the Group's total attributable planned GFA was 6.368 million sq.m.. The total consideration attributable to the Group was RMB23.385 billion.

The following table sets forth the details of the newly acquired land parcels:

Location (City) of Projects	No. of Projects	Total Planned GFA (sq.m.)	Total Planned GFA (Attributable) (sq.m.)	Total Land Costs (Attributable) (RMB billion)
<b>Southern China Region</b>				
Guangzhou	3	474,546	326,705	2.752
Zhongshan	1	919,016	597,360	2.522
Zhaoqing	1	700,758	700,758	1.293
Heyuan	1	151,760	77,398	0.208
Beihai	1	300,058	300,058	0.238

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Location (City) of Projects	No. of Projects	Total Planned GFA (sq.m.)	Total Planned GFA (Attributable) (sq.m.)	Total Land Costs (Attributable) (RMB billion)
<b>Eastern China Region</b>				
Nanjing	1	98,162	33,375	0.581
Xuzhou	1	97,100	29,130	0.218
Hefei	1	118,336	53,251	0.334
Jiaxing	2	139,296	62,792	0.346
Changzhou	4	609,751	440,323	1.994
Taixing	1	124,588	124,588	0.025
Wuxi	2	339,316	169,658	2.023
Nantong	1	95,566	95,566	0.188
Qidong	1	124,343	62,171	0.325
Changshu	1	102,002	102,002	1.102
Fuzhou	1	42,015	42,015	0.427
Weihai	1	272,147	176,351	0.114
<b>Western China Region</b>				
Chengdu	2	714,975	313,397	1.032
Xi'an	1	256,174	130,649	0.401
Chongqing	1	400,867	400,867	0.424
Taiyuan	1	340,480	340,480	0.473
Baoji	1	105,800	53,958	0.039
<b>Central China Region</b>				
Xuchang	1	481,319	481,319	0.624
Zhengzhou	1	108,512	78,129	0.164
<b>Hainan Region</b>				
Haikou	1	92,359	92,359	0.438
Wanning	1	45,992	45,992	0.267
<b>Yunnan Region</b>				
Ruli	1	145,849	145,849	0.107
Kunming	1	366,300	366,300	2.196
Guiyang	1	72,760	37,108	0.093
<b>Northern China Region</b>				
Tianjin	1	496,212	476,363	1.386
<b>Hong Kong</b>				
Hong Kong	1	13,674	6,703	0.854
<b>Overseas</b>				
San Francisco	1	10,674	5,337	0.197
<b>Total</b>	<b>40</b>	<b>8,360,707</b>	<b>6,368,311</b>	<b>23.385</b>

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Property development and sales

During the year, revenue from recognised sales of property development of the Group was RMB69,547 million, representing an increase of 28.4% when compared with RMB54,177 million in 2019. The increase was mainly attributable to higher recognised average selling price and recognised GFA sold. The recognised average selling price increased to RMB14,099 per sq.m. in 2020, representing an increase of 17.9% when compared with RMB11,957 per sq.m. in 2019. The total recognised GFA sold was 4.93 million sq.m., representing an increase of 8.9% when compared with 2019.

### Property management

During the year, revenue from property management of the Group was RMB7,853 million, representing an increase of 119.5% when compared with RMB3,577 million in 2019. Operating profit from property management was RMB1,842 million, representing an increase of 33.0% which compared with RMB1,385 million in 2019. The growth was mainly attributable to an increase in the total GFA under management to 374.8 million sq.m. (2019: 176.6 million sq.m.), which in turn was principally due to business growth and the effect of the acquisition of CMIG Futurelife Property Management Limited.

### Commercial management

During the year, revenue from commercial business of the Group (including hotel operations and investment in properties) amounted to RMB556 million, representing a decrease of 42.9% as compared with RMB974 million in 2019. The decrease was mainly attributable to the impact of the COVID-19 pandemic.

### Environmental Protection

During the year, revenue from environmental protection of the Group was RMB2,289 million, representing an increase of 51.6% when compared with RMB1,510 million in 2019. During the year, the Group recorded an operating loss from environmental protection was RMB394 million, representing a decrease of 217.7% as compared with the operating profit from environmental protection of RMB335 million in 2019. The decrease was mainly due to an impairment of goodwill of RMB724 million in the environmental business.

Due to the impact of the COVID-19 pandemic, some upstream enterprises shut down their production and demand for waste treatment dropped during the year, resulting in a below expectation waste production. In addition, increased competition among business rivals and declining unit prices for hazardous waste collection and storage have led to unstable operating conditions in our environmental protection business. In response, the Group engaged independent appraisers to conduct an impairment assessment of goodwill for the environmental protection business. According to the results of the assessment, the Group recorded goodwill impairment of RMB724 million for 8 of the environmental protection projects during the year, mainly because (i) environmental protection projects are highly geographical in nature and in 2020, some regional governments have relaxed the approval for the construction of environmental protection industries and the market competition in the project sites is intense; (ii) some environmental protection projects under construction are expected to take longer time to commence production due to the impact of the pandemic, which will affect the future cash inflow of the projects; and (iii) some of the environmental projects already in production are expected to be affected by the pandemic, which will reduce the production and discharge pollution producing industries. The treatment amount of hazardous waste of these environmental protection projects is expected to be affected.

Excluding the impairment provisions, the operating profit from environmental protection of the Group for the year would have been RMB330 million, representing a decrease of RMB5 million and 1.5% as compared with RMB335 million in 2019.

### Cost of sales

Cost of sales of the Group mainly refers to the costs incurred directly from its property development activities and property management activities, including cost of construction, fitting-out and design, land use rights, capitalised interest, employee benefit expenses, cleaning expenses, security expenses, tax surcharge and others.

During the year, cost of sales of the Group was RMB56,143 million, representing an increase of 34.1% when compared with RMB41,881 million in 2019. The increase was mainly due to the increase of both recognised GFA sold and land cost and construction cost. The total recognised GFA sold increased by 8.9% to 4.93 million sq.m. in 2020 when compared with last year, whilst the average land cost and construction cost increased by 18.2% compared to 2019.

### Gross profit

During the year, gross profit of the Group was RMB24,102 million, representing an increase of 31.3% when compared with RMB18,358 million in 2019. During the year, gross profit margin of the Group was 30.0%, representing a decrease of 0.5 percentage points when compared with 30.5% in 2019, no significant change overall.

### Other gains, net

During the year, other gains, net of the Group was RMB3,740 million, representing a decrease of 22.1% when compared with RMB4,802 million in 2019. The decrease was mainly due to (i) the Group recorded a loss on fair value of financial assets at FVPL of RMB5 million during the year, representing a decrease of 100.5% when compared with a gain of RMB1,000 million in 2019; (ii) the Group recorded a gain on disposal of certain subsidiaries of RMB2,426 million in 2020, representing a decrease of 18.9% when compared with RMB2,989 million in 2019; and (iii) the Group recorded a gain on disposal of joint ventures and associates of RMB226 million during the year and there was no such gain on disposal in 2019.

### Other income

During the year, the Group's other income amounted to RMB1,670 million, representing an increase of 30.2% when compared with RMB1,283 million in 2019. The increase was mainly attributable to interest income of RMB1,297 million, representing an increase of 28.6% when compared with RMB1,009 million in 2019, and government grants of RMB264 million, representing an increase of 92.0% when compared with RMB138 million in 2019.

### Selling and marketing costs

During the year, the Group's selling and marketing costs amounted to RMB2,385 million, representing an increase of 17.7% when compared with RMB2,026 million in 2019, which was in line with the trend of 33.2% increase in the Group's turnover during the year, but the increment was much lower than that of the turnover, reflecting the cost of selling and marketing was well under control.

### Administrative expenses

During the year, the Group's administrative expenses amounted to RMB5,235 million, representing an increase of 30.9% when compared with RMB3,999 million in 2019, which was mainly due to (i) the impairment of goodwill on environmental protection projects of RMB724 million during the year (for details, please refer to the description of environmental protection segment set out in "Management Discussion and Analysis"), while there was no such expense in 2019; (ii) the Group's wages and salaries and welfare expenses was RMB1,611 million representing an increase of 10.6% when compared with RMB1,457 million in 2019, the increase was primarily due to acquisition of CMIG Futurelife Property Management Limited and its subsidiaries during the year, resulting an increase of staff correspondingly.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Other expenses

During the year, other expenses of the Group was RMB400 million, representing an increase of 75.2% when compared with RMB228 million in 2019. The increase was mainly attributable to compensation expenses increased by 142.5% from RMB79 million in 2019 to RMB191 million in 2020, and charitable donations increased by 41.5% from RMB116 million in 2019 to RMB165 million in 2020.

### Finance costs, net

The Group's finance costs mainly consist of interest expenses on bank borrowings, syndicated loans, other borrowings, senior notes, PRC corporate bonds, Commercial Mortgage Backed Securities ("CMBS"), Asset-Backed Securities ("ABS") and lease liabilities, less capitalised interests, exchange gains or losses on foreign currency denominated borrowings and changes in fair value of derivative financial instruments. Interest on borrowings relating to project development is capitalised to the extent that directly attributable to a particular project and used to finance the development of that project.

During the year, finance costs, net of the Group was RMB1,040 million, representing a decrease of 58.9% when compared with RMB2,530 million in 2019. The decrease was mainly attributable to the increase of RMB3,538 million in exchange gains from foreign currency denominated borrowings, and offset by the decrease of RMB1,849 million in changes in fair value of derivative financial instruments.

Exchange gains from foreign currency denominated borrowings arising from translation of the Group's borrowings denominated in foreign currencies was increased by 414.3% from losses of RMB854 million in 2019 to gains of RMB2,684 million in 2020, which was resulting from the appreciation of Renminbi against United States dollars, Hong Kong dollars and Macau Pataca .

Fair value of derivative financial instruments represents the fair value of forward foreign exchange contracts carried out by the Group, and its changes in fair value decreased by 923.5% from gains of RMB200 million to losses of RMB1,649 million, which was resulting from the appreciation of Renminbi against United States dollars.

### Share of post-tax profits of investments accounted for using the equity method

During the year, the share of post-tax profits of investments accounted for using the equity method comprises share of post-tax profits of joint ventures and share of post-tax profits of associates, which amounted to RMB1,586 million, representing an increase of 46.0% when compared with RMB1,086 million in 2019. The increase was mainly attributable to an increase in the share of post-tax profits of joint ventures to RMB1,161 million in 2020 from RMB1,102 million in 2019, and an increase in share of post-tax profits of associates of RMB425 million in 2020 from losses of RMB16 million in 2019.

### Profit attributable to shareholders

Profit attributable to shareholders of the Company and core net profit attributable to shareholders of the Company were RMB9,475 million and RMB8,346 million respectively for the year ended 31 December 2020, representing an increase of 26.1% and 23.3% when compared with RMB7,512 million and RMB6,769 million respectively for the year ended 31 December 2019.

### Liquidity, financial and capital resources

#### Cash position and fund available

As at 31 December 2020, the total cash and bank balances of the Group were RMB50,865 million (31 December 2019: RMB42,555 million), of which RMB41,926 million (31 December 2019: RMB33,551 million) was cash and cash equivalents and RMB8,939 million (31 December 2019: RMB9,004 million) was restricted cash.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Some of the Group's project companies are required to place a certain amount of pre-sale proceeds in designated bank accounts as guarantee deposits for construction of the relevant properties.

As at 31 December 2020, the Group's undrawn borrowing facilities were RMB4,141 million (31 December 2019: RMB6,404 million).

### Borrowings

As at 31 December 2020, the Group's total borrowings amounted to RMB97,813 million, of which bank borrowings and other borrowings, senior notes, PRC Corporate Bonds, CMBS and ABS amounted to RMB70,139 million, RMB14,831 million and RMB12,843 million respectively.

<b>Repayment schedule</b>	<b>As at 31 December 2020 (RMB million)</b>	As at 31 December 2019 (RMB million)
<b>Bank borrowings and other borrowings</b>		
Within 1 year	29,107	31,180
Over 1 year and within 2 years	20,739	16,728
Over 2 years and within 5 years	16,515	16,272
Over 5 years	3,778	3,682
<b>Subtotal</b>	<b>70,139</b>	67,862
<b>Senior notes</b>		
Within 1 year	3,907	6,243
Over 1 year and within 2 years	4,547	4,163
Over 2 years and within 5 years	6,377	4,846
<b>Subtotal</b>	<b>14,831</b>	15,252
<b>PRC Corporate Bonds, CMBS and ABS</b>		
Within 1 year	5,555	4,874
Over 1 year and within 2 years	3,943	8,682
Over 2 years and within 5 years	3,345	–
<b>Subtotal</b>	<b>12,843</b>	13,556
<b>Total</b>	<b>97,813</b>	96,670

As at 31 December 2020, the Group's bank borrowings (including syndicated loans) of RMB42,518 million (31 December 2019: RMB40,348 million) and other borrowings of RMB11,283 million (31 December 2019: RMB13,582 million) were secured by its cash, land use rights, self-used properties, completed properties held for sale, properties under development, investment properties, the shares of certain subsidiaries and equity interest.

The senior notes were guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares. The net assets of these subsidiaries were RMB2,957 million as at 31 December 2020 (31 December 2019: RMB4,394 million).

The ABS and CMBS of RMB1,154 million (31 December 2019: RMB904 million) and RMB4,095 million (31 December 2019: RMB4,084 million) were secured by its trade receivables and land use rights, self-used properties and investment properties.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The gearing ratio is the ratio of net borrowings (total borrowings less total cash and cash equivalents and restricted cash) to total equity. As at 31 December 2020, the gearing ratio was 61.0% (31 December 2019: 82.8%).

### Currency risk

The Group conducts its business primarily in Renminbi. Certain bank deposits, financial assets at FVPL, syndicated loans and bank borrowings were denominated in Hong Kong dollars, United States dollars and Macau Pataca, and the Group's senior notes were all denominated in United States dollars. Since early 2016, the Group has adopted a hedging policy and entered into capped forward contracts with certain work to mitigate certain of its foreign currency exposure in United States dollars denominated indebtedness and achieve better management over foreign exchange risk. The objective of the arrangement is to minimise the volatility of the RMB cost of highly probable forecast repayments of debts. Other than those disclosed, the Group does not have any material exposures to foreign exchange fluctuations.

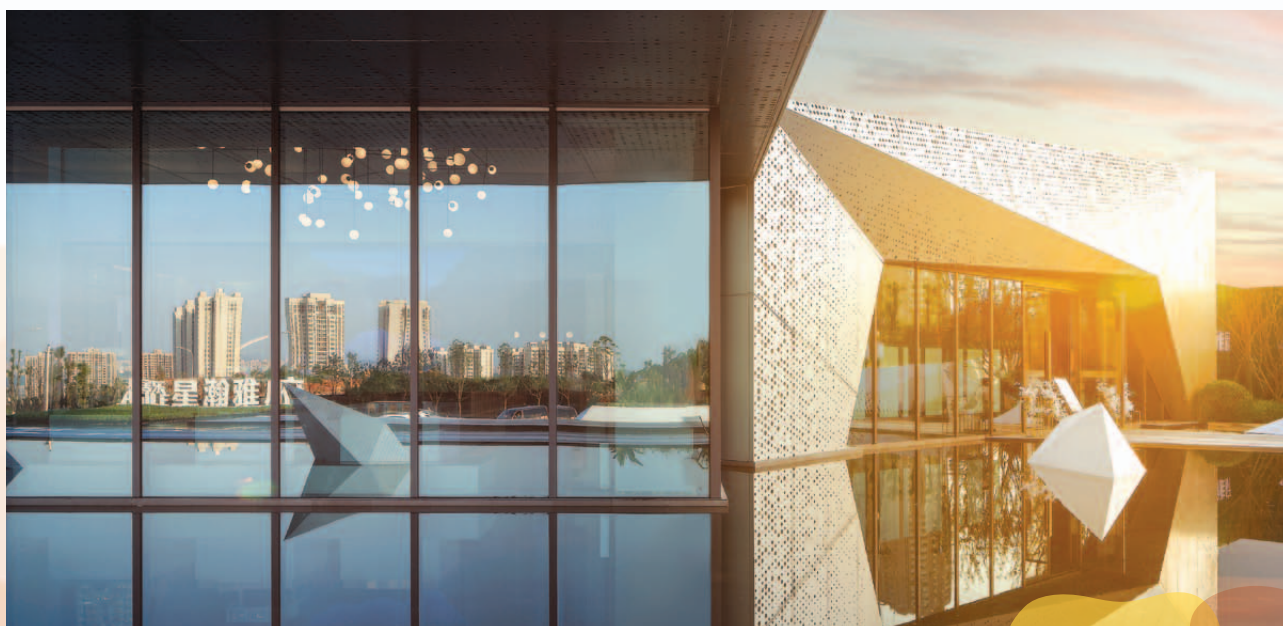
As at 31 December 2020, the Group had capped forward contracts of USD2,400 million. During the year, the Group recorded RMB1,649 million fair value losses (2019: RMB200 million fair value gains) in derivative financial instruments.

### Cost of borrowings

In 2020, the total cost of borrowings (not including the interest expense of lease liabilities) of the Group was RMB7,336 million, representing an increase of 3.6% when compared with RMB7,079 million in 2019. The increase was mainly attributable to higher average balance of borrowings in 2020. Regardless of exchange differences arising from foreign currencies borrowings, the Group's effective borrowing rate for the year was 6.56 % (2019: 7.10%).

### Financial guarantee

The Group is in cooperation with certain financial institutions for the provision of mortgage loan facility for its purchasers of property and has provided guarantees to secure repayment obligations by such purchasers. As at 31 December 2020, the outstanding guarantees were RMB51,378 million (31 December 2019: RMB38,294 million). Such guarantees shall terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year after taking over of the possession of the relevant property by the purchasers; or (ii) the satisfaction of relevant mortgage loans by the purchasers.





## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group's proportionate interest in financial guarantee of mortgage facilities for certain purchasers relating to the associates and joint ventures as at 31 December 2020 was RMB2,785 million (31 December 2019: RMB3,100 million) and RMB11,853 million (2019: RMB13,308 million) respectively.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interests and penalties owed by the defaulted purchasers to the financial institutions, and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee starts from the dates the mortgagees grant the mortgage loans. No provision has been made for the guarantees as the management is of the view that the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties in case of default in payments.

Several subsidiaries of the Group and associates counter parties have provided certain guarantees in proportion of their shareholding in certain associates in respect of loan facilities amounting to RMB2,243 million (2019: RMB2,844 million). As at 31 December 2020, the Group's share of the guarantees amounted to RMB1,109 million (31 December 2019: RMB1,096 million).

Several subsidiaries of the Group and joint venture counter parties have provided certain guarantees in proportion to their shareholdings in certain joint ventures in respect of loan facilities amounting to RMB10,390 million (2019: RMB12,423 million). As at 31 December 2020, the Group's share of the guarantees amounted to RMB5,111 million (31 December 2019: RMB5,832 million).

As at 31 December 2020, the Group provided certain guarantees to certain independent third parties in respect of loan facilities amounting to RMB1,677 million (31 December 2019: RMB1,487 million).

### Commitments

As at 31 December 2020, the capital commitments of the Group in connection with the property development activities were RMB23,314 million (31 December 2019: RMB16,406 million). The Group has also committed to pay outstanding land premium resulting from land acquisitions in the amount of RMB8,244 million (31 December 2019: RMB10,020 million). Additionally, the Group's capital commitments in respect of purchases of property, plant, equipment amounted to RMB829 million (31 December 2019: RMB813 million).

### Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets

On 24 June 2020, A-City submitted a listing application form (Form A1) to the Stock Exchange to apply for the listing of, and permission to deal in, the A-City shares (ordinary shares of HK\$0.01 each) on the main board of the Stock Exchange. It is intended that A-City will conduct an offering of its new shares in connection with the Listing. It is intended that qualifying shareholders will be provided with an assured entitlement to the A-City Shares under the share offer of the proposed spin-off, subject to certain conditions. Details of such assured entitlement have not yet been finalised and the Company will make further announcement(s) in this regard as and when appropriate. Upon completion of the proposed spin-off and listing, the Company is expected to have an interest of not less than 50% in A-City and A-City will remain as a subsidiary of the Company. For details, please refer to announcement of the Company dated 24 June 2020.

On 24 December 2020, pursuant to certain agreements entered into by independent third-party acquirers (the "Acquirers"), the relevant subsidiaries of the Company and the relevant project companies of the Company, the Acquirers and the Company jointly invested in certain relevant project companies. The Acquirers agreed to pay an aggregate of approximately RMB7,050,760,000 to the Company as earnest monies for their respective acquisition of equity interest. Up to the reporting date, the transaction has not been completed. For details of the transaction, please refer to the announcement of the Company dated 24 December 2020.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Save as disclosed above, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year, nor was there any plan authorised by the Board for other material investments or additions of capital assets at the reporting date.

### Events after the Balance Sheet Date

Pursuant to several agreements entered into by independent third party acquirers (the “Acquirers”), and relevant subsidiaries of the Company (“Agile Relevant Shareholders”) in December 2020 and February 2021, it was agreed that the Acquirer and Agile Relevant Shareholders would jointly invest and develop several relevant project companies in the agreed proportion. The Acquirers have paid a total of approximately RMB7,050,760,000 to the Agile Relevant Shareholders as earnest monies for their respective acquisition of equity interests, and treated as advanced payment for disposal of equity interests in December 2020, which was recorded in trade and other payables in the consolidated balance sheet. Up to the reporting date, the transactions has not been completed.

Save as disclosed above, the Group did not have any other material event after the Balance Sheet Date.

### Employees and remuneration policy

As at 31 December 2020, the Group had a total of 63,275 employees, among which 510 were senior management and 1,962 were middle management. By geographical locations, there were 63,119 employees in Mainland China and 156 employees in Hong Kong, Malaysia and Vietnam. For the year ended 31 December 2020, the total remuneration costs, including directors’ remuneration, were RMB7,679 million (2019: RMB4,953 million).

The Group remunerates its employees in reference to the market levels, individual performance and contributions. Bonuses are also distributed based on the performance of employees. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to the employees’ needs.

### The impact of the outbreak of COVID-19

At the beginning of 2020, the rapid outbreak of the novel coronavirus in different cities has put the global economy to a major test. With the effective control measures taken by the Chinese government, the outbreak in the PRC had been gradually brought under control. To fully support the relevant prevention and control efforts and effectively cut off the transmission of the virus, the Group had carried out a comprehensive assessment of the impact on sales and construction in all projects.

In the second half of 2020, with the pandemic largely under control in the PRC, the Group’s main business segment in real estate sales and property management business had gradually resumed normal operations.

### Property development pre-sale

Real estate sales were reduced in the first half of 2020 due to the impact of the social distancing measures, with some projects experiencing reduced on-site marketing activity, but recovered after the pandemic eased. During the second half of 2020, the aggregated pre-sale value of the Group, together with the joint ventures and associates of the Group as well as property projects carrying “Agile” brand name managed by the Group reached amounted to RMB83.1 billion, representing an increase of RMB23.3 billion as compared to RMB59.8 billion for the corresponding period in 2019, and during the year, the aggregated pre-sale value of the Group, together with the joint ventures and associates of the Group as well as property projects carrying “Agile” brand name managed by the Group reached amounted to RMB138.19 billion, representing an increase of RMB117.97 billion as compared to RMB20.22 billion with last year. The pandemic is not expected to have a significant impact on the Group’s growth and its impact can be reduced through reasonable adjustments to sales plans and work arrangements.

### Property management

In response to the pandemic, A-Living has strengthened the management of its properties under management. Its main measures include the enhanced management of entrances and exits and sanitisation of property projects under management. Therefore, a slight increase in the related costs and expenses of the Group is expected. At the same time, due to the important role played by the property management industry in the prevention and control of the pandemic, it has received positive comments from the community and the capital market, which will have a positive impact on the Group's future performance in the capital market and enhance its reputation.

### Outlook

The Group firmly believes in adhering to the business model of “focusing on property development, supported by a synergy of diversified businesses”. Through the efforts of all employees, the overall business will develop steadily, and further increase the brand awareness of Agile across the nation and maintain its position in the competitive market. Meanwhile, the Group will continue to uphold its promise in corporate social responsibilities by making contribution to society through participating in charitable activities.



# PROPERTY DEVELOPMENT

In order to support the long-term stable growth of the property development business, the Group continues to enhance its competitiveness and maintain a strong brand recognition in the face of vigorous market competition by improving the products' planning and design and offering excellent sales and after-sales services.



- Southern China Region
- Eastern China Region
- Western China Region
- Central China Region
- Hainan Region

- Yunnan Region
- Northeast China Region
- Northern China Region
- Hong Kong
- Overseas



# PROPERTY DEVELOPMENT



## Business Overview

In 2020, the Group duly launched 46 new projects. The projects available for sale totalled 216. In addition, the geographic diversification strategy of the Group continued to achieve satisfactory progress. The Group maintained its leading position in Southern China Region. With active penetration in the past few years, overall outstanding sales performance was seen in Northern China Region and Western China Region, making contributions to the pre-sale performance. Meanwhile, tourism property business in Hainan and Yunnan Region also maintained its leading market position.

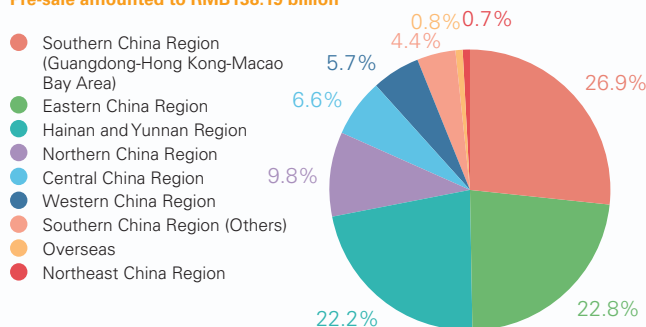


In 2020, in order to further consolidate its foothold on property development business, the Group strategically obtained 40 new high-quality projects through tender, auction, listing-for-sale, land application and equity acquisition. The total planned GFA of the new land parcels was 8.36 million sq.m., with an average land cost of RMB4,270 per sq.m.. As at 31 December 2020, the Group had a land bank with total attributable planned GFA of 53.01 million sq.m. in a total of 84 cities, among which Baoji City in Shaanxi Province, Guiyang City in Guizhou Province, Qidong City and Taixing City in Jiangsu Province, Taiyuan City in Shanxi Province, Zhaoqing City in Guangdong Province were newly explored markets.

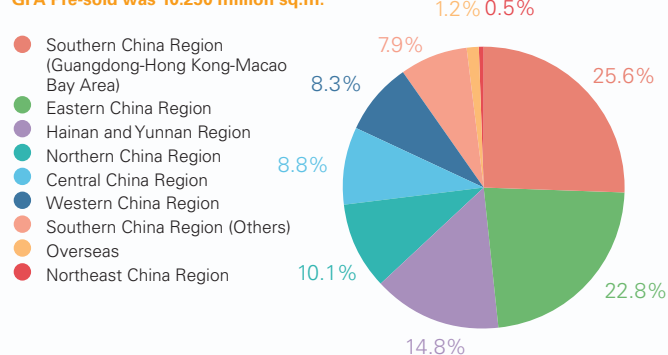


## Breakdown by Regions

Pre-sale amounted to RMB138.19 billion

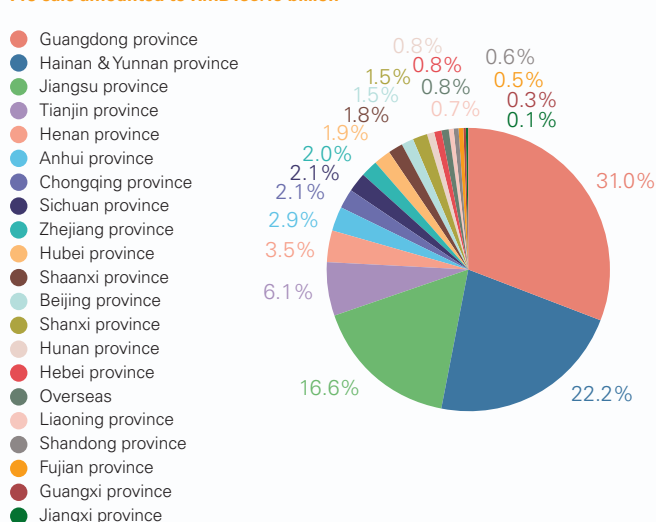


GFA Pre-sold was 10.250 million sq.m.

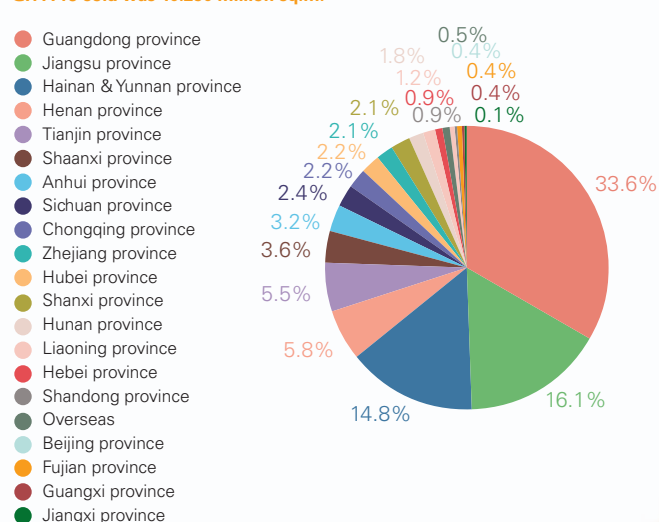


## Breakdown by Provinces

Pre-sale amounted to RMB138.19 billion



GFA Pre-sold was 10.250 million sq.m.



# PROPERTY DEVELOPMENT (CONTINUED)

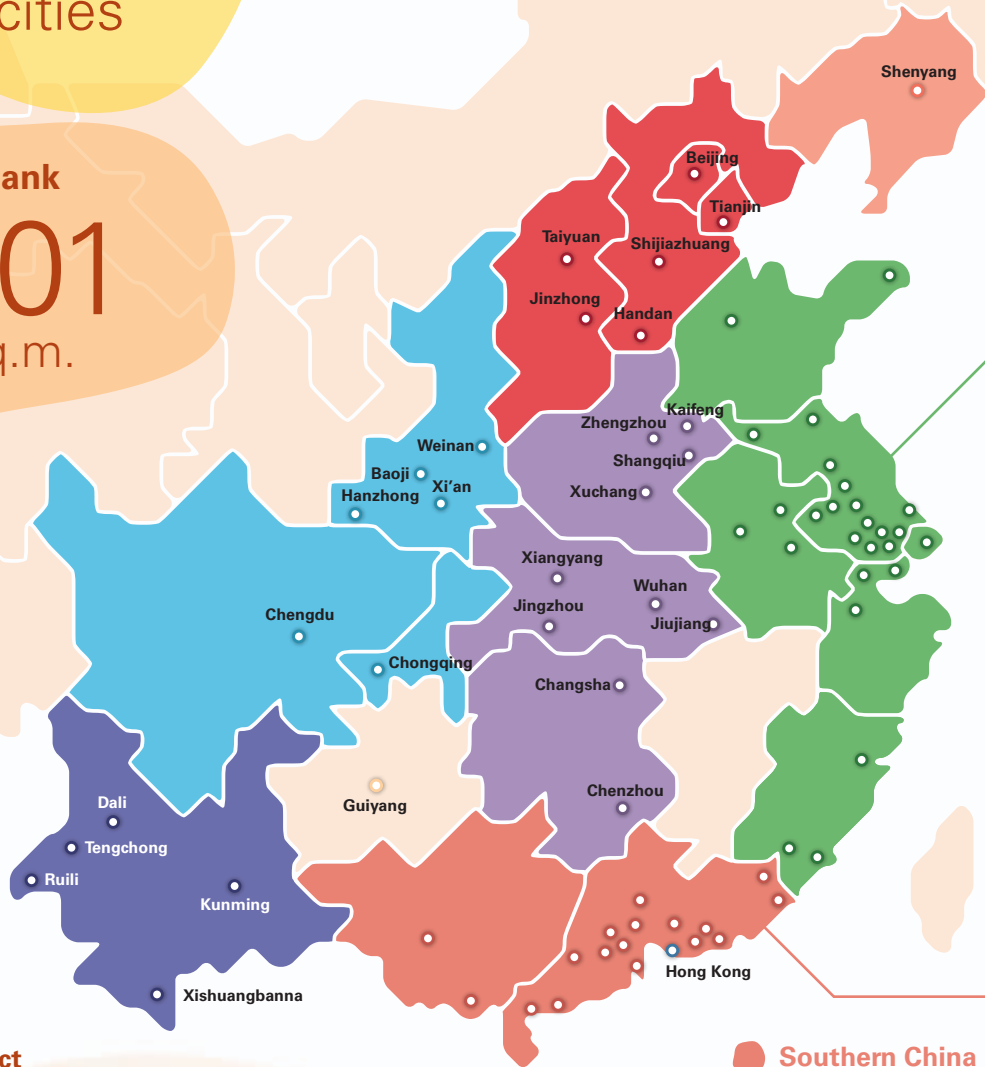
## Project Overview

(As at 31 December 2020)

84 cities

Total land bank

53.01 million sq.m.



## Overseas Project



- Southern China Region
- Eastern China Region
- Western China Region
- Central China Region
- Hainan Region
- Yunnan Region
- Northeast China Region
- Northern China Region
- Hong Kong
- Overseas



## PROPERTY DEVELOPMENT (CONTINUED)

Changshu
Changzhou
Chuzhou
Fuzhou
Hangzhou
Hefei
Huzhou
Jiaxing
Jinan
Jurong
Kunshan
Lianyungang
Liyang
Nanjing
Nantong
Qidong
Shanghai
Suzhou
Taixing
Weihai
Wuhu
Wuxi
Xiamen
Xuzhou
Yangzhou
Yixing
Zhangzhou
Zhenjiang

Beihai
Foshan
Guangzhou
Heyuan
Huizhou
Jiangmen
Jieyang
Maoming
Meizhou
Nanning
Qingyuan
Shantou
Shanwei
Yunfu
Zhanjiang
Zhaoqing
Zhongshan
Zhuhai

### Province

	No. of Projects	Total Planned GFA of the Projects (sq. m.)	Lank Bank (sq. m.)
Anhui	4	1,250,700	721,468
Beijing	2	145,252	145,252
Chongqing	7	1,933,646	1,287,179
Fujian	6	1,493,270	1,377,763
Guangdong	65	35,731,000	15,934,798
Guangxi	2	1,172,935	1,017,343
Guizhou	1	72,760	72,760
Hainan	7	9,804,799	4,255,011
Hebei	2	197,036	197,036
Henan	12	3,272,084	2,755,357
Hong Kong	2	20,199	20,199
Hubei	4	1,656,515	1,391,449
Hunan	4	1,624,753	903,766
Jiangsu	38	8,287,294	5,084,910
Jiangxi	1	287,360	287,360
Liaoning	2	1,163,032	252,588
Overseas	4	364,448	364,448
Shaanxi	7	3,220,265	1,962,181
Shandong	4	3,326,279	3,051,776
Shanghai	5	834,918	834,918
Shanxi	2	615,404	615,404
Sichuan	7	2,983,828	1,336,343
Tianjin	5	5,492,609	3,722,338
Yunnan	7	7,534,860	5,122,956
Zhejiang	5	828,499	295,902
<b>Total</b>	<b>205</b>	<b>93,313,745</b>	<b>53,010,505</b>

### Region

	No. of Projects	Total Planned GFA of the Projects (sq. m.)	Lank Bank (sq. m.)
Southern China	67	36,903,936	16,952,141
Eastern China	62	16,020,960	11,366,738
Western China	21	7,870,019	4,317,983
Central China	21	6,840,711	5,337,932
Hainan	7	9,804,799	4,255,011
Yunnan	7	7,534,860	5,122,956
Northeast China	2	1,163,032	252,588
Northern China	12	6,790,780	5,020,509
Hong Kong	2	20,199	20,199
Overseas	4	364,448	364,448
<b>Total</b>	<b>205</b>	<b>93,313,745</b>	<b>53,010,505</b>

# PROPERTY DEVELOPMENT (CONTINUED)

## Land Bank Table

(As at 31 December 2020)

No.	Project Name	City	Interests Attributable to the Group (Note 3)	Total Site Area of the Project (sq.m.)	Location
<b>Southern China Region</b>					
1	Guangzhou Asian Games City Project	Guangzhou	26.66%	2,640,000	Panyu District, Guangzhou City
2	Agile Mountain Guangzhou	Guangzhou	100%	306,812	Luogang District, Guangzhou City
3	Agile Haizhu Xiaoya Guangzhou	Guangzhou	100%	13,660	Haizhu District, Guangzhou City
4	Agile Skyline 715 Guangzhou (Formerly known as Guangzhou Liwan District Project)	Guangzhou	100%	21,908	Liwan District, Guangzhou City
5	Agile Huadu County Guangzhou (Formerly known as Guangzhou Huadu District Project)	Guangzhou	100%	67,260	Huadu District, Guangzhou City
6	Guangzhou Yingbin Avenue Project	Guangzhou	49%	126,140	Conghua District, Guangzhou City
7	Agile Riverside Guangzhou (Formerly known as Guangzhou Conghua District Project)	Guangzhou	100%	30,148	Conghua District, Guangzhou City
<b>Guangzhou Subtotal</b>				<b>3,205,928</b>	
8	La Cité Greenville Zhongshan	Zhongshan	100%	1,970,275	Torch High-Tech Industrial Development Zone, Zhongshan City
9	Metro Agile Zhongshan	Zhongshan	100%	1,476,285	Sanxiang Town, Zhongshan City
10	Zhongshan Minzhong Town Project	Zhongshan	100%	63,450	Minzhong Town, Zhongshan City
11	Agile Cambridgeshire Zhongshan	Zhongshan	100%	375,357	East District, Zhongshan City
12	Agile Royal Mount Zhongshan	Zhongshan	100%	563,253	Wugui Mountain Town, Zhongshan City
13	Zhongshan Kunlun Hotel Project	Zhongshan	100%	29,267	Nanlang Town, Zhongshan City
14	Agile Coastal Pearl Zhongshan	Zhongshan	100%	338,892	Nanlang Town, Zhongshan City
15	Zhongshan Haotousha Project	Zhongshan	100%	83,483	Torch High-Tech Industrial Development Zone, Zhongshan City
16	Agile River Pearl Zhongshan	Zhongshan	100%	27,868	Shiqi District, Zhongshan City
17	Crescent Hill Center City Zhongshan	Zhongshan	50%	181,667	Sanxiang Town, Zhongshan City
18	Zhongshan Dongcheng Lufeng Project	Zhongshan	50%	162,795	Torch High-tech Industrial Development Zone, Zhongshan City
19	Mont Orchid Riverlet Zhongshan	Zhongshan	60%	131,863	Torch High-tech Industrial Development Zone, Zhongshan City
20	Agile Diyin Lake Town Zhongshan	Zhongshan	50%	478,955	Sanjiao Town, Zhongshan City
21	Weilan Siji Zhongshan	Zhongshan	50%	40,865	Tanzhou Town, Zhongshan City
22	Zhongshan Bosheng Project	Zhongshan	50%	45,016	Torch High-tech Industrial Development Zone, Zhongshan City
23	The Leading World Zhongshan	Zhongshan	50%	35,993	Sanxiang Town, Zhongshan City
24	Shenzhong One Zhongshan	Zhongshan	50%	180,718	Nanlang Town, Zhongshan City
25	Zhongshan Hehua Hotel Project	Zhongshan	50%	64,536	Sanxiang Town, Zhongshan City
26	Agile Starry Jade Zhongshan	Zhongshan	15%	47,097	Shenwan Avenue, Zhongshan City
27	Agile City of Lohas Zhongshan	Zhongshan	100%	69,808	Sanxiang Town, Zhongshan City
28	Zhongshan Dongfeng Town Project	Zhongshan	100%	669,960	Dongfeng Town, Zhongshan City
29	Zhongshan Cuiheng New District Project	Zhongshan	65%	245,526	Tsuihang New District (Start-up Area), Zhongshan City
30	Agile Garden Guzhen	Zhongshan	100%	26,799	Ancient Town, Zhongshan City
<b>Zhongshan Subtotal</b>				<b>7,309,728</b>	
31	Agile International Garden Zhuhai	Zhuhai	49%	83,997	Scientific Innovation Coast North Area, Zhuhai City
<b>Zhuhai Subtotal</b>				<b>83,997</b>	
32	Park Irisation Jiangmen	Jiangmen	51%	44,033	Pengjiang District, Jiangmen City
33	Agile Honorable Mansion Jiangmen	Jiangmen	51%	29,372	Xinhui District, Jiangmen City
34	Agile Chairman Taishan	Jiangmen	50%	29,257	Taishan City, Jiangmen City
35	Agile Garden Taishan	Jiangmen	100%	58,411	Taishan City, Jiangmen City
36	Taishan Taicheng District Project	Jiangmen	100%	34,387	Taishan City, Jiangmen City
<b>Jiangmen Subtotal</b>				<b>195,460</b>	
37	Majestic Garden Nanhai	Foshan	100%	601,230	Nanhai District, Foshan City
38	Agile Personage Nanhai	Foshan	100%	44,786	Nanhai District, Foshan City
39	Agile Sunday Nanhai	Foshan	100%	35,337	Nanhai District, Foshan City
40	Agile Chairman Sanshui	Foshan	50%	64,599	Sanshui District, Foshan City
41	Pleasure Mansion Sanshui	Foshan	33%	79,015	Beijiag New Town, Foshan City
42	Qingyue Shunde	Foshan	40%	81,455	Beijaoma Village, Foshan City

## PROPERTY DEVELOPMENT (CONTINUED)

	Total Planned GFA of the Project (sq.m.)	Land Bank (sq.m.) (Note 1)							Expected Completion Period
		Total Planned GFA (A) (sq.m.)	Development Stage (B)			Planning Nature (C)			
			Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)	Commercial & Office (C3)	
	4,380,000	2,358,157	–	1,964,943	393,214	2,319,669	38,488	–	2024, Q1
	613,624	541	541	–	–	541	–	–	2012/12/20
	68,121	1,398	1,398	–	–	1,398	–	–	2018/11/30
	91,656	91,656	–	91,656	–	91,656	–	–	2021, Q4
	97,814	97,814	–	97,814	–	97,814	–	–	2022, Q4
	289,884	289,884	–	114,437	175,447	289,884	–	–	2023, Q2
	86,848	86,848	–	86,848	–	86,848	–	–	2022, Q4
	<b>5,627,947</b>	<b>2,926,298</b>	<b>1,939</b>	<b>2,355,698</b>	<b>568,661</b>	<b>2,887,810</b>	<b>38,488</b>	<b>–</b>	
	1,889,961	8,293	8,293	–	–	8,293	–	–	2014/12/30
	3,519,253	406,893	41,220	325,023	40,650	406,893	–	–	2025, Q3
	95,175	95,175	–	–	95,175	95,175	–	–	2025, Q4
	1,444,668	386,478	2,815	76,411	307,252	370,947	15,531	–	2025, Q3
	1,126,505	6,667	6,667	–	–	6,667	–	–	2018/6/29
	87,801	87,801	–	–	87,801	–	13,697	74,104	2023, Q1
	677,782	1,665	1,665	–	–	1,665	–	–	2018/6/29
	60,813	55,679	–	–	55,679	55,679	–	–	2022, Q4
	69,316	4,272	4,272	–	–	4,272	–	–	2019/6/28
	454,167	102,198	82,699	19,499	–	102,198	–	–	2021, Q2
	347,086	347,086	–	–	347,086	347,086	–	–	2025, Q1
	395,588	190,744	59,954	130,790	–	190,744	–	–	2022, Q4
	823,803	688,656	3,192	36,449	649,015	688,656	–	–	2025, Q4
	122,596	122,596	–	122,596	–	122,596	–	–	2025, Q4
	118,564	118,564	–	118,564	–	118,564	–	–	2025, Q4
	71,986	222	222	–	–	222	–	–	2019/4/22
	451,795	451,795	–	–	451,795	451,795	–	–	2025, Q4
	129,072	95,620	–	–	95,620	95,620	–	–	2022, Q4
	117,742	52,473	52,473	–	–	52,473	–	–	2020/12/17
	154,987	13,292	13,292	–	–	13,292	–	–	2020/12/9
	1,490,400	1,288,419	–	–	1,288,419	1,248,419	40,000	–	2025, Q4
	919,016	919,011	–	–	919,011	598,127	28,000	292,885	2030, Q1
	80,398	80,398	–	80,398	–	80,398	–	–	2022, Q4
	<b>14,648,474</b>	<b>5,523,996</b>	<b>276,763</b>	<b>909,730</b>	<b>4,337,502</b>	<b>5,059,780</b>	<b>97,228</b>	<b>366,988</b>	
	206,494	192,372	51,361	141,011	–	192,372	–	–	2021, Q4
	<b>206,494</b>	<b>192,372</b>	<b>51,361</b>	<b>141,011</b>	<b>–</b>	<b>192,372</b>	<b>–</b>	<b>–</b>	
	110,083	45,360	2,376	42,984	–	45,360	–	–	2021, Q1
	63,525	63,525	–	63,525	–	63,525	–	–	2022, Q1
	73,142	37,005	19,310	17,695	–	37,005	–	–	2021, Q1
	146,026	69,697	6,583	63,114	–	69,697	–	–	2021, Q3
	96,284	96,284	–	96,284	–	96,284	–	–	2021, Q4
	<b>489,060</b>	<b>311,871</b>	<b>28,269</b>	<b>283,602</b>	<b>–</b>	<b>311,871</b>	<b>–</b>	<b>–</b>	
	859,757	3,065	3,065	–	–	3,065	–	–	2012/12/20
	143,315	1,817	1,817	–	–	1,817	–	–	2012/12/20
	88,342	88,342	–	88,342	–	88,342	–	–	2021, Q2
	245,190	1,117	1,117	–	–	1,117	–	–	2019/12/20
	252,846	252,846	–	182,055	70,791	252,846	–	–	2023, Q1
	203,638	203,638	–	137,404	66,234	203,638	–	–	2023, Q2

## PROPERTY DEVELOPMENT (CONTINUED)

No.	Project Name	City	Interests Attributable to the Group <i>(Note 3)</i>	Total Site Area of the Project (sq.m.)	Location
43	Agile Garden Shunde	Foshan	100%	212,410	Shunde District, Foshan City
44	Agile Mix City Shunde	Foshan	100%	62,515	Shunde District, Foshan City
45	Agile Cambridgeshire Shunde	Foshan	50%	110,833	Shunde District, Foshan City
46	Emerald Park Foshan	Foshan	33%	81,136	Gaoming District, Foshan City
<b>Foshan Subtotal</b>				<b>1,373,315</b>	
47	Agile Egret Lake Huizhou	Huizhou	100%	2,000,000	Ruhu Town, Huizhou City
48	Agile Lohas World Huizhou	Huizhou	49%	24,792	Huicheng District, Huizhou City
49	Violet Castle Huizhou	Huizhou	35%	88,844	Huicheng District, Huizhou City
50	Agile Garden Huiyang	Huizhou	66%	1,248,191	Huiyang District, Huizhou City
51	Agile Duhuiya County Huizhou	Huizhou	70%	55,000	Zhongkai Huaihuan, Huizhou City
<b>Huizhou Subtotal</b>				<b>3,416,827</b>	
52	Agile HK City Zhaoqing	Zhaoqing	100%	287,781	New District, Zhaoqing City
<b>Zhaoqing Subtotal</b>				<b>287,781</b>	
53	Agile Garden Heyuan	Heyuan	100%	1,364,741	Huangsha Avenue, Heyuan City
54	Agile Kylin Mansion Heyuan	Heyuan	100%	113,202	Yuancheng District, Heyuan City
55	Heyuan Dongyuan County Central District Project	Heyuan	51%	60,704	Dongyuan County, Heyuan City
56	Agile Chairman Shantou	Shantou	100%	78,193	Chaoyang District, Shantou City
57	Agile Costal Pearl Shanwei	Shanwei	100%	183,407	City District, Shanwei City
58	Fenghui Meizhou	Meizhou	50%	44,774	Meixian District, Meizhou City
<b>Eastern Guangdong Subtotal</b>				<b>1,845,021</b>	
59	Agile Honorable Mansion Zhanjiang	Zhanjiang	100%	20,058	Chikan District, Zhanjiang City
60	Agile City Pearl Maoming	Maoming	100%	21,463	Maonan District, Maoming City
61	Agile Lohas New City Maoming	Maoming	100%	86,400	South District of Maoming Station, Maoming City
62(A)	Elite Residence Yunfu Project A	Yunfu	50%	112,669	Xincheng Town, Xinxing County, Yunfu City
62(B)	Elite Residence Yunfu Project B	Yunfu	50%	44,069	Xincheng Town, Xinxing County, Yunfu City
63	Jieyang Jiedong District Project	Jieyang	5%	46,599	Jiedong District, Jieyang City
<b>Western Guangdong Subtotal</b>				<b>331,257</b>	
64	City of Lohas Qingyuan	Qingyuan	50%	53,331	Qingcheng District, Qingyuan City
65	Agile County Qingyuan	Qingyuan	40%	166,700	Qingcheng District, Qingyuan City
<b>Northern Guangdong Subtotal</b>				<b>220,031</b>	
66	Agile International Financial Center Nanning	Nanning	50%	56,736	Wuxiang New District, Nanning City
67	Agile Golden Bay Beihai	Beihai	60%	420,450	Yinhai District, Beihai City
<b>Guangxi Subtotal</b>				<b>477,186</b>	
<b>Southern China Region Subtotal</b>				<b>18,746,530</b>	
<b>Eastern China Region</b>					
68	Agile Chang Le Du Nanjing	Nanjing	100%	59,900	Qinhua District, Nanjing City
69	The Territory Nanjing	Nanjing	100%	316,697	Pukou District, Nanjing City
70	Agile Chairman Nanjing	Nanjing	100%	31,159	Pukou District, Nanjing City
71	Nanjing Yuhuatai District Project	Nanjing	34%	35,058	Yuhuatai District, Nanjing City
72	Agile Harbour City Nanjing (Formerly known as Nanjing Pukou District Project)	Nanjing	65%	233,257	Pukou District, Nanjing City
73	Agile Yajun Lanting Nanjing	Nanjing	95%	63,132	Jiangning District, Nanjing City
74	Agile International Yangzhou	Yangzhou	100%	110,597	Hanjiang District, Yangzhou City
75	Agile Orchid Mansion Yangzhou	Yangzhou	100%	83,312	Hanjiang District, Yangzhou City
76	Agile Mountain Yangzhou	Yangzhou	100%	148,142	Hanjiang District, Yangzhou City
77	Yangzhou International Waterfront New Town Project	Yangzhou	100%	306,886	Jiangqiao Road, Yangzhou City

## PROPERTY DEVELOPMENT (CONTINUED)

	Total Planned GFA of the Project (sq.m.)	Land Bank (sq.m.) (Note 1)						Expected Completion Period	
		Total Planned GFA (A) (sq.m.)	Development Stage (B)			Planning Nature (C)			
			Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)		Commercial & Office (C3)
	488,500	1,529	1,529	-	-	1,529	-	-	2012/12/20
	143,126	106,841	18,929	87,912	-	106,841	-	-	2022, Q2
	310,332	166,477	13,539	152,939	-	166,477	-	-	2023, Q2
	243,407	243,407	139,993	103,414	-	243,407	-	-	2022, Q2
	<b>2,978,453</b>	<b>1,069,078</b>	<b>179,988</b>	<b>752,065</b>	<b>137,025</b>	<b>1,069,078</b>	-	-	
	2,000,000	704,545	9,416	200,539	494,590	704,545	-	-	2025, Q4
	76,855	76,855	-	76,855	-	76,855	-	-	2021, Q3
	222,110	222,110	-	222,110	-	222,110	-	-	2021, Q3
	2,995,658	1,598,206	69,927	265,024	1,263,255	1,598,206	-	-	2024, Q4
	196,508	196,508	-	196,508	-	196,508	-	-	2022, Q2
	<b>5,491,131</b>	<b>2,798,224</b>	<b>79,343</b>	<b>961,037</b>	<b>1,757,845</b>	<b>2,798,224</b>	-	-	
	700,758	700,758	-	219,005	481,753	700,758	-	-	2025, Q4
	<b>700,758</b>	<b>700,758</b>	-	<b>219,005</b>	<b>481,753</b>	<b>700,758</b>	-	-	
	2,729,481	430	430	-	-	430	-	-	2012/12/20
	283,612	97,204	11,842	85,362	-	97,204	-	-	2021, Q2
	151,760	151,760	-	-	151,760	151,760	-	-	2023, Q2
	351,869	351,869	-	142,350	209,519	351,869	-	-	2024, Q2
	416,914	379,841	31,170	183,108	165,563	379,841	-	-	2025, Q4
	116,412	116,412	-	116,412	-	116,412	-	-	2022, Q4
	<b>4,050,048</b>	<b>1,097,515</b>	<b>43,442</b>	<b>527,232</b>	<b>526,842</b>	<b>1,097,515</b>	-	-	
	60,027	3,609	3,609	-	-	541	-	3,068	2020/5/16
	64,390	2,961	2,961	-	-	2,961	-	-	2020/12/28
	207,255	207,255	-	116,416	90,839	181,028	13,596	12,631	2023, Q2
	338,006	265,975	5,667	260,309	-	265,975	-	-	2022, Q4
	132,222	98,148	17,422	80,726	-	98,148	-	-	2022, Q4
	157,982	157,982	-	157,982	-	157,982	-	-	2020/9/28
	<b>959,882</b>	<b>735,931</b>	<b>29,659</b>	<b>615,433</b>	<b>90,839</b>	<b>706,635</b>	<b>13,596</b>	<b>15,699</b>	
	111,995	111,995	-	111,995	-	111,995	-	-	2022, Q2
	466,760	466,760	-	278,275	188,485	466,760	-	-	2024, Q3
	<b>578,755</b>	<b>578,755</b>	-	<b>390,270</b>	<b>188,485</b>	<b>578,755</b>	-	-	
	375,446	219,854	219,854	-	-	73,184	-	146,670	2019/12/20
	797,489	797,489	-	249,683	547,806	797,489	-	-	2029, Q4
	<b>1,172,935</b>	<b>1,017,343</b>	<b>219,854</b>	<b>249,683</b>	<b>547,806</b>	<b>870,673</b>	-	<b>146,670</b>	
	<b>36,903,936</b>	<b>16,952,141</b>	<b>910,618</b>	<b>7,404,766</b>	<b>8,636,757</b>	<b>16,273,472</b>	<b>149,312</b>	<b>529,358</b>	
	59,600	480	480	-	-	480	-	-	2016/5/30
	910,561	38,729	38,729	-	-	38,729	-	-	2019/11/29
	74,394	74,394	-	74,394	-	74,394	-	-	2021, Q2
	98,162	98,162	-	98,162	-	98,162	-	-	2023, Q3
	702,104	702,104	-	-	702,104	702,104	-	-	2025, Q4
	155,936	155,936	-	155,936	-	155,936	-	-	2023, Q4
	436,858	307,354	-	307,354	-	168,121	139,233	-	2024, Q4
	96,559	6,586	6,586	-	-	6,586	-	-	2019/12/13
	235,600	9,051	9,051	-	-	9,051	-	-	2020/12/15
	508,218	508,218	-	283,694	224,524	508,218	-	-	2023, Q4

## PROPERTY DEVELOPMENT (CONTINUED)

No.	Project Name	City	Interests Attributable to the Group (Note 3)	Total Site Area of the Project (sq.m.)	Location
78	Agile Silva Town Chuzhou	Chuzhou	100%	270,907	Chahe New City Development Zone, Chuzhou City
79	Agile Hillgrove Zhenjiang	Zhenjiang	100%	113,117	Runzhou District, Zhenjiang City
80	Agile Luxuriant Palace Zhenjiang	Zhenjiang	100%	75,795	Jingkou District, Zhenjiang City
81	Agile Garden Jurong	Jurong	100%	34,906	Wenchang East Road, Jurong City, Nanjing City
82	Agile Landscape House Xuzhou	Xuzhou	34%	147,531	Tongshan District, Xuzhou City
83	Agile Fuchun Mountain Xuzhou	Xuzhou	50%	132,397	Yunlong District, Xuzhou City
84	Xuzhou Gulou District Project	Xuzhou	30%	41,100	Gulou District, Xuzhou City
85	Phoenix Orientalism Lianyungang	Lianyungang	33%	56,593	Gaoxin District, Lianyungang City
86	Landscape Hefei	Hefei	49%	92,216	Luyang District, Hefei City
87	Agile County Hefei	Hefei	100%	75,608	Xinzhan District, Hefei City
88	Hefei New Station Project	Hefei	45%	65,742	Xinzhan District, Hefei City
89	Agile New Joy Mansion Wuhu	Wuhu	60%	124,059	Yijiang District, Wuhu City
90(A)	Shanghai Pudong New District Project A	Shanghai	100%	542,952	Pudong New District, Shanghai City
90(B)	Shanghai Pudong New District Project B	Shanghai	40%	1,190,661	Pudong New District, Shanghai City
91	Agile Guanghe City Jiaxing (Formerly known as Jiaxing Huimin Town Project)	Jiaxing	40%	31,163	Jiashan County, Jiaxing City
92	Agile Yuejingzhuang Chunfengdu Jiaxing	Jiaxing	50%	31,025	Tongxiang City, Jiaxing City
93	Agile Riverside Metropolis Huzhou	Huzhou	100%	64,220	Wuxing District, Huzhou City
94	Huzhou Fenghuang District East Project	Huzhou	50%	65,257	Fenghuang District East, Huzhou City
95	Huzhou High Technology Town Project	Huzhou	100%	74,689	Changxing County, Huzhou City
96	Agile Honour & Glory Changzhou	Changzhou	100%	194,968	Xinbei District, Changzhou City
97(A)	Agile Dream Lake Fairy Hill Changzhou Project A	Changzhou	100%	614,915	Jintan District, Changzhou City
97(B)	Agile Dream Lake Fairy Hill Changzhou Project B	Changzhou	95%	352,357	Jintan District, Changzhou City
98	Agile Tangsong Changzhou	Changzhou	51%	129,136	Zhonglou District, Changzhou City
99	Changzhou Xixiashu Pure Industry Project	Changzhou	100%	47,566	Xixiashu Town, Changzhou City
100	Mansion of Lake Changzhou	Changzhou	49%	68,563	Wujin District, Changzhou City
101	Agile Phoenix Terrace Changzhou	Changzhou	100%	48,985	Xinbei District, Changzhou City
102	Agile Elegant Mansion Changzhou	Changzhou	34%	98,451	Xinbei District, Changzhou City
103	Changzhou Industry Project	Changzhou	100%	85,644	Meixi Road, Changzhou City
104	Yixing Guanlin Industry Project	Yixing	100%	121,827	Guanlin Town, Yixing City
105	Liyang Industry Project	Liyang	100%	44,682	Zhongguan Village, Liyang City
106	Agile City Center Villa Wuxi	Wuxi	100%	214,664	Binhu District, Wuxi City
107	Wuxi Xinwu District Project	Wuxi	50%	89,647	Xinwu District, Wuxi City
108	Wuxi Chengjiang Street Project	Wuxi	50%	88,976	Jiangyin City, Wuxi City
109	Mount Lake Oriental Landscape Nantong	Nantong	33.4%	83,920	Tongzhou District, Nantong City
110	Agile Metropolis Nantong	Nantong	40%	141,257	Haimen City, Nantong City
111(A)	Agile Central Mansion Nantong A	Nantong	50%	22,402	Chongchuan District, Nantong City
111(B)	Agile Central Mansion Nantong B	Nantong	50%	20,768	Chongchuan District, Nantong City
112	Nantong Hongwei Road Project	Nantong	30%	53,092	Haimen City, Nantong City
113	Agile Central Mansion Qidong (Formerly known as Qidong Jinqiao Road Project)	Qidong	50%	49,737	Jinqiao Road, Qidong City

## PROPERTY DEVELOPMENT (CONTINUED)

	Total Planned GFA of the Project (sq.m.)	Land Bank (sq.m.) (Note 1)						Expected Completion Period	
		Total Planned GFA (A) (sq.m.)	Development Stage (B)			Planning Nature (C)			
			Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)		Commercial & Office (C3)
	677,266	202,592	657	-	201,935	202,592	-	-	2018/11/12
	226,200	4,531	4,531	-	-	4,531	-	-	2019/5/28
	128,860	37,076	3,340	33,736	-	37,076	-	-	2023, Q4
	69,812	457	457	-	-	457	-	-	2019/12/30
	177,037	106,207	-	106,207	-	106,207	-	-	2021, Q4
	172,115	172,115	-	172,115	-	172,115	-	-	2021, Q4
	97,100	97,100	-	97,100	-	97,100	-	-	2023, Q1
	113,185	113,185	-	113,185	-	113,185	-	-	2021, Q3
	174,164	119,606	5,541	114,065	-	119,606	-	-	2022, Q4
	126,340	126,340	-	126,340	-	126,340	-	-	2022, Q2
	118,336	118,336	-	118,336	-	118,336	-	-	2025, Q4
	272,930	272,930	112,216	160,714	-	272,930	-	-	2021, Q3
	293,001	293,001	-	-	293,001	-	197,462	95,539	2025, Q4
	146,487	146,487	-	-	146,487	-	-	146,487	2025, Q4
	68,559	68,559	-	68,559	-	68,559	-	-	2020/11/15
	70,738	70,738	-	70,738	-	70,738	-	-	2022, Q2
	134,862	17,750	17,750	-	-	17,750	-	-	2020/11/29
	130,514	130,514	-	130,514	-	130,514	-	-	2023, Q2
	89,288	89,288	-	89,288	-	-	-	89,288	2021, Q4
	286,608	3,046	3,046	-	-	3,046	-	-	2018/12/30
	297,309	179,100	3,414	-	175,686	179,100	-	-	2023, Q3
	183,468	71,628	1,717	-	69,911	71,628	-	-	2024, Q1
	282,740	152,030	-	152,030	-	152,030	-	-	2021, Q4
	61,249	61,249	-	-	61,249	61,249	-	-	2020/12/18
	137,126	137,126	-	137,126	-	137,126	-	-	2022, Q4
	107,767	107,767	-	42,220	65,547	107,767	-	-	2018/10/30
	150,748	150,748	-	-	150,748	150,748	-	-	2022, Q4
	214,110	214,110	-	58,368	155,742	-	-	214,110	2022, Q2
	133,000	133,000	-	40,923	92,077	-	-	133,000	2022, Q4
	51,200	51,200	-	51,200	-	-	-	51,200	2021, Q2
	590,325	192,771	1,760	191,011	-	65,325	-	127,446	2017/12/26
	161,364	161,364	-	161,364	-	161,364	-	-	2023, Q2
	177,952	177,952	-	-	177,952	177,952	-	-	2024, Q2
	134,272	72,466	242	72,224	-	72,466	-	-	2021, Q4
	296,640	157,690	47,746	109,944	-	136,910	-	20,780	2021, Q4
	55,300	43,315	43,315	-	-	43,315	-	-	2020/11/30
	41,494	2,242	2,242	-	-	2,242	-	-	2020/12/15
	95,566	95,566	-	95,566	-	95,566	-	-	2022, Q2
	124,343	124,343	-	124,343	-	106,336	-	18,007	2022, Q4

## PROPERTY DEVELOPMENT (CONTINUED)

No.	Project Name	City	Interests Attributable to the Group (Note 3)	Total Site Area of the Project (sq.m.)	Location
114	Taizhou Industry Project	Taixing	100%	62,294	Jichuan Street, Taixing City
115	Agile International Garden Hangzhou	Hangzhou	100%	132,446	Yuhang District, Hangzhou City
116	Agile Luxuriant Palace Suzhou	Suzhou	100%	81,202	Xiangcheng Development Zone, Suzhou City
117	Agile Lake Mansion Changshu	Changshu	49%	51,039	High-tech Zone, Changshu City, Suzhou City
118	Changshu Changfu Street Project	Changshu	100%	68,001	Yushan Town, Changshu City, Suzhou City
119	Agile Linghu Garden Kunshan	Kunshan	100%	60,291	Dianshan Lake Town, Kunshan City
120	Long Beach Fuzhou	Fuzhou	49%	70,618	Ting Jiang District, Fuzhou City
121	Agile Mountains & Aqua Fuzhou	Fuzhou	100%	39,096	Mawei District, Fuzhou City
122	Fuzhou Cangshan District Project	Fuzhou	100%	20,007	Cangshan District, Fuzhou City
123	Agile Chairman Xiamen	Xiamen	100%	12,206	Xiang'an District, Xiamen City
124	Jinyu Tixiang Xiamen	Xiamen	51%	7,964	Xiang'an District, Xiamen City
125	Agile Xiangshan in the Bay Zhangzhou	Zhangzhou	51%	353,391	Zhangpu County, Zhangzhou City
126	Agile Champion Town Weihai	Weihai	64.8%	2,311,087	Nantai New District, Weihai City
127(A)	Jing Yuan Jinan	Jinan	50%	21,181	Lixia District, Jinan City
127(B)	Jing Yuan Jinan	Jinan	50%	49,573	Lixia District, Jinan City
128	Jiangshan The One Jinan	Jinan	33%	23,856	Zhangqiu District, Jinan City
129	Agile City of Lohas Jinan	Jinan	100%	69,495	Changqing District, Jinan City
<b>Eastern China Region Subtotal</b>				<b>10,623,381</b>	
<b>Western China Region</b>					
130	Agile Garden Chengdu	Chengdu	100%	1,338,960	Shuangliu County, Chengdu City
131	Agile Born to Shine Chengdu	Chengdu	49%	56,005	Qingbaijiang District, Chengdu City
132	Flowers Island Chengdu	Chengdu	33%	69,999	Xinjin County, Chengdu City
133	Agile City of Lohas Chengdu	Chengdu	100%	66,009	Xinjin County, Chengdu City
134	Agile Boguang Yafu Chengdu	Chengdu	100%	105,832	Wenjiang District, Chengdu City
135	Chengdu Chenghua District Project	Chengdu	30%	97,600	Chenghua District, Chengdu City
136	Chengdu International Resort District Project	Chengdu	51%	226,895	Sanlang Town, Chongzhou, Chengdu City
137	Agile Life Diary Xi'an	Xi'an	100%	277,519	Chang'an District, Xi'an City
138	Agile City of Lohas Xi'an	Xi'an	51%	59,434	Feng Fengdong New Town, Xi'an City
139	Agile North City County Xi'an	Xi'an	51%	128,087	Xixian New District, Xi'an City
140	Baoji Taibai Mountain National Tourism Scenic Area Project	Baoji	51%	105,816	Mei County, Baoji City
141	Agile Garden Hanzhong	Hanzhong	100%	442,647	Hantai District, Hanzhong City
142	Agile Hanlin Yayuan Weinan	Weinan	100%	43,637	Downtown Weinan City
143	Guiyang Huaxi District Project	Guiyan	51%	29,104	Economic and Technological Development Zone, Guiyang City
144	Agile Chairman Chongqing	Chongqing	100%	119,287	Dadukou District, Chongqing Municipality
145	Agile Mountain Chongqing	Chongqing	100%	203,112	Liangjiang New District, Chongqing Municipality
146	Lumingfu Chongqing	Chongqing	33%	157,427	Ba'nian District, Chongqing Municipality
147	Agile Bay Area Villa Chongqing	Chongqing	100%	138,394	Liangjiang New District, Chongqing Municipality
148	Chongqing Jiahe Avenue Project	Chongqing	100%	139,225	Hechuan District, Chongqing Municipality
149	Agile Jiulong County Chongqing	Chongqing	100%	50,035	Jiu Long Po District, Chongqing Municipality
150	Agile Star County Chongqing	Chongqing	100%	112,059	Beibei District, Chongqing Municipality
<b>Western China Region Subtotal</b>				<b>3,967,084</b>	



## PROPERTY DEVELOPMENT (CONTINUED)

	Total Planned GFA of the Project (sq.m.)	Land Bank (sq.m.) (Note 1)							Expected Completion Period
		Total Planned GFA (A) (sq.m.)	Development Stage (B)			Planning Nature (C)			
			Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)	Commercial & Office (C3)	
	124,588	124,588	-	39,480	85,108	-	-	124,588	2022, Q2
	423,827	8,342	8,342	-	-	8,342	-	-	2019/6/14
	162,404	84,504	31,385	53,119	-	84,504	-	-	2021, Q3
	132,701	132,701	-	132,701	-	132,701	-	-	2022, Q1
	102,002	102,002	-	102,002	-	102,002	-	-	2019/12/20
	108,523	108,523	-	108,523	-	108,523	-	-	2022, Q2
	197,730	197,730	-	197,730	-	197,730	-	-	2022, Q4
	64,392	20,557	20,557	-	-	20,557	-	-	2019/12/24
	42,015	42,015	-	42,015	-	42,015	-	-	2022, Q1
	29,296	6,436	6,436	-	-	6,436	-	-	2019/12/26
	19,112	19,112	-	19,112	-	19,112	-	-	2020/7/15
	1,140,725	1,091,913	112,071	89,339	890,503	1,091,913	-	-	2024, Q4
	2,899,959	2,625,456	7,426	294,931	2,323,100	2,100,948	22,000	502,508	2028, Q2
	63,543	63,543	-	63,543	-	63,543	-	-	2021, Q2
	143,920	143,920	-	143,920	-	143,920	-	-	2021, Q2
	38,170	38,170	-	38,170	-	38,170	-	-	2020/5/10
	180,687	180,687	-	180,687	-	180,687	-	-	2022, Q2
	<b>16,020,960</b>	<b>11,366,738</b>	<b>489,038</b>	<b>5,062,027</b>	<b>5,815,673</b>	<b>9,485,090</b>	<b>358,695</b>	<b>1,522,953</b>	
	1,606,752	10,428	10,428	-	-	10,428	-	-	2020/6/30
	112,011	112,011	-	112,011	-	112,011	-	-	2022, Q2
	139,999	139,999	-	139,999	-	139,999	-	-	2022, Q2
	165,023	113,862	21,500	92,362	-	113,862	-	-	2022, Q1
	245,068	245,068	-	181,691	63,377	245,068	-	-	2023, Q2
	244,000	244,000	-	198,895	45,105	244,000	-	-	2024, Q2
	470,975	470,975	21,557	126,107	323,311	465,281	5,694	-	2024, Q2
	695,070	135,361	4,678	130,683	-	20,963	-	114,398	2023, Q4
	168,748	241	241	-	-	241	-	-	2019/12/25
	256,174	256,174	-	124,957	131,217	256,174	-	-	2023, Q4
	105,800	105,800	-	10,000	95,800	105,800	-	-	2025, Q4
	1,549,263	1,019,396	16,951	442,984	559,461	1,019,396	-	-	2027, Q4
	104,730	104,730	-	104,730	-	104,730	-	-	2021, Q4
	72,760	72,760	-	72,760	-	72,760	-	-	2022, Q4
	348,172	3,750	3,750	-	-	3,750	-	-	2018/12/30
	362,486	257,315	15,366	166,862	75,087	257,315	-	-	2023, Q4
	366,953	196,779	8,636	188,143	-	196,779	-	-	2021, Q4
	187,009	160,309	31,958	56,409	71,942	160,309	-	-	2023, Q2
	400,867	400,867	-	148,633	252,234	400,867	-	-	2025, Q3
	100,070	100,070	-	100,070	-	100,070	-	-	2021, Q4
	168,089	168,089	-	129,673	38,416	164,579	-	3,509	2023, Q2
	<b>7,870,019</b>	<b>4,317,983</b>	<b>135,065</b>	<b>2,526,969</b>	<b>1,655,949</b>	<b>4,194,382</b>	<b>5,694</b>	<b>117,907</b>	

## PROPERTY DEVELOPMENT (CONTINUED)

No.	Project Name	City	Interests Attributable to the Group (Note 3)	Total Site Area of the Project (sq.m.)	Location
<b>Central China Region</b>					
151	Bund Mansion Changsha	Changsha	50%	197,406	Kaifu District, Changsha City
152	Agile Evian Town Changsha	Changsha	100%	410,911	Ningxiang County, Changsha City
153	Agile Sunday Changsha	Changsha	100%	15,853	Economic Development Zone, Changsha City
154	Agile Forest Lake Zhengzhou	Zhengzhou	100%	78,328	Lubo Component, Zhongmou County, Zhengzhou City
155	Agile Chairman Zhengzhou	Zhengzhou	100%	49,485	Zhengdong New District, Zhengzhou City
156	Agile Celestial Mansion Zhengzhou	Zhengzhou	50%	52,189	Longhu County, Xinzheng City, Zhengzhou City
157	West City Garden Zhengzhou	Zhengzhou	33%	46,691	Shangyin West Road, Xinyang, Zhengzhou City
158	Agile Romantic Town Gongyi	Zhengzhou	72%	420,723	Baisha District, Gongyi, Zhengzhou City
159	Grand View Kaifeng	Kaifeng	51%	59,545	No. 6 Avenue, Kaifeng City
160	Guokong Kaifeng	Kaifeng	20.4%	264,008	Longting District, Kaifeng City
161	Agile International Garden Xuchang	Xuchang	100%	93,186	Dongcheng District, Xuchang City
162	Agile County of Earl Xuchang	Xuchang	100%	31,083	Dongcheng District, Weidu, Xuchang City
163	Agile Hanlinya County Xuchang	Xuchang	100%	165,972	Jian'an District, Xuchang City
164	Lantai Mansion Shangqiu	Shangqiu	49%	59,698	Suiyang District, Shangqiu City
165	Agile International Garden Shangqiu	Shangqiu	100%	52,607	Riyue Lake New District, Shangqiu City
166	Agile Nanlu Mountain Chenzhou	Chenzhou	50%	121,066	Suxian District, Chenzhou City
167	Agile International Garden Wuhan	Wuhan	100%	406,583	Jiangxia District, Wuhan City
168	Agile Yunzhu Wuhan	Wuhan	49%	119,789	Donghu Hi-Tech Zone, Wuhan City
169	Agile City of Lohas Jingzhou	Jingzhou	100%	42,113	Jingzhou District, Jingzhou City
170	Agile Modern Mansion Xiangyang	Xiangyang	100%	213,809	Dongjin New District, Xiangyang City
171	Jiujiang Lianxi District Project	Jiujiang	30%	230,966	Lianxi District, Jiujiang City
<b>Central China Region Subtotal</b>				<b>3,132,009</b>	
<b>Hainan Region</b>					
172	Hainan Clearwater Bay	Lingshui	100%	10,698,576	Yingzhou Town, Lingshui Li Minority Autonomous County
173	Agile Starlight City Hainan	Wenchang	100%	110,098	Longlou Town, Wenchang City
174	Agile Golden Bay Hainan	Haikou	60%	376,502	West Coast, Haikou City
175	Agile Center Haikou	Haikou	100%	36,944	Main Urban Area, Haikou City
176	Agile Shanqin Bay Wanning	Wanning	100%	233,325	Longgun Town, Wanning City
177	Hainan Shangen Bay Project	Wanning	100%	41,811	Longgun Town, Wanning City
178	Lingao Nanbao Town Project	Lingao	100%	88,963	Nanbao Town, Lingao City
<b>Hainan Region Subtotal</b>				<b>11,586,219</b>	
<b>Yunnan Region</b>					
179	Agile International Garden Ruili	Ruili	100%	413,273	CBD area, Nongmo Lake, Ruili City
180	Agile Eden Yunnan	Tengchong	100%	2,423,266	Qushi Community, Qushi Town, Tengchong City
181(A)	Agile Erhai Dali	Dali	50%	30,893	Economic and Technological Development Zone, Dali City, Dali Bai Autonomous Prefecture
181(B)	Erhai Dali	Dali	50%	31,320	Dali City Economic and Technological Development Zone, Dali Bai Autonomous Prefecture
182	Agile Quenya Yunnan	Xishuangbanna	100%	1,071,600	Jinghong City, Xishuangbanna
183	Kunming Guandu District Project	Kunming	100%	114,200	Guandu District, Kunming City
184	Jinlin Fenghui Kunming	Kunming	50%	81,914	Panlong District, Kunming City
185	Agile City Central Kunming	Kunming	51%	64,076	Xishan District, Kunming City
<b>Yunnan Region Subtotal</b>				<b>4,230,542</b>	

## PROPERTY DEVELOPMENT (CONTINUED)

	Total Planned GFA of the Project (sq.m.)	Land Bank (sq.m.) (Note 1)						Expected Completion Period	
		Total Planned GFA (A) (sq.m.)	Development Stage (B)			Planning Nature (C)			
			Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)		Commercial & Office (C3)
	670,237	289,758	723	-	289,034	-	-	289,758	2025, Q4
	739,641	399,133	21,372	-	377,761	350,345	37,139	11,649	2028, Q4
	69,596	69,596	-	69,596	-	69,596	-	-	2021, Q3
	195,821	1,050	1,050	-	-	1,050	-	-	2020/1/9
	74,227	74,227	-	74,227	-	74,227	-	-	2019/12/19
	156,566	156,566	2,261	154,305	-	156,566	-	-	2022, Q2
	116,726	116,726	-	116,726	-	116,726	-	-	2023, Q4
	765,094	765,094	6,986	449,396	308,712	682,791	-	82,303	2026, Q4
	148,863	148,863	-	148,863	-	148,863	-	-	2022, Q2
	660,019	660,019	-	251,711	408,308	660,019	-	-	2025, Q2
	279,558	32,629	15,580	17,049	-	32,629	-	-	2022, Q1
	56,977	56,977	-	56,977	-	56,977	-	-	2021, Q4
	481,319	481,319	-	163,629	317,690	481,319	-	-	2024, Q4
	179,093	179,093	-	55,586	123,507	179,093	-	-	2024, Q2
	157,820	82,795	900	81,895	-	82,795	-	-	2021, Q4
	145,279	145,279	-	73,485	71,794	145,279	-	-	2024, Q2
	790,694	525,713	7,553	518,160	-	525,713	-	-	2023, Q2
	275,514	275,514	-	275,514	-	275,514	-	-	2023, Q4
	147,395	147,310	-	147,310	-	147,310	-	-	2021, Q2
	442,912	442,912	-	265,205	177,707	339,650	-	103,262	2023, Q1
	287,360	287,360	-	89,956	197,404	287,360	-	-	2024, Q3
	<b>6,840,711</b>	<b>5,337,932</b>	<b>56,425</b>	<b>3,009,590</b>	<b>2,271,917</b>	<b>4,813,821</b>	<b>37,139</b>	<b>486,972</b>	
	8,402,563	3,346,267	532,840	2,074,818	738,609	2,644,192	599,147	102,929	2026, Q3
	330,294	302,003	27,753	215,801	58,449	286,331	-	15,672	2022, Q4
	704,451	239,250	84,476	122,832	31,942	175,826	31,942	31,482	2022, Q2
	92,359	92,359	-	92,359	-	1,125	-	91,234	2022, Q2
	184,658	184,658	-	71,393	113,265	184,658	-	-	2023, Q4
	45,992	45,992	-	-	45,992	45,992	-	-	2023, Q4
	44,482	44,482	-	44,482	-	-	44,482	-	2022, Q1
	<b>9,804,799</b>	<b>4,255,011</b>	<b>645,069</b>	<b>2,621,684</b>	<b>988,258</b>	<b>3,338,124</b>	<b>675,570</b>	<b>241,317</b>	
	1,115,220	654,886	41,282	140,943	472,661	654,886	-	-	2026, Q4
	4,004,836	2,629,516	156,771	-	2,472,745	2,461,087	141,043	27,387	2032, Q4
	114,305	114,305	-	39,996	74,309	114,305	-	-	2023, Q4
	125,280	125,280	-	84,598	40,682	125,280	-	-	2023, Q2
	1,285,920	709,670	24,746	274,429	410,495	709,670	-	-	2026, Q2
	366,300	366,300	-	-	366,300	366,300	-	-	2025, Q1
	262,126	262,126	-	235,934	26,192	262,126	-	-	2023, Q4
	260,873	260,873	-	205,506	55,367	260,873	-	-	2024, Q4
	<b>7,534,860</b>	<b>5,122,956</b>	<b>222,799</b>	<b>981,406</b>	<b>3,918,751</b>	<b>4,954,526</b>	<b>141,043</b>	<b>27,387</b>	

## PROPERTY DEVELOPMENT (CONTINUED)

No.	Project Name	City	Interests Attributable to the Group (Note 3)	Total Site Area of the Project (sq.m.)	Location
<b>Northeast China Region</b>					
186	Agile Garden Shenyang	Shenyang	100%	536,848	Shenbei New District, Shenyang City
187	Agile Shine Song Shenyang	Shenyang	50%	30,705	Economic and Technological Development Zone, Shenyang City
<b>Northeast China Region Subtotal</b>				<b>567,553</b>	
<b>Northern China Region</b>					
188	Tianjin Jinnan New City	Tianjin	25%	1,289,227	Jinnan District, Tianjin Municipality
189	Agile Chairman Tianjin	Tianjin	100%	85,689	Haihe Education Park, Tianjin Municipality
190	Agile Tianfu Tianjin	Tianjin	48%	436,800	Han'gu District, Tianjin Municipality
191(A)	Agile Samite Dajia Tianjin	Tianjin	50%	230,355	Haihe Education Park, Tianjin Municipality
191(B)	Tianjin Haijiao Garden Project B	Tianjin	100%	45,709	Haihe Education Park, Tianjin Municipality
192	Agile Baodi Jinqiao International Town Tianjin	Tianjin	96%	493,845	Baodi District, Tianjin Municipality
193(A)	Agile Chairman Handan	Handan	90%	18,240	Congtai District, Handan City
193(B)	Courtyard Handan	Handan	49%	30,581	Congtai District, Handan City
194	Agile Lohas Life Jinzhong	Jinzhong	33%	46,603	Yuci District, Jinzhong City
195	Younge'nd Peninsula Jinzhong	Jinzhong	49%	145,037	Yuci District, Jinzhong City
196	Beijing Yanqing District Project	Beijing	51%	198,254	Yanqing County, Beijing City
197	Agile Jinghua Ya Jun Beijing	Beijing	100%	36,478	Hexi District, Economic and Technological Development Zone, Beijing City
198	Agile Territory Epic Taiyuan (formerly known as Taiyuan Yingze District Project)	Taiyuan	71.26%	87,907	Yingze District, Taiyuan City
199	Agile Chairman Shijiazhuang	Shijiazhuang	100%	49,697	Zhengding New District, Shijiazhuang City
<b>Northern China Region Subtotal</b>				<b>3,194,422</b>	
<b>Hong Kong</b>					
200(A)	Eastbourne Road Kowloon Tong Project A	Hong Kong	82%	2,010	6 Eastbourne Road, Kowloon Tong, Hong Kong
200(B)	Eastbourne Road Kowloon Tong Project B	Hong Kong	23%	2,548	8-10 Eastbourne Road, Kowloon Tong, Hong Kong
201	King's Road & Mount Parker Road Project	Hong Kong	100%	2,925	992-998 King's Road, 2-8, 10-16 Mount Parker Road, Quarry Bay, Hong Kong
<b>Hong Kong Subtotal</b>				<b>7,483</b>	
<b>Overseas</b>					
202	Agile Bukit Bintang Kuala Lumpur	Kuala Lumpur	70%	15,174	Bandar Kuala Lumpur, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan Kuala Lumpur, Malaysia
203	Agile Embassy Garden Kuala Lumpur	Kuala Lumpur	100%	12,464	Geran 10567, Lot 258 Seksyen 89A, Bandar Kuala Lumpur Malaysia
204	Agile Sky Residence Phnom Penh	Phnom Penh	49%	4,220	Monivong Boulevard, Phnom 7, Sangkat Boeung Keng Kang 3, Khan Chamkarmon, Phnom Penh, Cambodia
205	San Francisco Project 88	California	50%	2,787	88 Arkansas Street, San Francisco, CA, United States
<b>Overseas Subtotal</b>				<b>34,645</b>	
<b>Grand Total (Note 2)</b>				<b>56,089,868</b>	

### Notes:

- Land bank data includes only GFA that is calculated based on plot ratio and A=B=C. The data of completed GFA and GFA under development are as at 31 December 2020. Data are derived from the Group's internal record.
- In addition to the above information, the Group has a planned project in Hong Kong. The Group is holding 70% equity interest in lands (including agricultural land and others) with total site area of approximately 1.29 million sq. feet in the New Territories and is intended to submit its application for amendment of plan to the relevant government department.
- The Group's equity interests in the projects listed in the Land Bank Table may change as a result of introduction of cooperation parties for the joint development of some of these projects. The current percentages of shareholdings listed in the Land Bank Table are for reference only.

## PROPERTY DEVELOPMENT (CONTINUED)

	Total Planned GFA of the Project (sq.m.)	Land Bank (sq.m.) (Note 1)							Expected Completion Period
		Total Planned GFA (A) (sq.m.)	Development Stage (B)			Planning Nature (C)			
			Completed (B1)	Under Development (B2)	Held for Future Development (B3)	Residential & Ancillary Facilities (C1)	Hotel (C2)	Commercial & Office (C3)	
	1,110,834	200,390	22,103	178,287	-	200,390	-	-	2021, Q3
	52,198	52,198	-	52,198	-	52,198	-	-	2021, Q3
	<b>1,163,032</b>	<b>252,588</b>	<b>22,103</b>	<b>230,485</b>	<b>-</b>	<b>252,588</b>	<b>-</b>	<b>-</b>	
	3,010,901	1,347,480	152,466	1,195,014	-	951,480	36,000	360,000	2021, Q4
	128,532	21,682	1,668	-	20,014	21,682	-	-	2022, Q4
	1,122,661	1,122,661	-	275,428	847,233	1,122,661	-	-	2022, Q4
	327,276	327,276	-	142,421	184,855	327,276	-	-	2021, Q4
	77,704	77,704	-	77,704	-	77,704	-	-	2021, Q4
	825,535	825,535	23,141	406,634	395,759	723,393	20,000	82,142	2026, Q3
	36,480	36,480	-	36,480	-	36,480	-	-	2022, Q1
	61,162	61,162	-	61,162	-	61,162	-	-	2021, Q3
	163,112	163,112	-	-	163,112	163,112	-	-	2020/12/15
	452,292	452,292	-	360,340	91,952	452,292	-	-	2023, Q1
	65,000	65,000	-	-	65,000	55,486	9,514	-	2021, Q4
	80,252	80,252	-	80,252	-	80,252	-	-	2023, Q4
	340,480	340,480	-	253,128	87,352	328,279	-	12,201	2023, Q2
	99,394	99,394	-	94,494	4,900	99,394	-	-	2022, Q2
	<b>6,790,780</b>	<b>5,020,509</b>	<b>177,275</b>	<b>2,983,057</b>	<b>1,860,177</b>	<b>4,500,653</b>	<b>65,514</b>	<b>454,343</b>	
	6,030	6,030	-	-	6,030	6,030	-	-	2025, Q4
	7,644	7,644	-	-	7,644	7,644	-	-	2025, Q4
	6,525	6,525	-	-	6,525	6,525	-	-	2025, Q4
	<b>20,199</b>	<b>20,199</b>	<b>-</b>	<b>-</b>	<b>20,199</b>	<b>20,199</b>	<b>-</b>	<b>-</b>	
	191,234	191,234	-	191,234	-	191,234	-	-	2025, Q2
	111,900	111,900	-	111,900	-	111,900	-	-	2023, Q4
	50,640	50,640	-	50,640	-	50,640	-	-	2022, Q2
	10,674	10,674	-	10,674	-	10,674	-	-	2021, Q3
	<b>364,448</b>	<b>364,448</b>	<b>-</b>	<b>364,448</b>	<b>-</b>	<b>364,448</b>	<b>-</b>	<b>-</b>	
	<b>93,313,745</b>	<b>53,010,505</b>	<b>2,658,392</b>	<b>25,184,433</b>	<b>25,167,680</b>	<b>48,197,303</b>	<b>1,432,966</b>	<b>3,380,236</b>	



# DIVERSIFIED BUSINESSES

The Group believes that a diversified business portfolio can generate steady income, broaden income base and disperse operational risks. In the meantime, all business segments also fully capitalise on synergies to lay a solid foundation for long-standing development in the future.



# A-LIVING



A-Living upheld its original vision of “lifelong caring for property owners”, put quality first and continued to improve service standards to meet property owners’ needs for higher quality and more personalised services in an effort to create “heart-warming communities”. During the Year, A-Living forged ahead to seize the trend of industry upgrading and transformation, and comprehensively upgraded itself to a smart city service platform. A-Living changed its company name to “A-Living Smart City Services Co., Ltd.” with an aim to break through the service boundaries and establish a strong foothold in the blue ocean market with a market size exceeding trillions of yuan.

## Completed the Acquisition of CMIG PM

During the Year, A-Living completed the acquisition of equity interest in CMIG Futurelife Property Management Limited (“CMIG PM”), which significantly expanded Group’s scale and improved its capabilities on market expansion. A-Living has further optimised its comprehensive business portfolio layout and nationwide

business coverage with a number of influential leading brands under its umbrella. While undertaking the mid-to high-end residential property and quality commercial and office building projects developed by shareholders, A-Living flexibly accelerated its expansion into the third-party markets and made breakthroughs in terms of business portfolio and geographical presence. As a result, the newly obtained annualised contract value through market expansion reached a record high. Leveraging its advantages of scale and experience in the non-residential property management sector, A-Living has obtained a number of large-scale landmark projects in certain cities since joining the race in various featured niche markets.

As at 31 December 2020, the GFA under management and contracted GFA of A-Living (excluding GFA of consultant projects and its associates) were 374.8 million sq.m. and 522.6 million sq.m., respectively. The contracted GFA from Agile and Greenland Holdings Group Company Limited amounted to 82.1 million sq.m. and 53.1 million sq.m., respectively, representing an increase of



6.5% and 32.5% respectively as compared with that as at 31 December 2019. The contracted GFA from third-party projects amounted to 387.4 million sq.m.. The newly obtained contracted GFA exceeded 205.7 million sq.m., representing a significant increase of 113.2% compared with that as at 31 December 2019, and accounting for 74.1% of the total contracted GFA. The proportion of the contracted GFA from third-party projects increased significantly.

### Third-party Expansion

With the gradual establishment of a professional team during the year and joint market expansion with acquired companies, A-Living successfully secured a number of potential projects, which significantly improved its expansion capabilities in third-party markets. A-Living won the bid for the R&D Center of Agricultural Bank of China in Shanghai, South Tower of Guangzhou International Commerce Place, a 5A Grade office building, Shanghai Bijiang Commerce Plaza, a large-scale open space commercial complex, and other projects.

### City Services Became the Fifth Major Business Segment

In addition to the segments of Property Management Service, Public Service, Asset Management and Commercial, A-Living has established the city services segment, its fifth major business segment, which focuses on the comprehensive city service market with a market size of trillions of yuan to provide intelligent and comprehensive services to cities. In 2020, A-Living obtained a number of national-level qualifications and business licenses within a short period of time, including seven professional qualifications in the cleaning industry, such as the national Level 1 qualification certificate for cleaning industry, license for road transport operation and qualification for providing cleaning and maintenance service (waste sorting and transportation) for urban environment, and obtained ISO 9001 certification, environmental management system certificate, etc. During the Year, A-Living also made breakthroughs in the market expansion in city services. By securing projects such as the operation and maintenance of small public restrooms in Shenzhen and the ecological restoration of



Dingtang River, A-Living successfully made its foray into eco-environmental protection and city services. During the Year, A-Living strategically invested in ZHS Beautiful Urban and Rural Areas Sanitation Group Co., Ltd., one of the top 10 urban sanitation service companies in China, to further implement its business layout of city services.

### Awards and Recognition

A-Living has developed a comprehensive business portfolio layout covering mid-to high-end residential properties, public services, city services, commercial and office buildings, and consolidated competitive advantages in the non-residential market. With its comprehensive strengths and brand influence, A-Living leaped to the 4th of the "2020 Top 100 Property Management Companies in China" and was included in the Hang Seng Composite Index, and eligible stocks for Shenzhen-Hong Kong Stock Connect, etc. during the Year.

### Outlook

With the original intention of "creating a better life for every city and every person", A-Living will live up to the mission of "lifelong caring" to take the lead in the evolution of the industry, redefine future community and commercial services to formulate a blueprint for all-scenario services, and strive to become a smart city service provider with high quality, strong brands and diversified business portfolio.

# ENVIRONMENTAL PROTECTION



Following the development strategy of “1 Core, 4 Drivers and N Wings”, the environmental protection business of the Group focused on hazardous waste treatment while engaging in selective projects of energy and power generation, ecological industrial parks, environmental protection water treatment and ecological restoration.

During the year, the environmental protection business recorded rapid and steady growth. The revenue of the environmental protection business reached RMB2.29 billion, representing an increase of 51.6% when compared with last year, leading the industry in terms of business growth and making us the “Leading Enterprise in Hazardous Waste” for three consecutive years.

During the year, the Group continued to deepen its business relationships with the government, business community and partners to create a “new prospect” for the Group’s environmental industrial park with high standards of planning and construction.

As at 31 December 2020, the Group had 48 projects in total. The projects covered four major regions in China, namely Central China, Southern China, Guangxi and Northern China. Among them, 32 are hazardous waste treatment projects, 7 are domestic waste-to-energy projects, 4 are integrated industrial park projects and 5 are water treatment projects.



### **Hazardous Waste Treatment**

During the year, the environmental protection business had 32 hazardous waste treatment projects, and has successfully expanded into the business of recycling of waste and used metals, which has a promising outlook. In terms of the planned annual processing capacity for hazardous waste treatment, the Group has established a leading position in the industry.

### **Water Treatment**

The water treatment business of the Group includes water supply, domestic sewage treatment and industrial wastewater treatment. The Group maintained a steady growth in processing capacity and provided services to a number of water plants and sewage treatment works.

### **Domestic Waste-to-energy**

The Group has successfully expanded to 7 domestic waste-to-energy projects and has entered into strategic cooperation with a number of industry leaders and is actively expanding into businesses including food waste treatment, kitchen waste treatment and sludge treatment.

### **Honours and Recognition**

During the year, the development potential and technology research of the environmental protection business received wide recognition from the market and the industry, including the “Outstanding Contribution for Anti-epidemic by Member Enterprises 2020” awarded by China Environment Service Industry Association, “Responsible Enterprises 2020” granted by Market Daily at the China Market Development Summit and “Leading Enterprise in the Hazardous Waste Sector 2020” presented by E20, making it the “Leading Enterprise in the Hazardous Waste Sector” for the third year in a row.

### **Outlook**

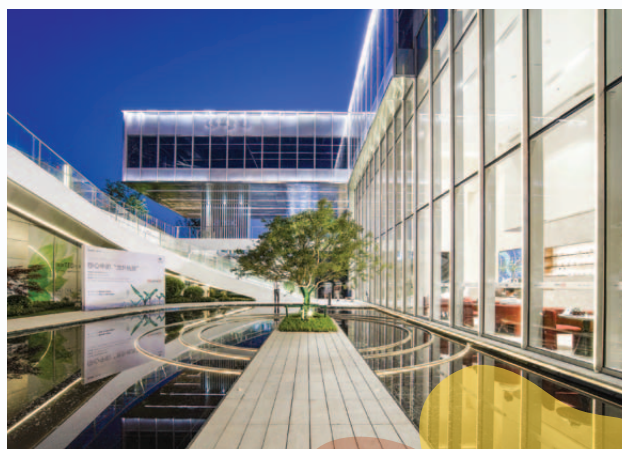
Looking forward, we will strike a balance between maintaining social interests and implementing environmental conservation in our environmental protection operation, so as to achieve a win-win situation for all stakeholders such as the government, enterprises, business partners and the community.

# A-CITY



A-City is a prominent ecological habitat service provider in China, committed to providing customers with a green living experience through ecological outdoor landscapes and a quality indoor ambience. As at December 31, 2020, its operations spanned 203 cities in 31 provinces in China, 26 out of the property developers that ranked in the top 30 property developers in China were A-City's customers.

A-City's ecological landscaping services span the entire industry value chain, from sapling nurseries to landscape design, construction and maintenance. With full value chain coverage, A-City is able to provide customers with integrated, customised ecological landscaping services. As at December 31, 2020, A-City had 1,130 ecological landscaping projects in progress with an aggregate site area of approximately 175.50 million sq.m. in 171 cities in 29 provinces in China.





A-City is dedicated to providing customers with high-quality indoor living environments via its intelligent home and decoration services, primarily comprising residential property decoration, non-residential property decoration and design, production, sale and installation of home furnishing products. Its services cover residential properties, hotels, long-term rental apartments, office buildings, shopping malls, schools and clubhouses. A-City provides one-stop intelligent home and decoration solutions spanning the entire industry value chain, covering design consultation, construction and home furnishing products. As at December 31, 2020, A-City had 1,206 intelligent home and decoration projects in progress with an aggregate GFA of approximately 14.6 million sq.m. in 91 cities in 26 provinces in China.

### Honours and Recognition

During the year, A-City has won multiple awards for landscape engineering from government and industry associations, including “China Building Decoration Quality Engineering Award”, “2020 Human Resource Management Excellence Award” and “Active Contribution Award for COVID-19 Prevention”, etc.

### Outlook

A-City plans to capture the market opportunities brought by the development and operation of “intelligent cities” in China. The ecological landscaping business will further develop ecological restoration, landscape maintenance and themed leisure complex services. For intelligent home and decoration, it continues to use modular decoration for medical and rehabilitation facilities and promote the B2B2C model to increase its market share of residential property decoration; and focus on technological innovation and Research & Development.

# REAL ESTATE CONSTRUCTION MANAGEMENT



With excellent supply chain management, outstanding management capabilities and the Group's strong integrated resources, the real estate construction management team provided high-end technical operations and professional services to our partners, ranging from design and construction application, construction management, cost control, brand export and product marketing, generating revenue and profit for the Group during the year.

During the year, the Group further expanded its real estate construction management business in core urban clusters including the Yangtze River Delta, the Pearl River Delta and Chengyu, with 18 newly contracted agent construction projects and of saleable resources of RMB55.5 billion. As at 31 December 2020, the real estate construction management business has 34 agent construction projects nationwide with accumulated saleable resources over RMB110 billion.

## Business Divisions

The real estate construction management business has established three major divisions, including:

**Government agent construction:** The real estate construction management team and the government form an agent construction cooperation or mixed ownership reform cooperation to provide real estate projects with full chain services which cover development, renewal, transformation and real estate development.

**Capital agent construction:** The real estate construction management team and financial institutions establish collaboration to provide liquidation and value-added services for non-performing assets. The team and real estate fund platforms also form an agent construction business partnership to provide professional real estate development business output and brand export services.

**Commercial agent construction:** The real estate construction management team and small and medium-sized real estate companies establish collaboration to provide two major services including agent construction and minority stake cooperation. The team also provides quality projects with property development full chain services and branding services.

### Honours and Recognition

During the year, the real estate construction management business has been awarded “Leading Enterprise in Real Estate Project Management Operation (TOP2)” by China Real Estate Top 10 Research Team and China Index Academy, demonstrating its comprehensive strength as an industry leader and an increasingly prominent specialist in China’s real estate development.

### Outlook

The real estate construction management business will fully capitalise on the brand strength of Agile to facilitate the growth of agent construction business. It will also enhance the successful rate of projects with the professional management model.



# URBAN RENEWAL



In June 2020, the Group formally established the Urban Renewal Group, representing another step in Agile's diversified strategic development. Focusing on the Greater Bay Area of Guangdong, Hong Kong and Macau and penetrating into Northern China and Central China, the Urban Renewal Group is committed to building a full chain of urban renewal services at the front, middle and back ends of the city. Adhering to its positioning as an "Integrated Urban Renewal Operator", it strives to achieve a harmonious development of the city, where residents can enjoy life and all parties have a sustainable and mutually beneficial future.

## **Our Business Covers a Wide Range of Redevelopment Projects**

Our urban renewal business covers a wide range of redevelopment projects, including the old village redevelopment, old factory redevelopment, urban redevelopment and shanty town redevelopment.

As at 31 December 2020, the Urban Renewal Group had entered into 18 cooperation agreements, with businesses covering 5 provinces and municipalities across the country, focusing on the Greater Bay Area and penetrating into Northern China and Central China. As at 31 December 2020, the Urban Renewal Group has secured planned gross floor area of over 11.50 million sq.m. with a locked-in saleable resources of nearly RMB360.0 billion.



### Outlook

The Group will further expand its urban renewal business in the future, with a view to provide a new revenue stream for the Group's property business.



# COMMERCIAL



During the year, the Group's commercial segment was in full swing, with over 170 projects under management, covering more than 50 cities across the country. The commercial team provides the properties in the portfolio with professional operating and management services, creating projects with Agile characteristics.

## **Awards and Recognition of Flagship Projects**

Shopping mall: Agile Mall Huadu, Agile International Plaza Shanghai, Metropolis Plaza Xiqiao

Office building: Guangzhou Agile Center, Agile International Financial Center Nanning

Hotel: Shanghai Marriott Hotel City Centre, Raffles Hainan, Sheraton Bailuhu Resort Huizhou, Howard Johnson Agile Plaza Chengdu, Holiday Inn Resort Hainan Clearwater Bay, Foshan Agile Hotel and Tengchong Agile

Community retail: Agile Mall Huadu, Agile Neighborhood Time Mall Panyu, Flower Ridge in Agile Eden Yunnan

### Honours and Recognition

Flower Ridge in Agile Eden Yunnan became the second national AAAA-rated tourist attraction of the Group.

The Group has signed a brand upgrade cooperation agreement with Marriott International Group and Shanghai Marriott Hotel City Centre will become the first “Marriott Marquis” brand hotel in China and the ninth in the world.

### Outlook

The Group will further integrate its existing assets and adjust the development direction for commercial, office, hotel and self-used properties in light of the market environment, with a view to facilitating the growth of diversified businesses.



# INVESTOR RELATIONS



The Group has been upholding the management concept of “mutual communication for a win-win situation”. Subject to related Listing Rules and regulations, the Group keeps close dialogues with the investment community through multi-channels and maintains a high level of transparency. The Group aims to enhance investors’ understanding of the Group’s business by informing the market of the Group’s operating results and latest development in a timely and precise manner. The Group also takes into account the valuable suggestions from investors when formulating future development strategies.

As at 31 December 2020, 20 investment banks and securities research companies have initiated research coverage on the securities of the Company. Currently, the Company has established contacts with over 4,000 investors and analysts.

During the year, the Group’s management and investor relations team actively organised and participated in various investor relations activities, conducting over 1,500 online and offline conversations with investors. These activities included online interim and annual results press conferences, investor briefings and non-deal roadshows conducted through online phone conversations with investors and analysts in countries and regions such as Hong Kong, China, Singapore, Malaysia, the United Kingdom, Europe and the United States, corporate days and investor conferences organised by various investment banks and securities research companies, company visits, site visits and so on. The management had in-depth discussion with investors on the industry trend and responded proactively to investors queries on results, development strategies and so on. Besides, the Company regularly disseminates the latest operation information of the Group through announcements, press releases and company website updates in a timely and proactive manner.

## Investor Relations Activities 2020

### January

- Participated in the Investors Conference held by Huatai Securities
- Participated in the Investors Conference held by BNP Paribas
- Participated in the Investors Conference held by Morgan Stanley
- Participated in the Investors Conference held by UBS
- Participated in the Investors Conference held by DBS
- Participated in the Reserve Roadshow arranged by DBS

### March (Online Platform)

- Announced the Annual Results 2019
  - Held Press Conference
  - Held Analyst Meeting
- Participated in the Non-deal Roadshow held by CGS-CIMB Securities
- Participated in the Non-deal Roadshow held by DBS
- Participated in the Non-deal Roadshow held by J.P. Morgan
- Participated in the Non-deal Roadshow held by HSBC
- Participated in the Non-deal Roadshow held by Macquarie
- Participated in the Non-deal Roadshow held by Standard Chartered Bank
- Participated in the Non-deal Roadshow held by Goldman Sachs
- Participated in the Non-deal Roadshow held by Guotai Junan Securities
- Participated in the Non-deal Roadshow held by CMB International
- Participated in the Non-deal Roadshow held by UBS

### May (Online Platform)

- Participated in the Investors Conference held by Bank of America Merrill Lynch
- Participated in the Investors Conference held by CLSA Securities

### June (Online Platform)

- Participated in the Investors Conference held by CGS-CIMB Securities
- Participated in the Investors Conference held by UBS
- Participated in the Investors Conference held by Morgan Stanley
- Participated in the Investors Conference held by HSBC

### July (Online Platform)

- Participated in the Investors Conference held by Deutsche Bank

### August (Online Platform)

- Announced the Interim Results 2020
  - Held Press Conference
  - Held Analyst Meeting
- Participated in the Non-deal Roadshow held by CGS-CIMB Securities
- Participated in the Non-deal Roadshow held by Jefferies
- Participated in the Non-deal Roadshow held by CMB International
- Participated in the Non-deal Roadshow held by CLSA Securities
- Participated in the Non-deal Roadshow held by DBS
- Participated in the Non-deal Roadshow held by Macquarie
- Participated in the Non-deal Roadshow held by Standard Chartered Bank
- Participated in the Non-deal Roadshow held by Goldman Sachs
- Participated in the Non-deal Roadshow held by Bank of America Merrill Lynch
- Participated in the Non-deal Roadshow held by Guotai Junan Securities
- Participated in the Non-deal Roadshow held by Nomura
- Participated in the Non-deal Roadshow held by UBS

### September (Online Platform)

- Participated in the Investors Conference held by CLSA Securities

### October (Online Platform)

- Participated in the Investors Conference held by Haitong Securities
- Participated in the Investors Conference held by Bank of America Merrill Lynch
- Participated in the Investors Conference held by J.P. Morgan

### November (Online Platform)

- Participated in the Investors Conference held by Bank of America Merrill Lynch
- Participated in the Investors Conference held by Goldman Sachs
- Participated in the Investors Conference held by Citibank
- Participated in the Investors Conference held by Roadshow China
- Participated in the Investors Conference held by Essence Securities

### December (Online Platform)

- Participated in the Investors Conference held by UBS

# DIRECTORS' PROFILE

**Mr. CHEN Zhuo Lin (陳卓林)**, aged 59, is the Chairman of the Board and the President of the Company. Mr. Chen is the founder of the Group. He has been the Chairman of the Board and an executive Director since August 2005 and a President of the Company since March 2014. Mr. Chen is also a director of certain subsidiaries of the Company. Mr. Chen has over 28 years of extensive experience in real estate development and management. He is mainly responsible for the formulation of development strategies, directions on the operations and management of overall business, decision-making on investment projects, setting the goal of the financial year for the Group and maintaining the relationship between the Group and the Shareholders. Mr. Chen received several honorary awards, including "World Outstanding Chinese Award (世界傑出華人獎)", "Top 30 Chinese Philanthropist in 30 Years of Reform (改革開放30年·華人慈善30人)", "China Philanthropy Outstanding Contribution Individual Award (中華慈善突出貢獻人物獎)", "Top 10 Persons of the Year for China Enterprise Management Excellence Award (中國企業十大卓越管理年度人物)", "Year of the People in Education of Zhongshan (中山教育年度人物)" and "Honourary Resident in Zhongshan (中山市榮譽市民)". For the public services, Mr. Chen serves as an executive vice chairperson of the 5th China Federation of Overseas Chinese Entrepreneurs (中國僑商聯合會), an executive director of the 5th China Overseas Friendship Association (中華海外聯誼會), an honorary vice president of Chinese Language and Culture Education Foundation of China (中國華文教育基金會), an honorary chairperson of the 4th Council of Sun Yat-sen Foundation (孫中山基金會), the executive vice chairperson of the 5th Council of Guangdong Overseas Chinese Enterprises Association (廣東省僑商投資企業協會), an executive chairperson of the 4th Council of Guangdong Real Estate Chamber of Commerce (廣東省地產商會), the chairperson of the Bureau of Friends of Hong Kong Association Development Foundation, the vice president of New Home Association, the vice chairperson of the 5th Zhongshan Overseas Chinese Commercial Association (中山市僑資企業商會) and a special counsellor of Our Hong Kong Foundation. Mr. Chen is the brother of Chan Cheuk Yin, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam and also the spouse of Luk Sin Fong, Fion. Mr. Chen is a director of each of Top Coast and Full Choice.

**Mr. CHAN Cheuk Yin (陳卓賢)**, aged 53, has been the Vice Chairperson of the Board and a non-executive Director since 25 March 2015. He was an executive Director and Vice Chairperson of the Board and Co-president of the Company from August 2005 to 28 March 2014; a non-executive Director from 28 March 2014 to 10 October 2014; an executive Director and an Acting Co-chairperson of the Board and Acting Co-president of the Company from 10 October 2014 to 25 March 2015. Mr. Chan is also a director of certain subsidiaries of the Company. He has over 28 years of extensive experience in real estate development and management. Mr. Chan is mainly responsible for providing advice to the Board on the development strategy and policy of the Group in achieving agreed corporate goals and objectives and the review of the Group's performance. Mr. Chan received several honorary awards, including "Guangdong Province Outstanding Entrepreneurs of Privately-owned Enterprises (廣東省優秀民營企業家)", "2006-2007 The Most Respected Entrepreneurs in Guangzhou, PRC (2006-2007年中國廣州最受尊敬企業家)" and "Top 10 Philanthropist in Guangdong (廣東十大慈善人物)". For the public services, he is an honorary chairperson of the 3rd Council of Guangdong Provincial Qiaoxin Charity Foundation (廣東省僑心慈善基金會). He was also an honorary vice chairperson of China Charity Federation (中華慈善總會) in 2007 and the executive chairperson of Guangdong Real Estate Chamber of Commerce (廣東省地產商會). Mr. Chan is the brother of Chen Zhuo Lin, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam and the brother-in-law of Luk Sin Fong, Fion. Mr. Chan is a director of Full Choice.

**Madam LUK Sin Fong, Fion (陸倩芳)**, aged 59, has been the Vice Chairperson of the Board and a non-executive Director since 25 March 2015. She was an executive Director, Vice Chairperson of the Board and Co-president of the Company from August 2005 to 28 March 2014; a non-executive Director from 28 March 2014 to 10 October 2014; an executive Director, an Acting Co-chairperson of the Board and an Acting Co-president of the Company from 10 October 2014 to 25 March 2015. She is also a member of the remuneration committee and the nomination committee of the Board and a director of certain subsidiaries of the Company. Madam Luk has over 28 years of extensive experience in real estate development and management; in particular she has outstanding achievement in strategic marketing and marketing management. She is mainly responsible for providing advice to the Board on the development strategy and policy of the Group in achieving agreed corporate goals and objectives and the review of the Group's performance. Madam Luk holds a Master's degree in Business Administration from Western Sydney University (formerly known as University of Western Sydney) in Australia. She received several honorary awards, including "Honourary Resident in Foshan (佛山市榮譽市民)", "Honourary Resident in Nanhai District (南海區榮譽市民)", "Zhongshan Outstanding Entrepreneurs (中山優秀企業家)", "China Top 10 Excellent CBO (中國十大卓越CBO)" and "Honourary Resident in Zhongshan (中山市榮譽市民)". For the public services, Madam Luk is currently the vice chairperson of Guangzhou Real Estate Association (廣州市房地產協會). She was also an honorary chairperson of Guangdong Provincial Qiaoxin Charity Foundation (廣東省僑心慈善基金會). Madam Luk is the spouse of Chen Zhuo Lin, and also the sister-in-law of Chan Cheuk Yin, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam. Madam Luk is a director of Top Coast.

**Mr. CHAN Cheuk Hung (陳卓雄)**, aged 63, has been an executive Director since August 2005. He is also a member of the risk management committee of the Board, the Vice President of the Company and a director of certain subsidiaries of the Company. Mr. Chan has over 28 years of extensive experience in real estate development and related business. He is mainly responsible for providing guidance for the overall operation of the Group, and the strategic planning of A-Living Group and A-City Group of the Group. Mr. Chan received several honorary awards, including "Honourary Resident in Foshan (佛山市榮譽市民)" and "Community Construction Outstanding Contribution Award (小區建設突出貢獻獎)" in National Xiaokang Housing Demonstration Community Competition (國家小康住宅示範小區評比) hosted by Ministry of Construction (國家建設部) in 2000. For the public services, he was a standing committee member of Guangdong Province Real Estate Association (廣東省房地產業協會) in 2004. Mr. Chan is an executive director and the co-chairman of the board, and a member of the risk management committee of A-Living (stock code: 3319). He was a non-executive director of A-Living from 21 July 2017 to 31 May 2018. Mr. Chan is the brother of Chen Zhuo Lin, Chan Cheuk Yin, Chan Cheuk Hei and Chan Cheuk Nam and the brother-in-law of Luk Sin Fong, Fion.

## DIRECTORS' PROFILE (CONTINUED)

**Mr. HUANG Fengchao (黃奉潮)**, aged 58, has been an executive Director since 28 March 2014. He is also the chairperson of the risk management committee of the Board, the Vice President of the Company and a director of certain subsidiaries of the Company. He is mainly responsible for providing foresighted and constructive opinion on the operation management and development strategy of the Group, and also formulating the overall strategic development of the A-Living Group of the Group and supervising its implementation. Mr. Huang graduated from Guangdong Petroleum School (廣東石油學校) (now known as Guangdong University of Petrochemical Technology) (廣東石油化工學院) majoring in turbine management. Since joining the Group in 1999, Mr. Huang had been the head of real estate management centre of the Group, general manager of Huadu and Nanhu projects and regional head of Hainan and Yunnan region. Prior to joining the Group, he worked for ExxonMobil (China) Co. Ltd. (美國埃索(中國)有限公司) and France TOTAL (China) Ltd. (法國道達爾(中國)有限公司). He is also an executive director, the co-chairman of the board, the chairperson of the risk management committee and the nomination committee, and a member of the remuneration and appraisal committee of A-Living (stock code: 3319).

**Mr. CHEN Zhongqi (陳忠其)**, aged 53, has been an executive Director since 28 March 2014. He is also a member of the risk management committee of the Board, the Vice President of the Company and a director of certain subsidiaries of the Company. Since joining the Group in 1993, Mr. Chen had been a project controller and chief engineer, supervisor of the Project Engineering Department, deputy manager of Project Management Department and the deputy head of Real Estate Management Centre of the Group. He is mainly responsible for providing professional advice on the Group's operation management and development strategy, and the cost control of the Group. Mr. Chen received his professional qualification in Industrial and Civil Construction from Neijiang Normal University (內江師範學院) in 1991. He is qualified as a budgeting engineer and a registered quantity surveyor.

**Mr. CHAN Cheuk Hei (陳卓喜)**, aged 62, has been a non-executive Director since 28 March 2014. He was an executive Director and a Vice President of the Company from August 2005 to 28 March 2014. Mr. Chan is also a director of certain subsidiaries of the Company. Mr. Chan has over 28 years of extensive experience in real estate development and related business. He is mainly responsible for providing advice to the Board on the development strategy and policy of the Group in achieving agreed corporate goals and objectives and the review of the Group's performance. Mr. Chan is the brother of Chen Zhuo Lin, Chan Cheuk Yin, Chan Cheuk Hung and Chan Cheuk Nam and the brother-in-law of Luk Sin Fong, Fion.

**Mr. CHAN Cheuk Nam (陳卓南)**, aged 57, has been a non-executive Director since 28 March 2014. He was an executive Director and a Vice President of the Company from August 2005 to 28 March 2014. Mr. Chan is also a director of certain subsidiaries of the Company. Mr. Chan has over 28 years of extensive experience in real estate development and management. He is mainly responsible for providing advice to the Board on the development strategy and policy of the Group in achieving agreed corporate goals and objectives and the review of the Group's performance. Mr. Chan is the brother of Chen Zhuo Lin, Chan Cheuk Yin, Chan Cheuk Hung and Chan Cheuk Hei and the brother-in-law of Luk Sin Fong, Fion.



**Dr. CHENG Hon Kwan (鄭漢鈞)**, *GBS, OBE, JP*, aged 93, has been an independent non-executive Director since 27 October 2005. He is also the chairperson of the remuneration committee and a member of the audit committee and the nomination committee of the Board. Dr. Cheng is mainly responsible for providing independent advice to the Board. He holds a Bachelor of Science in Engineering degree from Tianjin University and a postgraduate diploma from Imperial College London. Dr. Cheng was also awarded several honorary doctorate degrees by The Hong Kong University of Science and Technology, City University of Hong Kong, The Open University of Hong Kong and The Open University, United Kingdom, and is an honorary fellow of Imperial College London and City and Guilds of London Institute. Dr. Cheng is a past president, honorary fellow and gold medallist of The Hong Kong Institution of Engineers; past vice president, fellow and gold medallist of The Institution of Structural Engineers; fellow of The Institution of Civil Engineers, United Kingdom and American Society of Civil Engineers; an honorary fellow of The Institution of Engineers, Australia and Hong Kong Institute of Architects and an honorary member of The Hong Kong Institute of Planners. He obtained PRC Class 1 Registered Structural Engineer qualification and is an Authorised Person and a Registered Structural Engineer under the Buildings Ordinance (Chapter 123 of the laws of Hong Kong). Dr. Cheng is a past chairman of Hong Kong Housing Authority and Transport Advisory Committee, a past member of both Executive Council and Legislative Council and a past member of Standing Committee of the Tianjin Committee of the Chinese People's Political Consultative Conference. Dr. Cheng is currently a permanent honorary chairman of Hong Kong Tianjin Friendship Association and an independent non-executive director of Tianjin Development Holdings Limited (stock code: 882).

**Mr. KWONG Che Keung, Gordon (鄭志強)**, aged 71, has been an independent non-executive Director since 27 October 2005. He is also the chairperson of the audit committee and a member of the remuneration committee and the nomination committee of the Board. Mr. Kwong is mainly responsible for providing independent advice to the Board. He holds a Bachelor of Social Science degree from The University of Hong Kong and is a fellow member of both The Institute of Chartered Accountants in England and Wales and The Hong Kong Institute of Certified Public Accountants. Mr. Kwong is currently an independent non-executive director of NWS Holdings Limited (stock code: 659), China Power International Development Limited (stock code: 2380), Henderson Land Development Company Limited (stock code: 12), Henderson Investment Limited (stock code: 97), Chow Tai Fook Jewellery Group Limited (stock code: 1929), FSE Services Group Limited (stock code: 331), COSCO SHIPPING International (Hong Kong) Co., Ltd. (stock code: 517), Shanghai Commercial Bank Limited and Piraeus Port Authority S.A. (a company listed in Athens, Greece). He retired as an independent non-executive director of OP Financial Limited (currently known as Wealthking Investments Limited) (stock code: 1140) in August 2019 and Global Digital Creations Holdings Limited (stock code: 8271) in May 2020. Mr. Kwong was a partner of Pricewaterhouse from 1984 to 1998 and a council member of Hong Kong Stock Exchange from 1992 to 1997.

## DIRECTORS' PROFILE (CONTINUED)

**Mr. HUI Chiu Chung, Stephen (許照中), JP**, aged 73, has been an independent non-executive Director since 27 June 2014. He is also the chairperson of the nomination committee, a member of the audit committee and the remuneration committee of the Board. Mr. Hui is mainly responsible for providing independent advice to the Board. He has over 40 years of experience in the securities and investment industry. He is a senior fellow member of Hong Kong Securities and Investment Institute and a fellow member of The Hong Kong Institute of Directors. He served as a council member and vice chairman of Hong Kong Stock Exchange, a member of the Advisory Committee of the Hong Kong Securities and Futures Commission ("SFC"), a director of the Hong Kong Securities Clearing Company Limited, a member of the Listing Committee of Hong Kong Stock Exchange, an appointed member of the Securities and Futures Appeal Tribunal, a member of the Standing Committee on Company Law Reform, an appointed member of the Hong Kong Institute of Certified Public Accountants Investigation Panel A, a member of the Committee on Real Estate Investment Trusts of the SFC and an appointed member of Zhuhai Municipal Committee of the Chinese People's Political Consultative Conference. Mr. Hui is a member of Hengqin New Area Development Advisory Committee and a consultant of Hong Kong and Macao Legal Issues Expert Group of The Administrative Committee of Hengqin New Area, Zhuhai. Mr. Hui is appointed by the Government of Hong Kong as a Justice of the Peace. He is currently a non-executive director of Luk Fook Holdings (International) Limited (stock code: 590) and the chairman and chief executive officer of Luk Fook Financial Services Limited. He also serves as an independent non-executive director of China South City Holdings Limited (stock code: 1668), Gemdale Properties and Investment Corporation Limited (stock code: 535), Lifestyle International Holdings Limited (stock code: 1212), SINOPEC Engineering (Group) Co., Ltd. (stock code: 2386), Zhuhai Holdings Investment Group Limited (stock code: 908) and FSE Services Group Limited (stock code: 331).

**Mr. WONG Shiu Hoi, Peter (黃紹開)**, aged 80, has been an independent non-executive Director since 27 June 2014. He is also a member of the audit committee, the nomination committee, the remuneration committee and the risk management committee of the Board. Mr. Wong is mainly responsible for providing independent advice to the Board. He holds a Master of Business Administration degree from the University of Macau (formerly known as the University of East Asia, Macau). Mr. Wong possesses over 40 years of experience in the financial services industry. For the public services, he was a former chairman of The Hong Kong Institute of Directors, a former member of Standing Committee on Company Law Reform, Listing Committee of Hong Kong Stock Exchange, Financial Services Advisory Committee and Professional Services Advisory Committee of the Hong Kong Trade Development Council and a former director of the Hong Kong Securities and Investment Institute. He is currently a consultant of Halcyon Holdings Limited, and an independent non-executive director of High Fashion International Limited (stock code: 608), Tianjin Development Holdings Limited (stock code: 882), Target Insurance (Holdings) Limited (stock code: 6161) and Tai Hing Group Holdings Limited (stock code: 6811).

# SENIOR MANAGEMENT'S PROFILE

**Mr. PAN Zhiyong (潘智勇)**, aged 51, is the Vice President of the Company, the chairman of the Capital Group of the Group and the co-chairman of Urban Renewal Group of the Group and performs the duties of the chief financial officer in the Group. Mr. Pan joined the Group in 2017. He is mainly responsible for the management of Financial Centre and Information Centre of the Company, the affairs of Hong Kong Headquarters (Company Secretarial Department and Hong Kong office) and the Capital Group and Urban Renewal Group of the Group. Before joining the Group, Mr. Pan had held different positions in Agricultural Bank of China Limited ("ABC"), Guangdong branch including the general manager of Marketing Department, Institutional Banking Division and Corporate Banking Department, assistant president and vice president. He had been the president of ABC, Zhaoqing branch. Mr. Pan holds a Bachelor of Economics degree in Finance from Jinan University, a Master of Business Administration degree in Business Administration and a Doctoral of Management Science degree in Management Science and Engineering from South China University of Technology. Mr. Pan also has a senior economist qualification. He was awarded the "Ten Outstanding Young Persons of ABC Guangdong Branch (中國農業銀行廣東省分行十大傑出青年)" in 2009, "Model Worker of Zhaoqing (肇慶市勞動模範)" in 2010, "Senior Financial Management Talent of Guangzhou (廣州市金融高級管理人才)" in 2015, "China's Top 10 Financial Management Innovation Leaders in 2019 (2019年度中國十大財務管理創新領軍人才)" and "Industrial Development and Innovative Talents of Guangzhou in 2019 (2019年度廣州市產業發展和創新人才)". He is the executive vice president of China Interchange Association of Top Credit-rating Property Enterprises Association (中國地產資信強企交流會), deputy secretary of Guangdong Venture Capital and Private Equity Association (廣東省創業投資協會), executive director of China Mergers & Acquisitions Association (中國併購公會) and co-president of Zhongguancun Private Equity & Venture Capital Association (中關村股權投資協會).

**Mr. WANG Haiyang (王海洋)**, aged 50, is the Vice President of the Company and the president of the Property Group and co-chairman of Real Estate Construction Management Group of the Group. Mr. Wang joined the Group in July 2011. He is mainly responsible for the management of Property Group and Real Estate Construction Management Group of the Group. He was the general manager of China Machinery TDI International Engineering Co., Ltd., Zhongshan branch (中機十院國際工程有限公司中山分行). Mr. Wang holds a Bachelor's degree in Construction Engineering from Xi'an University of Technology. He obtained PRC Class 1 Registered Structural Engineer qualification. He was awarded the "The 6th Model of Honesty and Faithfulness of Hainan Province (第六屆海南省誠實守信道德模範)". He is the vice chairperson of Guangdong Province Real Estate Association (廣東省房地產協會), executive vice chairperson of Guangdong Commercial Real Estate Investment Association (廣東省商業地產投資協會) and member of the 8th council of China Real Estate Association (中國房地產協會).

**Madam YUE Yuan (岳元)**, aged 45, is the Vice President of the Company and Property Group of the Group and an assistant to Chairman. Madam Yue joined the Group in 2006. She is mainly responsible for the management of Operation Centre and Centralized Procurement Centre of the Company, the affairs of President Office and Operation Centre, Costing & Procurement Centre of the Property Group of the Group. Madam Yue holds a Bachelor of Engineering degree from Lanzhou Jiaotong University (formerly known as Lanzhou Railway University) and a Master of Science degree in Construction Project Management from the University of Hong Kong. She is a PRC registered budgeting engineer and a member of the Royal Institution of Chartered Surveyors. Madam Yue is also a non-executive director of A-Living (stock code: 3319).

## SENIOR MANAGEMENT'S PROFILE (CONTINUED)

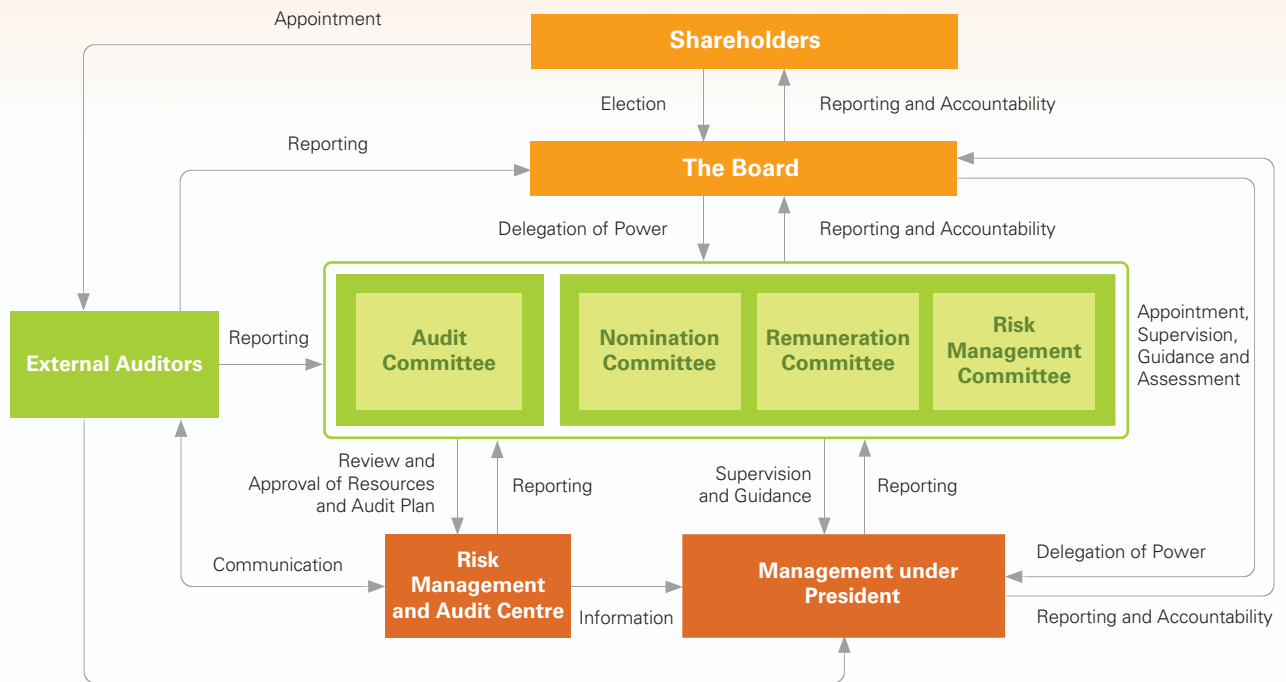
**Mr. LIU Tongpeng (劉同朋)**, aged 50, is the Vice President of the Company and the Chairman of the Property Group of the Group, Chairman and President of the Commercial Group of the Group and Co-chairman of Urban Renewal Group of the Group. Mr. Liu joined the Group in November 2018. He is mainly responsible for the management of Investment Centre of the Company, the Property Group, the Business Group and the Urban Renewal Group of the Group. Prior to joining the Group, Mr. Liu held different positions in Industrial and Commercial Bank of China, including vice president and president of Zhongshan Branch and vice president of Guangdong Branch. Mr. Liu holds a Bachelor of Economics degree from Hunan Finance and Economics University. He is a senior economist.

**Madam DING Xiaoying (定曉穎)**, aged 45, is the Vice President of the Company. Madam Ding joined the Group in July 2015. She is mainly responsible for the management of Human Resources and Administration Centre, Legal Centre and Risk Management and Audit Centre of the Company. Madam Ding holds a Bachelor degree in Architectural Engineering and Master of Engineering degree from Wuhan University. She is also qualified as a PRC certified builder, a certified cost engineer and a senior engineer. Madam Ding is an executive director of Guangzhou Institute of Internal Audit (廣州市內部審計協會) and a director of Guangdong Enterprise Institute for Internal Controls (廣東省企業內部控制協會).

**Mr. CHEUNG Lap Kei (張立基)**, aged 49, is the Deputy General Manager (Hong Kong Headquarters) and Company Secretary of the Company. Mr. Cheung joined the Group in September 2019. He is mainly responsible for corporate governance, company secretarial, legal and compliance matters of the Group, and management of the business in Hong Kong region. He has over 27 years of experience in auditing, accounting and financing. Before joining the Group, he has worked for big four accounting firms (Ernst & Young and KPMG, Certified Public Accountants). He has also served as different roles such as executive director, independent non-executive director, chief financial controller and company secretary, etc. in several companies which are listed on the Mainboard of Hong Kong Stock Exchange. Mr. Cheung graduated from The Australian National University with a Bachelor's degree in Commerce and Deakin University, Australia, with a Master's degree in Business Administration. He is a fellow member of Hong Kong Institute of Certified Public Accountants and CPA Australia respectively.

# CORPORATE GOVERNANCE REPORT

## Corporate Governance Structure



The Board believes that good governance is essential for sustainable development and growth of the Company, enhancement of credibility as well as Shareholders' value. As such, with reference to the CG Code, the Board has adopted its own corporate governance policy which provides guidance on how corporate governance principles are applied in the Company, and the Board reviews corporate governance practices from time to time in light of the new regulatory requirements and the needs of the Company. The Company is committed to maintaining a high level of corporate governance and adheres to the principles of integrity, transparency, accountability and independence.

The Board plays a major role in the supervision of corporate governance to ensure that the Company maintains a sound governance framework and the long-term sustainable Shareholders' value by way of, without limitation to, the:

- (a) formulation and review of the Company's policies and practices on corporate governance;
- (b) review and monitoring of the training and continuous professional development of Directors and senior management;
- (c) review and monitoring of the Company's policies and practices in compliance with legal and regulatory requirements;
- (d) formulation, review and monitoring of the code of conduct and compliance applicable to employees and Directors;
- (e) review and monitoring of the risk management and internal control systems of the Company to ensure their effectiveness; and
- (f) review of the Company's compliance with the CG Code and disclosure in this report.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

During the year, the Board performed the following:

1. reviewed the Company's policies and practices on corporate governance;
2. reviewed the compliance with applicable legal and regulatory requirements;
3. reviewed the compliance with Securities Dealing Code for Directors;
4. reviewed the training and continuous professional development of Directors;
5. reviewed the effectiveness of the risk management and internal control systems; and
6. reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report in 2019 annual report.

The Company fully complied with the provisions of the CG Code as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2020 except for certain deviations as specified with reasons set out under heading "Chairman and President" below.

### The Board and Management

The Board takes Shareholders' interests as its priority in promoting and maintaining successful development of business so as to achieve consistent long-term financial returns, while taking due account of the interests of those with whom the Group does business and others. The Board is accountable for formulating the business and management directions of the Group and that they are managed in such a way as to achieve the objectives of the Company. The Board's responsibilities are to formulate corporate strategy and long-term business model of the Group and to monitor and control operating and financial performance in pursuit of strategic objectives of the Group.

The Board delegates day-to-day operations of the Group to the management of the Company. The Board and the management have clearly defined their authorities and responsibilities under various internal control and check and balance mechanisms. The Board does not delegate matters to the Board committee(s), executive Directors or management to an extent that would significantly hinder or reduce the ability of the Board as a whole to perform its functions.

### Board Composition

The Company is headed by the Board which comprises twelve Directors, including four executive Directors (namely Chen Zhuo Lin (Chairman and President), Chan Cheuk Hung, Huang Fengchao and Chen Zhongqi), four NEDs (namely Chan Cheuk Yin (Vice Chairperson), Luk Sin Fong, Fion (Vice Chairperson), Chan Cheuk Hei and Chan Cheuk Nam) and four INEDs (namely Cheng Hon Kwan, Kwong Che Keung, Gordon, Hui Chiu Chung, Stephen and Wong Shiu Hoi, Peter). The biographical details and relationship amongst them, if any, are set out on pages 60 to 64 of this annual report.

### Chairman and President

The Chairman provides leadership for the Board and ensures the effectiveness of the Board in fulfilling its roles and responsibilities and the establishment of sound corporate governance practices and procedures for the Company. The Chairman is also responsible for formulating the overall strategies and policies of the Company and monitoring their implementation. Meanwhile, the Chairman, as chief executive of the Company, shall be delegated the authority by the Board to lead the vice presidents and the senior management for the daily operation and business management of the Group in accordance with the objectives, directions, and risk management and internal control policies laid down by the Board.

The code provision A.2.1 of the CG Code requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. However, in view of the present composition of the Board, Chen Zhuo Lin's in-depth knowledge of the operations of the Group and of the industry, his extensive business network and connections in the sector and the scope of operations of the Group, the Board believes that Chen Zhuo Lin, in his dual capacity as the Chairman of the Board and President, will provide strong and consistent leadership for the development of the Group. The Board also believes that this structure is in the best interest of the Company and will not impair the balance of power and authority of the Board and such arrangement will be subject to review from time to time.

### **Independent Non-executive Directors**

INEDs play a significant role in the Board by virtue of their independent judgement and their views carry significant weight in the Board's decisions. They are experienced professionals in areas such as accounting, financial management, structural and civil engineering, securities and investment industries. Their extensive experiences significantly contribute to enhancing the decision-making of the Board and achieving a sustainable and balanced development of the Group. In particular, they bring impartial views and opinions on issues of the Company's strategy, performance and control, and take the lead where potential conflicts of interests arise. The Board believes that its culture of openness and debate facilitates the effective contribution of Directors, INEDs in particular, to the Board and ensures constructive relationship among executive Directors, NEDs and INEDs.

During the year, the Company was in compliance with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules, with INEDs equal to one-third of the Board and with at least one of them possessing relevant professional qualifications or accounting or related financial management expertise.

Two of the INEDs, namely Cheng Hon Kwan and Kwong Che Keung, Gordon, have served the Board for more than nine years. Notwithstanding their length of tenure, in view of their wide spectrum of knowledge, extensive business experience and familiarity with the Company's affairs, the Board is of the opinion that they possess the required character, integrity and experience to ensure their independence in order to objectively scrutinise the Company's performance.

An annual confirmation of independence was received from each of four INEDs pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

### **Appointment and Re-election of Directors**

Chen Zhuo Lin and Chan Cheuk Hung, executive Directors, have entered into service agreements with the Company, while Huang Fengchao and Chen Zhongqi, executive Directors, and all NEDs (including INEDs) have entered into appointment letters with the Company setting out the terms and conditions of their appointment. Each Director is appointed for a specific term of 3 years, subject to the provisions on Directors' retirement as set out in the Articles. Any Director appointed by the Board shall hold office only until the next general meeting of the Company (in case of filling a casual vacancy) or until the next annual general meeting of the Company (in case of an addition to the existing Board), and shall then be eligible for re-election. Every Director, including those appointed for a specific term, shall be subject to retirement by rotation. At each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire by rotation. The names of Directors who are eligible for re-election at general meetings will be disclosed in the notice of the relevant general meetings and their biographical details will be provided in the accompanying circulars. The re-election of each Director will be subject to vote of Shareholders by separate resolutions.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

In accordance with the Articles, Chen Zhuo Lin, Luk Sin Fong, Fion, Chan Cheuk Nam and Cheng Hon Kwan shall retire by rotation and being eligible, have offered for re-election at the AGM to be held on Wednesday, 12 May 2021.

Each Director has disclosed to the Company about the names of and the titles and nature of office held in the public companies or organisations prior to the acceptance of the appointment, and promised to inform the Company timely of any relevant change. The Company will also require Directors to submit written confirmation or update on their biographical details, if any, twice a year, and set out the updated biographical details of Directors, if any, in this annual report.

### **Board and Board Committee Meetings**

The Board meets at least four times each year or more as required. Directors may participate in meetings either in person or through electronic means of communication. The schedule of regular meetings for the following year will be presented to all Directors in the last Board meeting such that they can arrange for the meetings. All Directors are given not less than fourteen days' notice for regular Board meetings. For other Board and Board committee meetings, reasonable notice will be given.

The Company Secretary assists the Chairman in preparing the agenda of regular Board meetings and circulates the draft Board meeting agenda to all Directors for their perusal and comment. Directors are invited to include any matters in the agenda which they think appropriate. The Board meeting agenda will be issued by the Company Secretary after incorporating all the comments of Directors (if any). Relevant meeting materials are provided to the Directors at least three days before the meetings to ensure that they are given sufficient review time and are adequately prepared for the meetings.

Each Director shall have access to the senior management including the Company Secretary, and they may also seek independent professional advice at the expense of the Company. Any matter involving interest of substantial Shareholder(s) or Director(s) shall be subject to the consideration and approval by the Board at a physical Board meeting, or to be implemented and dealt with by the designated Board committee. Directors who have interest may attend the meeting, but shall not be counted towards quorum and shall abstain from voting on the relevant matter. All Directors may require the Company Secretary to provide advice and services on relevant aspects, including the follow-up of, or the provision of support to, any matters, ensuring that the Board procedures and all applicable rules and regulations are observed.

The management will submit relevant reports to the Directors for review as part of meeting materials for every regular Board meeting. After the briefing given to the Directors, the management will answer any enquiry made by the Directors. The Board may make informed assessment on the financial and other information submitted to them for their approval. Sufficient time will be allowed for the Directors to discuss.

The meeting minutes of the Board and its committees are drafted and kept by the Company Secretary. All meeting minutes will set out in detail the matters discussed and considered at the meetings, including, among others, any queries made or views expressed by the Directors. The Company Secretary will distribute the draft meeting minutes to all Directors for their comment and final version of the meeting minutes to all Directors for their record within reasonable time after the meetings is held.



## CORPORATE GOVERNANCE REPORT (CONTINUED)

During the year, the Board held a total of eight meetings. Each Director's attendance record for the Board meetings, Board committee meetings and general meetings is set out as follow:

	Number of attendance/meeting held in 2020					General Meeting
	The Board	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee	
Chen Zhuo Lin ( <i>Chairman and President</i> )	8/8	-	-	-	-	1/1
Chan Cheuk Yin ( <i>Vice Chairperson</i> )	7/8	-	-	-	-	0/1
Luk Sin Fong, Fion ( <i>Vice Chairperson</i> )	8/8	-	0/1	0/1	-	0/1
Chan Cheuk Hung	8/8	-	-	-	2/2	0/1
Huang Fengchao	8/8	-	-	-	2/2	0/1
Chen Zhongqi	8/8	-	-	-	2/2	0/1
Chan Cheuk Hei	7/8	-	-	-	-	0/1
Chan Cheuk Nam	7/8	-	-	-	-	0/1
Cheng Hon Kwan	8/8	2/2	1/1	1/1	-	1/1
Kwong Che Keung, Gordon	8/8	2/2	1/1	1/1	-	1/1
Hui Chiu Chung, Stephen	8/8	2/2	1/1	1/1	-	1/1
Wong Shiu Hoi, Peter	7/8	2/2	1/1	1/1	2/2	1/1

All the executive Directors, NEDs and INEDs have allocated a reasonable amount of time to follow and deal with various affairs of the Company during the year. All Directors will make their best effort to attend any meetings of the Board and its committees. They will also allocate reasonable time in reviewing meeting materials, financial and operational statements as well as other documents provided by the Company from time to time. Furthermore, each member of the audit committee also spent sufficient time on reviewing internal audit reports provided by the Risk Management and Audit Centre during the year. The Chairman met once with the NEDs and INEDs without the executive Directors present.

### Training and Support for Directors

The Company has established procedures for training and development of Directors. Newly appointed Director will be provided with comprehensive, formal and tailored induction upon his/her appointment and, subsequently, necessary briefing and professional development so as to ensure the Directors have adequate understanding and to strengthen their awareness of the business and operation of the Group, their responsibilities and obligations under the statutory and common laws, the Listing Rules, laws and other regulatory requirement and governance policies, to enable the Directors to discharge their duties properly. The Company Secretary maintains proper records of training attended by the Directors.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

During the year, the summary of training received by the Directors is as follows:

<b>Directors</b>	<b>Training Matters</b> (Note)
<i>Executive Directors</i>	
Chen Zhuo Lin ( <i>Chairman and President</i> )	A, B
Chan Cheuk Hung	A, B
Huang Fengchao	A, B
Chen Zhongqi	A, B
<i>NEDs</i>	
Chan Cheuk Yin ( <i>Vice Chairperson</i> )	A, B
Luk Sin Fong, Fion ( <i>Vice Chairperson</i> )	A, B
Chan Cheuk Hei	A, B
Chan Cheuk Nam	A, B
<i>INEDs</i>	
Cheng Hon Kwan	A, B
Kwong Che Keung, Gordon	A, B
Hui Chiu Chung, Stephen	A, B
Wong Shiu Hoi, Peter	A, B

Note: A. corporate governance  
B. regulatory

### **Board Diversity Policy**

The Company has adopted its own board diversity policy (the "Board Diversity Policy") on 15 August 2013 to consider a number of factors when deciding on appointments to the Board and the continuation of those appointments. Such factors include but are not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The nomination committee reviews the diversity structure, size and composition of the Board at least annually.

An analysis of the current Board composition is set out in the following chart:

## Number of Directors

	Gender	Designation	Age Group	Skill/industry experience	Length of service
12	Female	INEDs	71 or above	Securities and investment	Around 7 years
11	Male			Accounting	
10					
9		61-70	Property development, construction, construction management and property management		
8					
7					
6		NEDs	51-60	More than 10 years	
5					
4					
3		Executive Directors			
2					
1					

The Board is highly diversified in terms of gender, position, age, professional experience, skills, knowledge and length of service. The nomination committee reviews and monitors the implementation of the Board Diversity Policy from time to time to ensure its effectiveness. The Board will set measurable objectives for achieving Board diversity as appropriate.

## Directors and Senior Management Liability Insurance

The Company has arranged appropriate insurance covering the potential legal actions against its Directors and senior management in connection with the discharge of their responsibilities.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### Board Committees

The Company has established 4 Board committees, namely the remuneration committee, nomination committee, audit committee and risk management committee. Terms of reference of each of the committees are available on the Company's website ([www.agile.com.cn](http://www.agile.com.cn)) and Hong Kong Stock Exchange's website ([www.hkex.com.hk](http://www.hkex.com.hk)), and will be amended by the Board from time to time.

### Remuneration Committee

The remuneration committee has been established since November 2005 and currently comprises 4 INEDs and a NED. The members of the remuneration committee include Cheng Hon Kwan (as Chairperson), Kwong Che Keung, Gordon, Hui Chiu Chung, Stephen, Wong Shiu Hoi, Peter and Luk Sin Fong, Fion.

The major duties of the remuneration committee are to make recommendations to the Board on the remuneration packages of individual Directors (including executive Directors and NEDs) and senior management of the Group, formulate the policies and structure for remuneration of Directors and senior management of the Group and establish a formal and transparent procedure for developing remuneration policy. Remuneration packages include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of office or appointment. In determining remuneration of Directors and senior management of the Group, the Board will consider the remuneration level of comparable companies, the time commitment and responsibilities and employment conditions elsewhere in the Group, individual performance of respective Directors and the Company's performance. No Director shall be involved in deciding his/her own remuneration. The remuneration committee, if necessary, may seek independent professional advice when discharging their duties at the fees and expenses of the Company.

During the year, the remuneration committee held a meeting in March, the agenda of which is set out below:

- discussing the recommendation on the remuneration adjustments of senior management for 2020;
- confirming the remuneration of executive Directors, NEDs and INEDs for 2019; and
- discussing and determining the recommendation on the remuneration adjustment of executive Directors, NEDs and INEDs for 2020.

### Nomination Committee

The nomination committee has been established since December 2006 and currently comprises 4 INEDs and a NED. The members of the nomination committee include Hui Chiu Chung, Stephen (as Chairperson), Cheng Hon Kwan, Kwong Che Keung, Gordon, Wong Shiu Hoi, Peter and Luk Sin Fong, Fion.

The major duties of the nomination committee are to determine policy for the nomination of Directors, to give advice to the Board on the appointment or re-appointment and succession plan of Directors (particularly the Chairman and executive Directors), to review the Board Diversity Policy, review the structure, number of members and composition (including but not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board and to assess the independence of INEDs and review the disclosures on director independence, the policy for the nomination of directors performed by the nomination committee during the year and a summary of the Board Diversity Policy in Corporate Governance Report.

The nomination committee is responsible for the development of selection procedures for candidates, and will consider different criteria (including but not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of service). The nomination committee, if necessary, may seek independent professional advice when discharging their duties at the fees and expense of the Company.

During the year, the nomination committee held a meeting in March. The agenda of which is set out below:

- considering the contribution to the Group by Chan Cheuk Yin, Chan Cheuk Hei, Kwong Che Keung, Gordon and Hui Chiu Chung, Stephen, the retiring Directors, and advise the Board on the re-election of such retiring Directors at Last AGM;
- assessing the independence of the INEDs;
- considering and reviewing the structure, number of members and composition of the Board; and
- reviewing the Corporate Governance Report in 2019 annual report including but not limited to disclosures on independence of directors and Board Diversity Policy.

## Nomination Policy

The Board has adopted a nomination policy (the “Nomination Policy”) on 7 December 2018.

### 1. Purpose

One of the main responsibilities of the nomination committee of the Company is to identify individuals suitably qualified to become directors and select or make recommendations to the Board on the selection of individuals nominated for directorships.

The Nomination Policy is aimed to set out the criteria and procedures to be adopted when making recommendations to the Board on the appointment or re-appointment of directors and succession plan for directors.

### 2. Nomination Criteria

When considering a candidate nominated for directorship or a director’s re-appointment, the Nomination Committee shall have regard to the following factors:

- 2.1 Diversity of the Board, including but not limited to gender, age, cultural, educational background, ethnicity, professional experience, skills, knowledge and length of service of the candidate;
- 2.2 Time commitment of the candidate. In this regard, the number and nature of offices held by the candidate in public companies or organizations, and other executive appointments or significant commitments will be considered;
- 2.3 Potential/actual conflicts of interest that may arise if the candidate is selected;
- 2.4 In the case of a proposed appointment of an INED, the independence of the candidate;
- 2.5 In the case of a proposed re-appointment of an INED, the number of years he/she has already served the Company; and
- 2.6 Other factors considered to be relevant by the nomination committee on a case by case basis.

### 3. Nomination procedure

Subject to the provisions in the Articles, if the Board recognises the need to appoint additional director(s), the following procedures should be adopted:

- 3.1 The nomination committee identifies or selects candidate(s) recommended to the nomination committee, with or without assistance from external agencies or the Company, pursuant to the criteria set out in the Nomination Policy;
- 3.2 The nomination committee may use any process it deems appropriate to evaluate the candidate(s), which may include personal interviews, background checks, presentations or written submissions by the candidate(s) and third party references;
- 3.3 The nomination committee provides to the Board with all the information required in relation to the candidate(s), including information set out in Rule 13.51(2) of the Listing Rules;
- 3.4 The nomination committee makes recommendation to the Board including the terms of appointment and conditions of the appointment;
- 3.5 The Board deliberates and decides on the appointment based upon the recommendation of the nomination committee;
- 3.6 All appointments of directors shall be confirmed by a letter of appointment. The letter of appointment shall be approved by the nomination committee and set out the key terms and conditions of the appointment of the directors;
- 3.7 Pursuant to Rule 13.74 of the Listing Rules, where Shareholders are required to vote on the election or re-election of directors, the circular accompanying the notice of the relevant general meeting should contain all the information of the candidate(s) required under Rule 13.51(2) of the Listing Rules; and
- 3.8 In the case of the re-appointment of existing directors, matters relating to the re-appointment shall be considered in accordance with the criteria set out in the Nomination Policy.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### Audit Committee

The audit committee has been established since November 2005 and currently comprises 4 INEDs. The members of the audit committee include Kwong Che Keung, Gordon (as Chairperson), Cheng Hon Kwan, Hui Chiu Chung, Stephen and Wong Shiu Hoi, Peter.

The major duties of the audit committee are to review accounting policy, to monitor the performance of the Company's external auditor and risk management and audit centre, to review financial information and to review the method and effectiveness of the financial reporting of the Company so as to ensure the compliance with the applicable accounting and reporting regulations and the requirements of laws and provisions, to supervise the financial reporting system and risk management and internal control policies, to consider and review the resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and to report the results to the Board. The audit committee, if necessary, may seek independent professional advice when discharging their duties at the fees and expenses of Company.

During the year, the audit committee held 2 meetings in March and August respectively, the agenda of which is set out below:

- reviewing annual results of 2019 and 2019 annual report, interim results of 2020 and 2020 interim report;
- reviewing audit and review reports of the external auditor;
- discussing and reviewing the effectiveness of internal control system and the measures and countermeasures on internal control and risk management systems;
- discussing and reviewing internal control management reports, audit monitoring plans and audit timetables of the risk management and audit centre;
- reviewing the independence of external auditor and considering the re-appointment of external auditor;
- meeting with the external auditor without the presence of the management of the Company;
- reviewing the resources of accounting, financial reporting and internal audit functions of the Group;
- reviewing the resources and the effectiveness of the Company's internal audit function; and
- reviewing staff malpractices monitoring reports.

The audit committee meets with the external auditor, at least once annually, in the absence of management, to discuss matters relating to its audit fees, any issue arising from the audit and any other matters the auditor may wish to raise. After its review, the audit committee considers the external auditor remains to be independent and the Board has no disagreement on the recommendation of the re-appointment of PricewaterhouseCoopers as the external auditor.



## CORPORATE GOVERNANCE REPORT (CONTINUED)

### External Auditor

At Last AGM, the Shareholders approved the re-appointment of PricewaterhouseCoopers as the auditor of the Group. For the year ended 31 December 2020, remuneration paid and payable to PricewaterhouseCoopers in relation to audit and non-audit services is detailed as below:

	<b>2020</b>	2019
	<b>RMB</b>	RMB
Fee for audit services (including Hong Kong Standard on Review Engagements 2410 review on interim results)	<b>19,955,000</b>	11,824,500
Fee for non-audit services:		
– Provided audit and review services with regard to material acquisitions	<b>2,014,000</b>	2,791,000
– Due diligence works with regard to project acquisitions	<b>1,565,000</b>	–
– Permitted assurance service fees relating to issuance of corporate bonds, perpetual capital securities and senior notes	<b>2,400,000</b>	2,460,000
– Other permitted services	<b>1,864,000</b>	1,178,000
	<b>27,798,000</b>	18,253,500

### Responsibility in financial statements

Directors have acknowledged their responsibilities for preparing the accounts in this annual report, and PricewaterhouseCoopers, the external auditor of the Company, has also stated their reporting responsibility in the auditor's report of financial statements.

The Board is not aware of any uncertainty of a material nature that would affect the Company's ability as to continue as a going concern.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### **Risk Management Committee**

The risk management committee has been established since August 2016 and currently comprises 3 executive Directors and an INED. The members of the risk management committee include Huang Fengchao (as Chairperson), Chan Cheuk Hung, Chen Zhongqi and Wong Shiu Hoi, Peter.

The major duties of the risk management committee are to consider and formulate risk management framework, to review and assess the effectiveness of the Group's risk management framework, to monitor and to ensure the effective implementation of relevant risk management measures. The risk management committee, if necessary, may seek independent professional advice when discharging their duties at the fees and expenses of the Company.

During the year, the risk management committee held 2 meetings in March and August respectively to review and discuss the following items:

- the Group's risk management work report for 2019;
- the updates on the top ten risks and core risk indicators of the Company and the Group's business segments in 2020;
- the effectiveness of risk management system;
- the 2020 risk management work plan;
- countermeasures and recommendations for new amendments to "Environmental, Social and Governance Reporting Guidelines" as set out in Appendix 27 to the Listing Rules;
- establishment of a sustainable development steering group under the risk management committee; and
- the Group's risk management work report for the first half of 2020.

### **Risk Management and Internal Control**

The Group considers that the effective risk management is of high importance for the Group to achieve sustainable development and long-term business success.

#### **Responsibilities of the Board and the management**

The Board recognises its responsibilities to evaluate and determine the nature and level of risks to be exposed of for achieving the Group's strategic objectives, and to ensure that the Group establishes and maintains effective risk management and internal control systems, and to oversee management in the design, implementation and monitoring of the risk management system and internal control system.

The management is responsible for designing, implementing and monitoring the risk management system and the internal control system, and provides the Board with the recognition of the effectiveness of risk management and internal control.

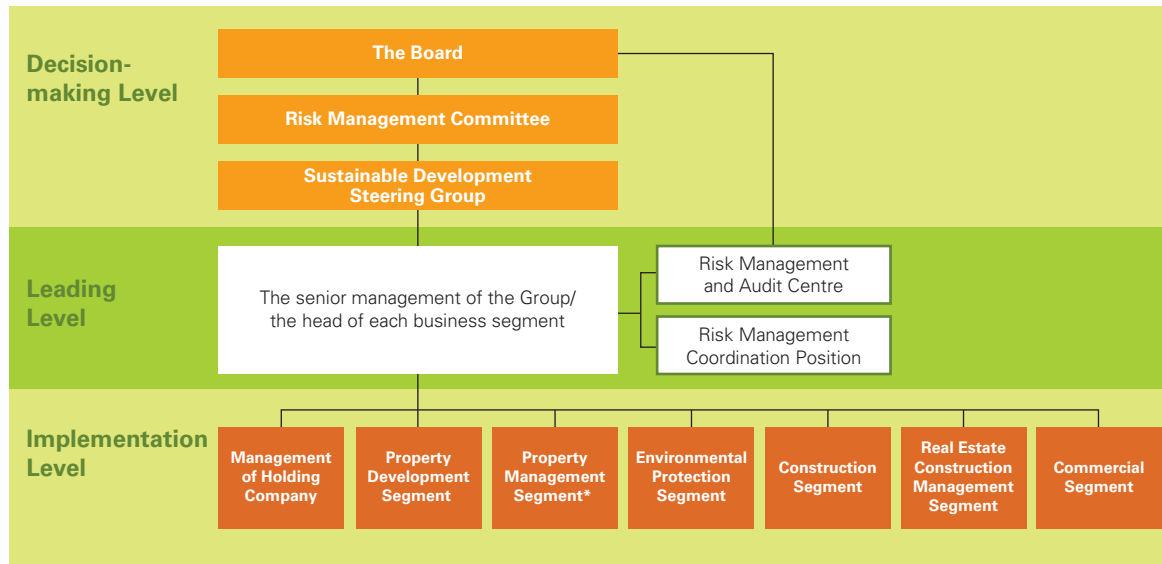
## Risk Management

### The design, implementation and maintenance of the risk management system

- 1) **Establishing the risk management committee:** The Board has established the risk management committee to oversee the design, implementation and maintenance of the risk management system of the Group and has issued the “Term of Reference for the Risk Management Committee”:
  - Authorizing the risk management committee and defining its duties: the risk management committee’s duties regarding risk management and its authorisation have been recognised in the “Term of Reference for the Risk Management Committee”;
  - Determining the organisation of the risk management committee: providing the composition and quorum, requirements of the attendance at meetings, frequency of meetings and the manner of meetings; and
  - Determining the procedure of reporting to the Board: providing the procedure of reporting to the Board by the risk management committee, including the minutes mechanism.
  
- 2) **Establishing the structure of the risk management organisation:** It has built up the official risk management organisation structure from the level of the Group to its six business segments (see figure 1 below: risk management organisation chart), and confirmed the direct management obligation and the risk information reporting procedure and frequency of risk management, and clarified the responsibilities of risk management positions, including integrating the requirement of risk management into the function and description of each position. The main features of the risk management organisation structure comprised:
  - Clear levels and responsibilities: the levels of risk management organisation included the Board and the risk management committee at the decision-making level, with the composition of leading level and implementation level and carrying out the division of the duties of risk management. It has confirmed the direct management obligation and the risk information reporting procedure of risk management;

# CORPORATE GOVERNANCE REPORT (CONTINUED)

- The wide span of level: the structure of risk management organisation is from the senior management of the Group to its managements of each business segment; and
- Specific communication mechanism: it has confirmed that the managements of each level communicate with each other with regard to the responsibilities, reporting routine and reporting frequency of the risk management.



(Figure 1: Risk management organisation chart)

\* This business is being operated by A-Living, which is a subsidiary with approximate 54.09% equity interest indirectly held by the Company.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

The roles have been played by each level in the risk management structure as shown below.

<b>The Roles in the Risk Management Structure</b>	<b>Major Responsibilities</b>
The Board (decision-making level)	<ul style="list-style-type: none"> <li>• To evaluate and determine the acceptability of the nature and extent of the risks in achieving the strategic objectives</li> <li>• To ensure that the effective risk management and internal control systems are established and maintained</li> <li>• To oversee senior management in the design, implementation and monitoring of the risk management and internal control systems</li> </ul>
Risk Management Committee (decision-making level)	<ul style="list-style-type: none"> <li>• To review and formulate the framework of risk management</li> <li>• To review and assess the effectiveness of the framework of the Group's risk management on a regular basis</li> <li>• To coordinate and assist the senior management to promote risk management work</li> <li>• To oversee each business segment for setting up and implement risk response programme and risk treatment measures</li> <li>• To report any material risk management matters and recommend solutions to the Board</li> <li>• To monitor the frequency of major control failures or weak points, resulting in the extent of unforeseen consequences or emergencies which have caused, may have caused or will cause material impact on the financial performance or condition of the Company</li> </ul>
Sustainable Development Steering Group (decision-making level)	<ul style="list-style-type: none"> <li>• To formulate the Company's Environmental, Social and Governance ("ESG") vision and strategy, monitor and review the Company's ESG policies and practices, and provide guidance on the Company's ESG management efforts</li> <li>• To oversee the implementation of the Company's ESG management policies and practices, review and assess the adequacy and effectiveness of the ESG management structure, and make recommendations to improve the structure and scope of responsibilities</li> <li>• To supervise the formulation of ESG management objectives (e.g. environmental and safety management objectives) for each business segment of the Company in accordance with its operations, review the reasonableness of the objectives on a regular basis, and monitor the achievement of the objectives on an ongoing basis</li> <li>• To review ESG disclosure regulations and regulatory requirements, assess the current state of management of ESG indicators, and review and publish the Company's annual Environmental, Social and Governance report</li> <li>• To evaluate the Company's ESG performance, including external stakeholder (e.g. investor) ratings of the Company's ESG efforts, the Company's ESG ratings in the capital markets, and the feasibility of inclusion in relevant ESG indicators</li> </ul>

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### The Roles in the Risk

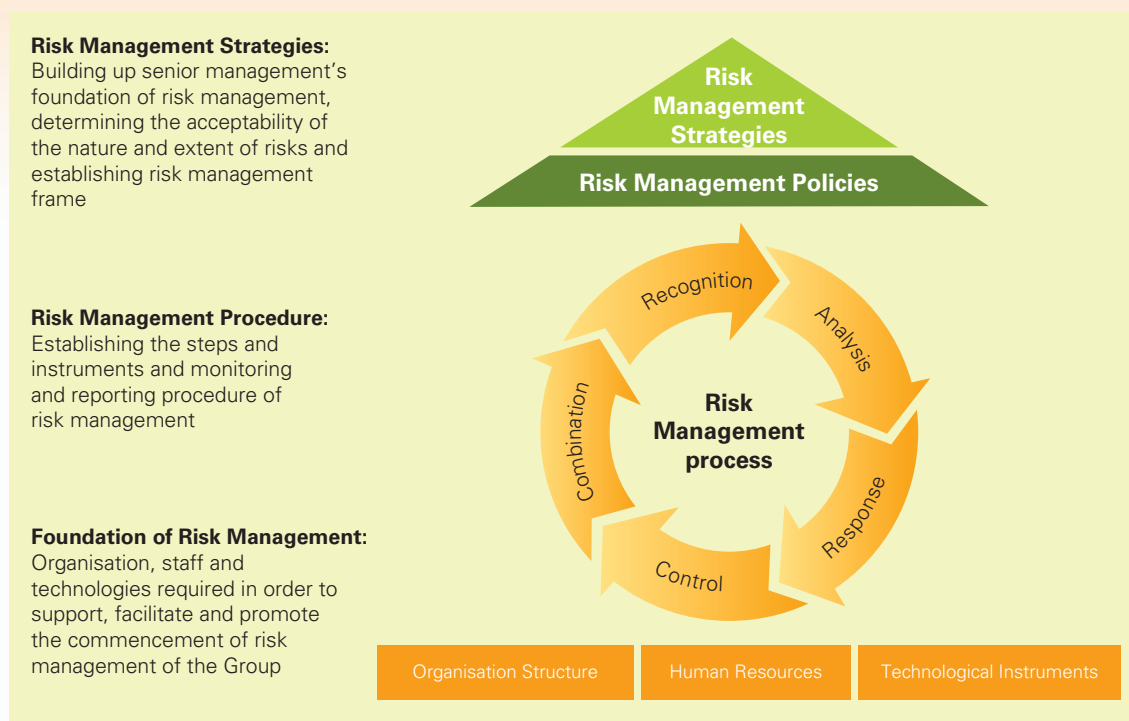
#### Management Structure

#### Major Responsibilities

The senior management of the Group and the head of each business segments (leading level)	<ul style="list-style-type: none"> <li>To make risk assessment from the Group's holistic perspective and each business segment, in order to formulate risk management measures</li> <li>To design, implement and monitor the risk management and internal control systems</li> <li>To confirm the effectiveness of risk management and internal control systems to the Board</li> </ul>
The Group and its management of the business segments (implementation level)	<ul style="list-style-type: none"> <li>To formulate and implement the relevant risk response programme of their business segment</li> <li>To promote and implement specific risk management measures</li> <li>To control different risks of their business and adjust risk management measures in time</li> </ul>
Risk management coordination position	<ul style="list-style-type: none"> <li>To coordinate the commencement of risk recognition and assessment</li> <li>To prepare periodic risk assessment report and propose the risk management leading level</li> <li>To organise and coordinate risk management training and guidance</li> </ul>
Risk management and audit centre	<ul style="list-style-type: none"> <li>To be responsible for overseeing and evaluating risk management works done by the Group and its business segments for the risk management monitoring organisation</li> </ul>

### 3) **Establishing the risk management system structure:** comprising the following main elements and features:

- Comprehensive framework of risk management: the mode of risk management framework has been established as the risk management system foundation (see figure 2 below for details: the mode of risk management) including the main elements such as risk management strategies, risk management process and risk management basic structure;
- Clear risk management procedure: the risk management procedure includes the procedure such as recognition, analysis, response, control and combining and reporting, which form a closed loop to control and manage the risks continuously; and
- Appropriate standard of risk assessment for the Group: under the industry nature and operation features, strategic objectives of the Group as well as the risk preference of senior management, it sets up the applicable dimension and standard of risk assessment to each business segment. By using assessment method and assessment standard from mutual confirmation, it makes assessment to the risks which are most likely to affect the achievement of corporate objectives in order to obtain the risk assessment result which is actually fitted with corporation.



(Figure 2: The model of risk management)

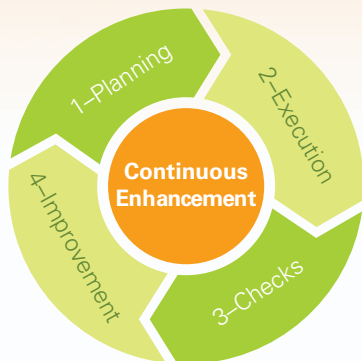
Through the above efforts, the Group has clarified direct management obligation and risk information reporting procedure and frequency of risk management, and established an official risk management framework which recognises, analyses, evaluates and determines procedure of corporate risks to integrate with and control risks systematically.

### The Commencement of Risk Assessment for each Business Segment of the Group in 2020

Based on risk management system of the Group as mentioned above, the senior management, with the assistance from external advisory bodies, sustained its intensive risk management works in the following six business segments in 2020: (1) property development; (2) property management; (3) environmental protection; (4) construction; (5) real estate construction management; and (6) commercial.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

- **Continuing to put into practice the risk assessment results of all business segments from 2019**



To enhance the application of the Group's risk management results, the senior management has worked out a closed loop for risk management works, namely to identify major risks (planning), to respond to such risks (execution), to check the outcome of such respond (checks), and propose optimisation plans (improvement) in order to improve the risk management and response capabilities of the Company on a continuous basis.

In the year 2020, risk management measures were prepared, facilitated and implemented with respect to the major risks identified in all business segments in 2019. Implementation body monitored various risks of the respective business constantly, and confirmed with senior management on the outcome of such risk mitigation measures.

- **Developing an alert indicator system for the ten major risks of all business segments**

To strengthen the monitoring of major risks, the head of respective business segments set up quantitative or qualitative monitoring indicators for ten major risks with clear thresholds and reporting mechanisms. The operation of a risk alert indicator system provides the management with reminders of the business areas where risks alerts are sounded, so that analysis can be taken place with risk mitigation measures taken in a timely fashion to reduce the impact of such risks and to implement control and respond to major risks with smart technology.

- **Updating the assessment on the ten major risks in all business segments in 2020**

The head of respective segments followed and updated the risk assessment criteria in 2019; adopted systematic assessment to review the change of the nature and the extent of major risks faced by each segment; identified major risks faced by each business segment; sorted out the current status of risk management and control, the measures of next step and key risk management plans considered. Also, the assessment results were reported to the risk management committee.

The risk management committee, on behalf of the Board, reviews and assesses the changes of nature and extent of major risks and finished the review of risk management system and considered the systems are effective and sufficient. Management will report major risks control situation formally to the risk management committee on a half-yearly basis.



### **The internal control**

The Board is responsible for formulating proper internal control system for the Group to safeguard the assets of the Group and the interests of Shareholders. The audit committee shall conduct regular review on the effectiveness of the internal control system to ensure that the system is adequate.

The risk management and audit centre of the Group is accountable and reports directly to the audit committee. It is responsible for constantly monitoring the work flow and risk assessment of each department of the Group, to assist the Board and senior management of the Group in complying with the regulatory requirements and guidelines, so as to improve the efficiency of internal control system. Through continuous internal audit and reporting from time to time, the risk management and audit centre shall ensure the effective operation of the internal control system.

During the year, the audit committee reviewed the effectiveness of internal control system in respect of finance, operation, compliance and business matters and reported the result to the Board. Should any material fault or any material weakness in monitoring is found, the risk management and audit centre will report the same to the audit committee in timely manner.

The Group shall review the effectiveness of the internal control system at least twice every year to ensure the effectiveness and adequacy of the system.

### **The review and summary of the effectiveness of the risk management and internal control systems**

The Board has continued to oversee the management in the design, implementation and monitoring of the risk management and internal control systems, and conducted a comprehensive review of the risk management and internal control systems of the Company during the year, and continuously oversee major risks and regularly review the implementation of management and control measures covering the period of 2020 and considered that the systems are effective and adequate.

In order to standardise information management works, the Board has formulated an information management system (the "System"). The System includes procedures and internal controls for the handling and dissemination of inside information. The System provides including but not limited to the procedures of the obligation and execution of the management and publication of inside information, confidentiality arrangement, collection and evaluation of information and the manner of publication to ensure timely reporting of inside information to the Board and communication with the Group's stakeholders.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

### **Review of Accounting, Financial Reporting and Internal Audit Functions**

The audit committee reviewed and was satisfied with the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Group's accounting, financial reporting and internal audit functions.

### **Company Secretary**

The Company Secretary is a full-time employee of the Company and familiar with the day-to-day affairs of the Company. The Company Secretary reports to the Chairman and is responsible for advising the Board on governance matters, new director's induction and professional development of Directors as well as ensuring good information flow between the Board members and the compliance of the policy and procedure of the Board. Cheung Lap Kei, the Company Secretary of the Company, has confirmed that he has received relevant professional trainings of no less than 15 hours to update his skills and knowledge during the year.

### **Relation between the Company and Shareholders**

#### **Shareholders' rights**

Pursuant to Article 58 of the Articles, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board. The requisition must specify the objects of the meeting, be signed by the requisitionist(s), and be deposited to the registered office and principal place of business in Hong Kong of the Company.

If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholder(s) who wishes to propose a person (other than himself/herself) for election as a Director at the general meeting of the Company, should (i) deposit a written notice at the Company's principal place of business in Hong Kong for the attention of the Company Secretary; (ii) the notice must state the full name of the candidate, his/her biographical details as required by Rule 13.51(2) of the Listing Rules and be signed by the proposer; and (iii) a written consent signed by the candidate indicating his/her willingness to be elected as Director. The period for lodgment of the notice will commence no earlier than the day after the dispatch of the notice of general meeting and not later than 7 days prior to the date of general meeting. The relevant detailed procedures have been published on the Company's website ([www.agile.com.cn](http://www.agile.com.cn)).

Shareholders may raise enquiries with the Board at any time. Such request shall be in writing and delivered by post to Capital Markets Department or the Company Secretary of the Company at 18/F., Three Pacific Place, 1 Queen's Road East, Hong Kong. Shareholders may also raise enquiries with the Board at the annual general meetings of the Company.

Shareholders and the investors may make a request for the public information of the Company at any time. Such request shall be in writing and delivered by post to Capital Markets Department of the Company at 18/F., Three Pacific Place, 1 Queen's Road East, Hong Kong.

### Communication with Shareholders

Both the Board and the management fully understand the importance of building up of a good communication with the Shareholders in order to assist the Shareholders and investors to have a better knowledge and understanding of the businesses of the Group. Therefore, the Company has been reporting the performance and latest development of the Group to Shareholders through various channels and platforms, as follows:

- Apart from publishing the annual reports, interim reports, announcements, and circulars to Shareholders on the Company's website ([www.agile.com.cn](http://www.agile.com.cn)) and Hong Kong Stock Exchange's website ([www.hkex.com.hk](http://www.hkex.com.hk)), the Company has also posted onto its website the financial highlights, press release, and the terms of reference of the Board's committees, so that Shareholders can obtain more corporate information from the Company's website. Moreover, in order to enable Shareholders to have a better understanding of the latest movement and development of the Group, company news has also been released in the Company's website;
- The Company is committed to improve its relation with investors. During the year, senior management of the Company had conducted various meetings with institutional investors, fund managers and financial analysts. The report of meetings are presented to the Board for review in each regular Board meeting to ensure that views and recommendations of investors, fund managers and financial analysts can be reached to the Board;
- Members of the Board actively take part in the annual general meetings in order to have more contacts with the Shareholders. The Chairman of the Board, the chairpersons of each of the audit committee, remuneration committee, nomination committee, INED of Wong Shiu Hoi, Peter, annual retained legal advisor and the representative of external auditor had attended Last AGM. In the general meeting, there is a briefing on the business of the Company by the Chairman of the Board and a question and answer session as well as a discussion with Shareholders on the long-term development strategy of the Company. After the general meeting, poll results are posted on the Company's website ([www.agile.com.cn](http://www.agile.com.cn)), Hong Kong Stock Exchange's website ([www.hkex.com.hk](http://www.hkex.com.hk)) and SGX's website ([www.sgx.com](http://www.sgx.com)); and
- The Company's notice of Last AGM had been dispatched to Shareholders in no less than 20 clear business days before the commencing date of the meeting. The circular of the Company dated 3 April 2020 set out that all resolutions proposed at the general meeting had been taken by way of poll pursuant to Rules 13.39(4) of the Listing Rules while the chairman of the meeting further announced that all resolutions had been taken by way of one vote per share. The Company Secretary had explained in detail, the relevant procedures of voting by poll to the attending Shareholders and made known by the Shareholders. For all other general meetings, at least 10 clear business days notice will be given.

### Compliance with Model Code for Securities Transactions by Directors and Relevant Employees

The Company has adopted the Securities Dealing Code for Directors, which is on terms no less exacting than the required standard as set out in the Model Code. Having made specific enquiries, all Directors confirmed that they have complied with the standard set out in the Securities Dealing Code for Directors during the year under review.

The Company has also adopted a securities transactions code by employees of the Group which is on no less exacting terms than the Model Code.

### Amendment of the Company's Constitutional Documents

There have been no changes made to the Company's constitutional documents during the year ended 31 December 2020.

# REPORT OF THE DIRECTORS

The Board is pleased to present their report for the year ended 31 December 2020.

## Principal Activities

The principal businesses of the Company is investment holding. Its major subsidiaries, joint ventures and associated companies are principally engaged in the businesses of property development, property management, hotel operations, property investment and environmental protection. An analysis of the Group's performance for the year by principal business segments is set out in note 5 to the consolidated financial statements.

## Results and Overall Performance

The Group's results for the year ended 31 December 2020 are set out on pages 116 to 117 of this annual report.

## Business Review

Business review for the year and future business development of the Group as well as the major risks and uncertainties of the Group are set out in "Management Discussion and Analysis" on pages 16 to 25 and the "Chairman's Statement" on pages 8 to 15 of this annual report. Analysis of the performance of the Group for the year based on key financial indicators is set out in "Five-Year Financial Summary" on pages 237 to 238 of this annual report. Save as disclosed in this annual report, the Group has no significant events since the financial year under review.

The Group believes that sustainable development is crucial to the development of a corporate and actively implements the concept of sustainable development at every level of the operation so as to create a better future for the community and the Group. The Company will issue separately an Environmental, Social and Governance Report under Environmental, Social and Governance Reporting Guide as specified in Appendix 27 to the Listing Rules.

The Group is mainly engaged in the property development in China. As a property developer in China, the Group is required to comply with various national and local laws and regulations on environmental protection, including laws and regulations of air pollution, sound pollution, waste and sewage. The Group has complied with the laws and regulations which are significant to the operation of the Group.

The Group is of the view that our employees, customers and business partners are important to our sustainable development. The Group is committed to maintaining close relationship with our employees, providing quality services to customers and strengthening the cooperation with our business partners.

### Dividend Policy

The Board has adopted a dividend policy (the “Dividend Policy”) on 7 December 2018.

Pursuant to the Dividend Policy, the Company may declare and distribute dividends to the shareholders of the Company, subject to, among other things, distributable profits, actual and expected financial conditions, operating results and strategies, cash flow, expected working capital requirements and expansion plans, future development prospects, shareholders’ interests and other factors that the Board deems appropriate.

Recommendation, declaration and payment of dividends shall be determined at the sole discretion of the Board and subject to the requirements of the Companies Law of the Cayman Islands, the Articles and all applicable laws and regulations.

The Board will review the Dividend Policy from time to time and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time. There is no assurance that dividends will be paid in any particular amount for any given period.

### Dividends

During the year, the Company declared and paid an interim dividend of HK50.0 cents (2019: HK60.0 cents) per Share to the Shareholders. The Board has proposed the declaration of a final dividend of HK60.0 cents (2019: HK40.0 cents) per Share to the Shareholders. Subject to the approval by the Shareholders at the AGM, the proposed final dividend is expected to be paid on or about Monday, 31 May 2021 to Shareholders whose names appear on the register of members of the Company on Monday, 24 May 2021.

### Closure of Register of Members

To facilitate the processing of proxy voting for the AGM to be held on Wednesday, 12 May 2021, the register of members of the Company will be closed from Friday, 7 May 2021 to Wednesday, 12 May 2021, both dates inclusive, during which no transfer of Shares will be registered. In order to be entitled to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited for registration not later than 4:30 p.m. on Thursday, 6 May 2021.

The register of members of the Company will be closed from Thursday, 20 May 2021 to Monday, 24 May 2021, both dates inclusive, during which no transfer of Shares will be registered. In order to qualify for entitlement to the final dividend, all properly completed transfer forms, accompanied by the relevant share certificates, must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited for registration not later than 4:30 p.m. on Tuesday, 18 May 2021.

## REPORT OF THE DIRECTORS (CONTINUED)

### Share Capital

Details of the movement in the share capital of the Company during the year are set out in note 20 to the consolidated financial statements.

### Reserves

Details of movement in the reserves of the Group during the year are set out in note 22 to the consolidated financial statements.

As at 31 December 2020, the distributable reserves of the Company were approximately RMB5,087 million (2019: RMB4,503 million).

### Senior Notes

Details of senior notes of the Company are set out in note 24 to the consolidated financial statements.

### Senior Perpetual Capital Securities

Details of senior perpetual capital securities of the Company are set out in note 23 to the consolidated financial statements.

### Property, Plant and Equipment

Details of movement in property, plant and equipment of the Group during the year are set out in note 6 to the consolidated financial statements.

### Intangible Assets

Details of movement in intangible assets of the Group during the year are set out in note 9 to the consolidated financial statements.

### Investment Properties

During the year, the fair value gains of the Group's investment properties amounted to RMB197 million (2019: RMB117 million) and have been recognised directly in the consolidated financial statements.

Details of movement in investment properties of the Group during the year are set out in note 7 to the consolidated financial statements.

### **Borrowings**

Details of the Group's borrowings are set out in note 24 to the consolidated financial statements.

### **Interest Capitalised**

Interest and other borrowing costs capitalised of the Group during the year are set out in note 34 to the consolidated financial statements.

### **Donations**

The Group's charitable and other donations during the year amounted to RMB165 million (2019: RMB116 million).

### **Retirement Benefit Scheme**

Details of retirement benefit scheme of the Group are set out in note 33 to the consolidated financial statements.

### **Group Financial Summary**

A financial summary of the Group for the past five financial years is set out on pages 237 to 238 of this annual report.

### **Directors**

The Directors as at the date of this report are listed on page 239 of this annual report. All Directors served throughout the year.

### **Independence confirmation**

The Company has received the confirmation from all INEDs listed on page 239 of this annual report regarding their independence pursuant to Rule 3.13 of the Listing Rules and considers all of them to be independent.

### **Term of appointment**

Article 87 of the Articles provides that one-third of Directors for the time being shall retire from office by rotation at the annual general meeting. In accordance therewith, Chen Zhuo Lin, Luk Sin Fong, Fion, Chan Cheuk Nam and Cheng Hon Kwan will retire as Directors at the AGM and, being eligible, offer themselves for re-election.

Each of the executive Directors, NEDs and INEDs has entered into a service agreement/an appointment letter with the Company for a term of three years subject to retirement by rotation pursuant to Article 87 of the Articles. None of the Director has a service agreement/an appointment letter with the Company which is not terminable by the Company within one year without payment of compensation (other than statutory compensation).

## REPORT OF THE DIRECTORS (CONTINUED)

### Share Award Scheme

The Company has adopted the Share Award Scheme on 10 December 2013 to recognise the contributions by certain employees. Subject to any early termination as may be determined by the Board, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date. The maximum number of Shares which may be awarded to a selected employee under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time. The Board shall not make any further award of awarded shares which will result in the nominal value of the Shares awarded under the Share Award Scheme exceeding 10% of the issued share capital of the Company from time to time.

The Company issued and allotted a total of 34,470,000 awarded shares to Employee Share Trustee as trustee on 10 February 2014 to hold on trust for such employee(s) selected by the Board ("Selected Employees") in accordance with the trust deed and rules of the scheme. These awarded shares would be transferred to such Selected Employees upon their satisfaction of relevant vesting conditions specified by the Board at the time of the grant. 32,750,000 out of 34,470,000 awarded shares ("Awarded Shares") were granted to certain Selected Employees. Following the confirmation that relevant vesting conditions have not been satisfied, the first and the second 30% Awarded Shares have lapsed effective from 26 August 2015 and 23 August 2016 respectively, and the remaining 40% of the Awarded Shares have lapsed effective from 28 August 2017.

### Model Code for Securities Transactions by Directors

The Company has adopted the Securities Dealing Code for Directors, which is on terms no less exacting than the required standard as set out in the Model Code. Having made specific enquiries, each of the Directors has confirmed to the Company that he or she had fully complied with the Securities Dealing Code for Directors during the year ended 31 December 2020.

### Directors' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2020, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of SFO) which (i) were notified to the Company and Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of SFO); or (ii) were recorded in the register required to be kept by the Company under Section 352 of SFO; or (iii) were required by the Model Code to be notified to the Company and Hong Kong Stock Exchange, were as follows:

#### (1) Long positions in Shares of the Company

Name of Director	Capacity of interests held	Shares held in the Company		Total number of Shares	Approximate percentage to issued share capital
		Number of Shares	Note		
Chen Zhuo Lin	Beneficiary of a trust	2,453,096,250	1	2,597,944,500	66.32
	Beneficial owner	88,274,000			
	Controlled corporation	14,276,250	2		
	Controlled corporation	42,298,000	3		



## REPORT OF THE DIRECTORS (CONTINUED)

Name of Director	Capacity of interests held	Shares held in the Company		Total number of Shares	Approximate percentage to issued share capital
		Number of Shares	Note		
Chan Cheuk Yin	Beneficiary of a trust	2,453,096,250	1	2,468,783,750	63.03
	Controlled corporation	15,687,500	4		
Luk Sin Fong, Fion	Beneficiary of a trust	2,453,096,250	1	2,597,944,500	66.32
	Controlled corporation	14,276,250	2		
	Spouse	130,572,000	5		
Chan Cheuk Hung	Beneficiary of a trust	2,453,096,250	1	2,453,096,250	62.63
Chan Cheuk Hei	Beneficiary of a trust	2,453,096,250	1	2,460,971,250	62.83
	Beneficial owner	7,875,000	6		
Chan Cheuk Nam	Beneficiary of a trust	2,453,096,250	1	2,459,877,750	62.80
	Beneficial owner	6,781,500	7		
Huang Fengchao	Beneficial owner	1,400,000		1,400,000	0.04

Notes:

- Held by Full Choice as trustee through Top Coast.
- Held by Brilliant Hero Capital Limited (輝雄資本有限公司) and Famous Tone Investments Limited (名通投資有限公司), which are jointly controlled by Chen Zhuo Lin and Luk Sin Fong, Fion.
- Held by Dragon Treasure Global Limited (龍寶環球有限公司), Star Noble Global Limited (星御環球有限公司) and Supreme Elite Holdings Limited (優傑控股有限公司), which are wholly-owned by Chen Zhuo Lin.
- Held by Renowned Idea Investments Limited (明思投資有限公司), which is wholly-owned by Chan Cheuk Yin.
- By virtue of the SFO, Luk Sin Fong, Fion is deemed to be interested in the Shares held by her spouse, Chen Zhuo Lin (1) as beneficial owner, and (2) through Dragon Treasure Global Limited (龍寶環球有限公司), Star Noble Global Limited (星御環球有限公司) and Supreme Elite Holdings Limited (優傑控股有限公司), which are wholly-owned by him.
- Jointly held by Chan Cheuk Hei and his spouse Lu Yanping.
- Jointly held by Chan Cheuk Nam and his spouse Chan Siu Na.

## REPORT OF THE DIRECTORS (CONTINUED)

### (2) Long positions in the shares of associated corporations of the Company

#### A. Top Coast

Name of Director	Capacity of interests held	Number of shares	Description of shares	Percentage to issued share capital
Chen Zhuo Lin	Controlled corporation	2 (Note)	Ordinary	100.00
Chan Cheuk Yin	Controlled corporation	2 (Note)	Ordinary	100.00

Note: By virtue of the SFO, Chen Zhuo Lin and Chan Cheuk Yin are deemed to be interested in 2 ordinary shares, representing 100% of the then issued voting shares, in Top Coast, a company wholly-owned by Full Choice which in turn owned as to 50% by Chen Zhuo Lin and Chan Cheuk Yin respectively.

#### B. A-Living

Name of Director	Capacity of interests held	Number of shares	Description of shares	Approximate percentage to issued share capital of H shares	Approximate percentage to total issued share capital
Chen Zhuo Lin	Beneficiary of a trust	721,256,750 (Note 1)	H shares	54.09	54.09
Chan Cheuk Yin	Beneficiary of a trust	721,256,750 (Note 1)	H shares	54.09	54.09
Luk Sin Fong, Fion	Beneficiary of a trust	721,256,750 (Note 1)	H shares	54.09	54.09
Chan Cheuk Hung	Beneficiary of a trust	721,256,750 (Note 1)	H shares	54.09	54.09
Chan Cheuk Hei	Beneficiary of a trust	721,256,750 (Note 1)	H shares	54.09	54.09
Chan Cheuk Nam	Beneficiary of a trust	721,256,750 (Note 1)	H shares	54.09	54.09
Huang Fengchao	Controlled corporation	80,000,000 (Note 2)	H shares	6.00	6.00

Notes:

- (1) The Company holds, through its indirect wholly-owned subsidiaries, Zhongshan A-Living Enterprise Management Services Co., Ltd.<sup>^</sup> (中山雅生活企業管理服務有限公司) and Deluxe Star International Limited (旺紀國際有限公司), and another indirect wholly-owned subsidiary, 721,256,750 H shares in A-Living, and Full Choice holds, through Top Coast, 62.63% equity interests of the Company, as trustee of the Chen's Family Trust, beneficiaries of which are Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam. By virtue of the SFO, Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam are deemed to be interested in these 721,256,750 H shares in A-Living.
- (2) Huang Fengchao is a limited partner of Gongqingcheng A-Living Investment Management Limited Partnership<sup>^</sup> (共青城雅生活投資管理合夥企業(有限合夥)) (a holder of 80,000,000 H shares in A-Living), in which 49.9% of interests is owned by him.

Save as disclosed above, as at 31 December 2020, none of the Directors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which (i) were notified to the Company and Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of SFO); or (ii) were recorded in the register required to be kept by the Company under Section 352 of SFO; or (iii) were required by the Model Code to be notified to the Company and Hong Kong Stock Exchange.

## Substantial Shareholders' Interests and Short Positions

To the best knowledge of the Directors or chief executive of the Company, as at 31 December 2020, the interests or short positions of substantial Shareholders (other than Directors or the chief executive of the Company) in the Shares or underlying Shares which (i) have been disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) were recorded in the register required to be kept by the Company under Section 336 of SFO were as follows:

### Long positions in Shares of the Company

Name of Shareholder	Capacity of interests held	Shares held in the Company			Approximate percentage to issued share capital
		Number of Shares	Note	Total number of Shares	
Full Choice	Trustee	2,453,096,250	1	2,453,096,250	62.63
Top Coast	Beneficial owner	2,453,096,250	1	2,453,096,250	62.63
Zheng Huiqiong	Spouse	2,468,783,750	2	2,468,783,750	63.03
Lu Liqing	Spouse	2,453,096,250	3	2,453,096,250	62.63
Lu Yanping	Beneficial owner	7,875,000	4	2,460,971,250	62.83
	Spouse	2,453,096,250	5		
Chan Siu Na	Beneficial owner	6,781,500	6	2,459,877,750	62.80
	Spouse	2,453,096,250	7		
Chen Sze Long	Beneficial owner	170,046,993		307,432,500	7.85
	Controlled corporation	137,385,507	8		
Wang Huizhao	Spouse	307,432,500	9	307,432,500	7.85

Notes:

- Full Choice holds the Shares as the trustee of the Chen's Family Trust through Top Coast. Beneficiaries of which are Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam.
- By virtue of the SFO, Zheng Huiqiong is deemed to be interested in the Shares held by her spouse, Chan Cheuk Yin.
- By virtue of the SFO, Lu Liqing is deemed to be interested in the Shares held by her spouse, Chan Cheuk Hung.
- Jointly held by Lu Yanping and her spouse, Chan Cheuk Hei.
- By virtue of the SFO, Lu Yanping is deemed to be interested in the Shares held by her spouse, Chan Cheuk Hei.
- Jointly held by Chan Siu Na and her spouse, Chan Cheuk Nam.
- By virtue of the SFO, Chan Siu Na is deemed to be interested in the Shares held by her spouse, Chan Cheuk Nam.
- Held by Cosmic Advance Holdings Limited (宇進控股有限公司) and Union High Investment Group Limited (聯高投資集團有限公司), which are wholly-owned by Chen Sze Long.
- By virtue of the SFO, Wang Huizhao is deemed to be interested in the Shares held by her spouse, Chen Sze Long (1) as beneficial owner, and (2) through Cosmic Advance Holdings Limited (宇進控股有限公司) and Union High Investment Group Limited (聯高投資集團有限公司), which are wholly-owned by him.

Save as disclosed above, as at 31 December 2020, none of the substantial Shareholders (other than Directors or chief executives of the Company) had informed the Company that they had any interests or short positions which (i) shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) shall be recorded in the register required to be kept by the Company under Section 336 of SFO.

## REPORT OF THE DIRECTORS (CONTINUED)

### Interests of any other persons

Save as disclosed in the foregoing, as at 31 December 2020, none of any other persons had informed the Company that they had any interests and short positions in the Shares which (i) shall be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO or (ii) shall be recorded in the register required to be kept by the Company under Section 336 of SFO.

### Remuneration Policy of the Group

As at 31 December 2020, the Group had a total of 63,275 employees. The related employees' costs for the year amounted to approximately RMB7,679 million. The remuneration package of the Group is determined with reference to the market levels, individual performance and contributions. Bonuses are also distributed based on the performance of employees. The Group also provides a comprehensive benefit package and career development opportunities, including retirement schemes, medical benefits, and both internal and external training appropriate to the employees' needs.

### Basis for Determining Emoluments to Directors

Apart from taking into account the advice from the remuneration committee of the Board and the market levels, the Company also considers the competency, contributions and the responsibilities towards the Company in determining the level of remuneration for each Director. Appropriate benefit schemes are in place for the Directors.

### Directors' Interests in Competing Business

During the year and up to the date of this annual report, Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam are having interests in Changjiang Hotel Company. Changjiang Hotel Company is principally engaged in hotel business under Zhongshan Agile Changjiang Hotel in Zhongshan, the PRC which business competes or is likely to compete, either directly or indirectly, with the business of the Group.

In accordance with the Articles and Statement of Policy for Corporate Governance, Directors shall abstain from voting on any resolution of Directors in respect of any contract, arrangement or proposal in which he or she or any of his or her associates has material interests.

As the Board is independent from the board of directors of Changjiang Hotel Company and the above Directors are unable to control the Board, the Directors are of the view that the Group is able to operate its hotel business fairly and independent of Changjiang Hotel Company.

### Directors' Material Interests in Transactions, Arrangements or Contracts

As at the end of or any time during the year, no contracts of significance in relation to the Group's business to which the Company or its subsidiaries was a party, and in which a Director and/or his or her related entities had a material interest in the transactions, arrangements or contracts, whether directly or indirectly.

### Controlling Shareholders' Interests in Contracts

Neither the Company nor any of its subsidiaries had entered into any contract of significance with the Company's controlling shareholders or their subsidiaries, or any contract of significance for the provision of services to the Company or any of its subsidiaries by the Company's controlling shareholders or their subsidiaries, during the year.

### **Changes in information of Directors**

In respect of the change in emoluments of Directors, please refer to note 49 to the consolidated financial statements.

### **Major Customers and Suppliers**

During the year, sales to the largest customer of the Group accounted for approximately 1.3% of sales of the Group for the year and sales to the five largest customers of the Group accounted for less than 30% of sales of the Group for the year.

During the year, purchases from the largest supplier of the Group accounted for 1.6% of purchases of the Group for the year and purchases from the five largest suppliers of the Group accounted for less than 30% of purchases of the Group for the year.

None of the Directors, their respective close associates nor any Shareholders (who are interested in more than 5% of the issued Shares to the knowledge of the Directors) had any interests in any of the five largest customers or suppliers of the Group.

### **Related Party Transactions**

Details of related party transactions are set out in note 44 to the consolidated financial statements. Certain of them are continuing connected transactions which are fully exempted from reporting, announcement, shareholders' approval and annual review requirements under Chapter 14A of the Listing Rules.

### **Connected Transactions**

During the year, the Group did not have any connected transactions which is discloseble pursuant to Chapter 14A of the Listing Rules.

### **Management Contracts**

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

### **Permitted Indemnity Provision**

According to the Articles, every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. The Company has arranged appropriate insurance covering the potential legal actions against its Directors and senior management in connection with the discharge of their responsibilities.

## REPORT OF THE DIRECTORS (CONTINUED)

### Purchase, Sale or Redemption of Listed Securities

On 21 May 2020, the Company redeemed all its outstanding 9.0% senior notes due 2020 in an aggregate principal amount of US\$500 million at the redemption price equal to 100% of the principal amount plus accrued and unpaid interest.

On 13 July 2020, the Company redeemed all its outstanding domestic non-public corporate bonds in an aggregate principal amount of RMB3,000 million (the "Domestic Bonds I") due 2020 with an initial coupon rate of 6.98% at the redemption price of RMB100 each, being the face value of the Domestic Bonds I, plus accrued and unpaid interest.

On 29 July 2020, the Company redeemed all its outstanding domestic non-public corporate bonds in an aggregate principal amount of RMB970 million (the "Domestic Bonds II") due 2020 with an initial coupon rate of 4.98% at the redemption price of RMB100 each, being the face value of the Domestic Bonds II, plus accrued and unpaid interest.

On 12 October 2020, the Company repurchased its outstanding domestic non-public corporate bonds in an aggregate principal amount of RMB608 million (the "Repurchased Bonds") out of RMB1,800 million (the "Domestic Bonds III") due 2021 with an initial coupon rate of 4.6% at the repurchase price of RMB100 each, being the face value of the Domestic Bonds III. Following the completion of the said repurchase, the Company has resold such Repurchased Bonds.

On 23 November 2020, the Company redeemed all its outstanding 9.5% senior notes due 2020 in an aggregate principal amount of US\$400 million at the redemption price equal to 100% of the principal amount plus accrued and unpaid interest.

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

On 12 January 2021, the Company redeemed all its outstanding domestic corporate bonds in an aggregate principal amount of RMB1,600 million (the "Domestic Bonds IV") due 2021 with an initial coupon rate of 4.7% at the redemption price of RMB100 each, being the face value of the Domestic Bonds IV, plus accrued and unpaid interest.

### Specific Performance by the Controlling Shareholders

1. As disclosed in the Company's announcement dated 2 June 2017, the Company as borrower and certain of its subsidiaries as guarantors with SCB as original lender, facility agent and security agent entered into a facility agreement ("2017 Facility I"). Pursuant to which a term loan facility in the amount of HK\$624 million has been granted to the Company for a term of 36 months. The facility was fully repaid on 2 June 2020.
2. As disclosed in the Company's announcement dated 17 July 2017, the Company as borrower and certain of its subsidiaries as guarantors with SCB as original lender, mandated lead arranger and bookrunner, and facility agent and security agent entered into a facility agreement ("2017 Facility II"). Pursuant to which a term loan facility in the amount of HK\$3,519 million has been granted to the Company for a term of 36 months. The facility was fully repaid on 17 July 2020.
3. As disclosed in the Company's announcement dated 14 November 2017, the Company as borrower and certain of its subsidiaries as guarantors entered into a facility agreement with certain financial institutions ("2017 Facility III"). Pursuant to which a term loan facility of HK\$1,170 million has been granted to the Company for a term of 36 months. The facility was fully repaid on 13 November 2020.

## REPORT OF THE DIRECTORS (CONTINUED)

4. As disclosed in the Company's announcement dated 24 November 2017, the Company as borrower and certain of its subsidiaries as guarantors entered into a facility agreement with a bank as lender ("2017 Facility IV"). Pursuant to which a term loan facility of HK\$300 million has been granted to the Company for a term of 36 months. The facility was fully repaid on 24 November 2020.
5. As disclosed in the Company's announcement dated 19 December 2017, the Company as borrower and certain of its subsidiaries as guarantors entered into a facility agreement with a bank as lender ("2017 Facility V"). Pursuant to which a term loan facility of HK\$400 million has been granted to the Company for a term of 36 months. The facility was fully repaid on 18 December 2020.
6. As disclosed in the Company's announcement dated 21 May 2018, the Company as borrower and certain of its subsidiaries as original guarantors with a bank as facility agent and security agent and certain financial institutions entered into a facility agreement ("2018 Facility I"). Pursuant to which a term loan facility comprising two tranches of HK\$8,834 million (with a greenshoe option of HK\$2,500 million) and USD200 million has been granted to the Company for a term of 48 months.
7. As disclosed in the Company's announcement dated 12 December 2018, the Company as borrower and certain of its subsidiaries as original guarantors with a bank as facility agent and security agent and certain financial institutions as original lenders entered into a facility agreement ("2018 Facility II"). Pursuant to which a term loan facility of HK\$770 million (or its USD equivalent) has been granted to the Company for a term of 36 months.
8. As disclosed in the Company's announcement dated 27 June 2019, the Company as borrower and one of its subsidiaries as guarantor with a bank as agent and original lender entered into a facility agreement ("2019 Facility I"). Pursuant to which a term loan facility of MOP1,854 million (or its HKD equivalent) has been granted to the Company for a term of 24 months. As disclosed in the Company's announcement dated 24 June 2020, pursuant to an amendment deed entered into between the same parties above, the term of tranche B loan of MOP824 million being part of MOP1,854 million facility has been extended until 29 June 2022 while the term of its tranche A loan of MOP1,030 million will remain unchanged at 24 months.
9. As disclosed in the Company's announcement dated 28 August 2019, the Company as borrower and certain of its subsidiaries as guarantors with certain financial institutions with one of them acting as facility agent and security agent entered into a facility agreement ("2019 Facility II"). Pursuant to which a term loan facility comprising two tranches of HKD1,170 million and USD100 million (with a greenshoe option of USD500 million or its HKD equivalent) has been granted to the Company for a term of 36 months.
10. As disclosed in the Company's announcement dated 24 June 2020, the Company as borrower and certain of its subsidiaries as guarantors with certain financial institutions with one of them acting as facility agent and security agent entered into a facility agreement ("2020 Facility"). Pursuant to which a term loan facility comprising an initial tranche of HKD3,242 million (with a greenshoe option of USD600 million or its HKD equivalent) has been granted to the Company for a term of 36 months.

## REPORT OF THE DIRECTORS (CONTINUED)

In connection with the aforesaid facilities, if (i) Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam (hereinafter collectively the “Controlling Shareholders”) collectively, directly or indirectly, do not own more than 50% of the total issued share capital of the Company; and/or (ii) the Controlling Shareholders together do not or cease to be entitled to exercise management control of the Company (only for 2017 Facility II, 2017 Facility III, 2017 Facility IV, 2017 Facility V, 2018 Facility I, 2018 Facility II, 2019 Facility II and 2020 Facility); and/or (iii) Chen Zhuo Lin is not or ceases to be the chairperson of the Board will constitute an event of default. In case of an occurrence of an event of default, the facility agent (only for 2017 Facility I, 2017 Facility II, 2017 Facility III, 2018 Facility I, 2018 Facility II, 2019 Facility II and 2020 Facility)/the lender (only for 2017 Facility IV and 2017 Facility V)/the agent (only for 2019 Facility I) may by notice to the Company (a) cancel the commitments; (b) declare that all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding under the finance documents be immediately due and payable; (c) declare that all or part of the loans be payable on demand; and/or (d) exercise (only for 2017 Facility IV and Facility V)/exercise or direct the security agent to exercise (only for 2017 Facility I, 2017 Facility II, 2017 Facility III, 2018 Facility I, 2018 Facility II, 2019 Facility I, 2019 Facility II and 2020 Facility) all or any of its rights, remedies, powers or discretions under the finance documents and other ancillary documents.

### Pre-Emptive Rights

No provision has been made both in the memorandum of association of the Company and the Articles and under the laws of Cayman Islands in respect of pre-emptive rights, as such, the Company shall offer pro rata new Shares (if any) to the existing Shareholders.

### Equity Linked Agreement

During the year, the Company did not enter into any equity linked agreement except those under and “Share Award Scheme” and the disclosure in note 21 to the consolidated financial statements.

### Corporate Governance

The Company complied with all the provisions set out in the CG Code throughout the year except for certain deviations, details of which are set out in the Corporate Governance Report of this annual report.

### Sustainable Development

The Group believes that promoting sustainability is as important as achieving long-term business growth. It has therefore made continuous efforts to maintain a high degree of sustainability in its operations. Moreover, it values opportunities to learn more about the needs and expectations of the communities in which it operates, as well as those of other stakeholders. The Group is committed to strengthening its management’s efforts to promote sustainability through good corporate governance, environmental protection, community investment and workplace practices.

To demonstrate its commitment to transparency and accountability to its stakeholders, the Company will issue separately an Environmental, Social and Governance Report under Environmental, Social and Governance Reporting Guide as specified in Appendix 27 to the Listing Rules. The report will present the Company’s commitment to sustainable development during the year under review and it will cover the significant economic, environmental and social achievements and impact arising from the activities of the Group and its joint ventures.



### Shareholders' Tax Relief

If the Shareholders have any doubt in relation to any relief from taxation by holding the Shares, they are advised to consult their own professional advisers.

### Public Float

From information that is publicly available to the Company and within the knowledge of its Directors for the year ended 31 December 2020 and as at the date of this annual report, at least 25% of the Company's total issued share capital is being held by the public.

### Audit Committee

The audit committee of the Company had reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2020, and reviewed the accounting principles and practices adopted by the Group with the management of the Group, and discussed the internal controls and financial reporting matters with them.

### Auditor

The consolidated financial statements of the Group for the year ended 31 December 2020 have been audited by PricewaterhouseCoopers, the auditor of the Company, which will retire and, being eligible, offer itself for re-appointment at the AGM. A resolution to re-appoint the auditor and to authorise the Directors to fix their remuneration will be proposed at the AGM. The Company did not change its external auditor in the past three years.

On behalf of the Board

### Chen Zhuo Lin

*Chairman and President*

Hong Kong, 23 March 2021

# FINANCIAL SECTION

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# INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

## To the Shareholders of Agile Group Holdings Limited

*(incorporated in the Cayman Islands with limited liability)*

### Opinion

#### What we have audited

The consolidated financial statements of Agile Group Holdings Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 114 to 236, which comprise:

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

#### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) 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 (“HKSA”) 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.

#### Key Audit Matters

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

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

The key audit matters identified in our audit and our audit procedures performed to address these key audit matters are set out as below:

<b>Key Audit Matters</b>	<b>How our audit addressed the Key Audit Matters</b>
<p><b>Assessment of provisions for impairment of properties under development and completed properties held for sale</b></p> <p>Refer to notes 4.1(a), 12 and 13 to the consolidated financial statements.</p> <p>Properties under development and completed properties held for sale amounted to RMB132,214,806,000 as at 31 December 2020, accounting for 42% of the Group's total assets. Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. The net realisable values were assessed taking into account of costs to completion of properties under development, variable selling expenses based on past experience and selling price based on prevailing market conditions.</p> <p>Based on management's assessment, a provision of RMB1,363,526,000 for properties under development and a provision of RMB697,314,000 for completed properties held for sale were made as at 31 December 2020.</p> <p>We focused on auditing the provisions for impairment of properties under development and completed properties held for sale because the estimation of net realisable values is subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of properties under development and completed properties held for sale is considered significant due to significant judgements and estimates involved in determination of net realisable values.</p>	<p>We have performed the following procedures to address this key audit matter:</p> <ul style="list-style-type: none"><li>(i) We obtained an understanding of management's internal control and assessment process of the provisions for impairment of properties under development and completed properties held for sale and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as complexity, subjectivity, changes and susceptibility to management bias or fraud;</li><li>(ii) We evaluated the outcome of prior period assessment of impairment of properties under development and completed properties held for sale to assess the effectiveness of management's estimation process;</li><li>(iii) We evaluated and tested the key controls relating to management's assessment on the impairment of properties under development and completed properties held for sale, including the identification of properties with impairment indicators, the quantification and recording of impairment provisions;</li><li>(iv) We assessed the Group's estimates of the anticipated costs to completion for properties under development by reconciling the anticipated costs to completion to the approved budgets. We compared the major cost compositions contained in these budgets with the actual cost compositions of similar type of properties in similar location. We performed analysis on management's material cost adjustments;</li></ul>

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Key Audit Matters

### How our audit addressed the Key Audit Matters

- (v) We challenged and assessed the reasonableness of management's assumptions when determining the net sales value based on prevailing market conditions by:
- Researching the selling prices from the public available resources and comparing the estimated selling price to the most recent selling price for the properties under presales or the prevailing market price of the same type of properties in the same location;
  - Analysing the historical selling expenses to selling price ratio, assessing whether management's estimated selling expenses were within such range.
- (vi) We assessed the adequacy of the disclosures related to impairment of properties under development and completed properties held for sale in the context of the applicable financial reporting framework; and
- (vii) We also considered whether the judgements made in selecting the methodology and the key assumptions would give rise to indicators of possible management bias.

Based on the above, we found that the significant judgements and estimates made by management in relation to the impairment assessment of properties under development and completed properties held for sale were supported by available evidence.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Key Audit Matters

#### Valuations of investment properties

Refer to notes 4.1(b) and 7 to the consolidated financial statements.

The Group's investment properties were measured at fair value of RMB10,849,449,000 as at 31 December 2020, with revaluation gains of RMB196,906,000 recorded as "other gains, net" in the consolidated income statement for the year then ended.

Independent external valuations were performed for all of investment properties in order to support management's estimates. Fair values of completed investment properties are derived using income capitalisation approach or the direct comparison approach, where applicable. The fair values of investment properties under construction are prepared under residual approach.

We focused on auditing the valuations of investment properties because the estimation of term yields and reversionary yields, market rents, market prices and estimated costs to completion is subject to high degree of estimation uncertainty. The inherent risk in relation to the valuations of investment properties is considered significant due to significant judgements and estimates involved in determination of fair value.

### How our audit addressed the Key Audit Matters

We have performed the following procedures to address this key audit matter:

- (i) We obtained an understanding of the management's internal control and assessment process of the valuations of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias or fraud;
- (ii) We evaluated the competency, capabilities and objectivity of the external valuers;
- (iii) We checked, on a sample basis, accuracy and relevance of the input data used in the valuation and checked the mathematical accuracy of the valuations;
- (iv) We involved our internal valuation specialist in assessing the appropriateness of methodologies used and the reasonableness of the key assumptions applied in the valuations, including term yields and reversionary yields, fair market rents and fair market prices. We agreed the term yields, reversionary yields, market rents and market prices used in the valuations to our internally developed benchmarks, which are based on our recent experience and market research in the locations and segments of the Group's investment properties. We have also conducted a sensitivity analysis over the key assumptions;

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Key Audit Matters

### How our audit addressed the Key Audit Matters

- (v) For investment properties under construction, we challenged and assessed the reasonableness of management's estimates of costs to complete by checking the total budgeted construction costs against the signed contracts with vendors and actual construction costs of similar properties and tested the actual costs incurred up to date;
- (vi) We assessed the adequacy of the disclosures related to valuation of investment properties in the context of the applicable financial reporting framework; and
- (vii) We also considered whether the judgements made in selecting the methodology and the key assumptions would give rise to indicators of possible management bias.

Based on the above, we found that the significant judgements and estimates made by management in relation to the valuations of investment properties were supported by available evidence.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Key Audit Matters

#### Assessment of goodwill impairment

Refer to notes 4.1(c) and 9 to the consolidated financial statements.

As at 31 December 2020, the Group had goodwill of RMB4,264,614,000 primarily in relation to the Group's acquisition of property management services groups, environmental protection groups and construction groups (the "Acquirees"). A provision of RMB723,802,000 was made for goodwill arising from certain Acquirees.

Goodwill is tested for impairment annually or when there are events or changes in circumstances indicate that it might be impaired. For the purpose of impairment assessment, goodwill was allocated to respective groups of cash generating units of the Acquirees. Management assessed the recoverable amount of major Acquirees with the assistance of independent external valuers (the "External Valuers") and determined based on a value-in-use ("VIU") calculation using cash flow projections based on financial budgets approved by management. The key assumptions considered primarily include (i) compound annual growth rate of revenue, (ii) earnings before interest, tax, depreciation and amortisation ("EBITDA") margin, (iii) long-term growth rate, and (iv) pre-tax discount rate.

We focused on auditing the impairment of goodwill because the estimation of recoverable amount is subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of goodwill is considered significant due to the complexity of the impairment models and subjectivity of significant assumptions used.

### How our audit addressed the Key Audit Matters

We have performed the following procedures to address this key audit matter:

- (i) We obtained an understanding of the management's internal control and assessment process of goodwill impairment and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias or fraud;
- (ii) We evaluated the outcome of prior period assessment of impairment of goodwill to assess the effectiveness of management's estimation process;
- (iii) We evaluated the competency, capabilities and objectivity of the External Valuers;
- (iv) We challenged and assessed the appropriateness of the methodology and the reasonableness of key assumptions adopted with the involvement of our internal valuation specialists;
- (v) We assessed the reasonableness of the key assumptions adopted by management by (i) evaluating the historical estimation accuracy of the cash flow forecast by, for example, comparing the forecast used in the prior year to the actual performance of the business in the current year; (ii) assessed the pre-tax discount rates with reference to comparable listed companies; (iii) evaluating the reasonableness of the key assumptions used in the cash flow forecast, including compound annual revenue growth rates and EBITDA margins, taking into account the approved budgets, historical financial data and plans of the Acquirees; (iv) for the long-term growth rate, we assessed it with reference to the long-term expected inflation rate;



## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

<b>Key Audit Matters</b>	<b>How our audit addressed the Key Audit Matters</b>
	<p>(vi) We tested source data to supporting evidence on a sample basis, such as approved budgets and available market data;</p> <p>(vii) We performed sensitivity analysis on the key assumptions adopted in the impairment assessment so as to assess the potential implication on the results of the impairment assessment if these key assumptions are to be changed within a reasonable range;</p> <p>(viii) We assessed the adequacy of the disclosures related to impairment assessment of goodwill in the context of the applicable financial reporting framework; and</p> <p>(ix) We also considered whether the judgements made in selecting the methodology and the key assumptions would give rise to indicators of possible management bias.</p> <p>Based on the above, we found that the significant management's judgements and key assumptions adopted in the goodwill impairment assessment were supported by available evidence.</p>

### Other Information

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### **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 HKFRS 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 are responsible for overseeing the Group's financial reporting process.

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

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

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

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

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

We communicate with the 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 Au Chi Ho.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 23 March 2021

# CONSOLIDATED BALANCE SHEET

(All amounts in RMB thousands unless otherwise stated)

	Note	As at 31 December 2020	2019
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	12,080,847	11,701,956
Investment properties	7	10,849,449	8,495,950
Right-of-use assets	8	3,376,304	3,077,209
Goodwill	9	4,264,614	3,897,055
Other intangible assets	9	3,576,350	1,578,192
Investments accounted for using the equity method	10	18,179,155	14,711,189
Prepayments for acquisition of equity interests		523,321	468,000
Prepayments for acquisition of land use rights	11	34,285	–
Properties under development	12	30,973,623	31,742,993
Other receivables	16	7,508,793	5,182,026
Financial assets at fair value through other comprehensive income	15	510,639	262,036
Deferred income tax assets	28	1,392,281	1,350,770
		<b>93,269,661</b>	82,467,376
<b>Current assets</b>			
Completed properties held for sale	13	19,092,671	13,447,730
Inventories		248,325	343,029
Prepayments for acquisition of land use rights	11	8,311,775	10,669,360
Contract assets	5	3,204,597	1,379,556
Properties under development	12	82,148,512	79,622,115
Trade and other receivables	16	50,021,335	35,360,168
Prepaid income taxes		5,355,663	6,077,471
Financial assets at fair value through profit or loss	17	1,247,819	1,008,031
Assets held for sale		–	302,108
Restricted cash	18	8,938,792	9,003,578
Cash and cash equivalents	19	41,925,908	33,551,303
		<b>220,495,397</b>	190,764,449
<b>Total assets</b>		<b>313,765,058</b>	273,231,825

## CONSOLIDATED BALANCE SHEET (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

	Note	As at 31 December 2020	2019
<b>Equity</b>			
<b>Capital and reserves attributable to the shareholders of the Company</b>			
Share capital and premium	20	3,421,883	3,421,883
Shares held for Share Award Scheme	21	(156,588)	(156,588)
Other reserves	22	3,416,513	2,931,267
Retained earnings		44,133,820	38,277,061
		<b>50,815,628</b>	44,473,623
<b>Perpetual Capital Securities</b>	23	<b>13,637,493</b>	13,566,867
<b>Non-controlling interests</b>		<b>12,516,601</b>	7,295,986
<b>Total equity</b>		<b>76,969,722</b>	65,336,476
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Borrowings	24	59,243,748	54,372,620
Other payables	25	4,284,452	2,201,976
Financial liabilities at fair value through profit or loss	26	101,235	83,092
Contract liabilities	27	75,271	–
Lease liabilities	8	392,927	390,326
Deferred income tax liabilities	28	4,087,131	3,179,780
		<b>68,184,764</b>	60,227,794
<b>Current liabilities</b>			
Borrowings	24	38,569,018	42,297,082
Trade and other payables	25	75,229,690	53,917,720
Financial liabilities at fair value through profit or loss	26	1,004,423	53,684
Contract liabilities	27	36,306,083	33,653,950
Lease liabilities	8	244,011	182,411
Current income tax liabilities		17,257,347	17,562,708
		<b>168,610,572</b>	147,667,555
<b>Total liabilities</b>		<b>236,795,336</b>	207,895,349
<b>Total equity and liabilities</b>		<b>313,765,058</b>	273,231,825

The notes on pages 122 to 236 form an integral part of these consolidated financial statements.

The consolidated financial statements on pages 114 to 121 were approved by the Board of Directors on 23 March 2021 and were signed on its behalf by:

**Chen Zhuo Lin**

**Chan Cheuk Hung**

# CONSOLIDATED INCOME STATEMENT

(All amounts in RMB thousands unless otherwise stated)

	Note	Year ended 31 December	
		2020	2019
<b>Operation</b>			
Revenue	5	80,245,252	60,239,097
Cost of sales	32	(56,142,868)	(41,881,111)
<b>Gross profit</b>			
Selling and marketing costs	32	(2,384,710)	(2,026,178)
Administrative expenses	32	(5,234,723)	(3,998,883)
Net impairment losses on financial and contract assets	3.1(c)	(566,679)	(149,574)
Other gains, net	29	3,740,426	4,802,164
Other income	30	1,669,854	1,282,537
Other expenses	31	(400,044)	(228,300)
<b>Operating profit</b>			
Finance costs, net	34	(1,040,210)	(2,529,824)
Share of post-tax profits of investments accounted for using the equity method	10	1,585,630	1,086,246
<b>Profit before income tax</b>			
Income tax expenses	35	(9,223,051)	(7,362,928)
<b>Profit for the year</b>			
<b>Profit attributable to:</b>			
Shareholders of the Company		9,474,597	7,511,794
Holders of Perpetual Capital Securities	23	1,083,780	850,225
Non-controlling interests		1,690,500	871,227
		<b>12,248,877</b>	<b>9,233,246</b>
<b>Earnings per share from continuing operations attributable to shareholders of the Company for the year</b> (expressed in Renminbi per share)			
— Basic	36	2.440	1.935
— Diluted	36	2.440	1.935

The notes on pages 122 to 236 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB thousands unless otherwise stated)

	Note	Year ended 31 December 2020	2019
<b>Profit for the year</b>		<b>12,248,877</b>	9,233,246
<b>Other comprehensive income:</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
— Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax		<b>110,369</b>	21,857
— Revaluation gains arising from property, plant and equipment transferred to investment properties, net of tax	6	<b>5,651</b>	—
<i>Items that may be reclassified to profit or loss</i>			
— Currency translation differences		<b>(9,342)</b>	1,147
<b>Other comprehensive income for the year, net of tax</b>		<b>106,678</b>	23,004
<b>Total comprehensive income for the year</b>		<b>12,355,555</b>	9,256,250
<b>Attributable to:</b>			
— Shareholders of the Company		<b>9,598,779</b>	7,532,534
— Holders of Perpetual Capital Securities		<b>1,083,780</b>	850,225
— Non-controlling interests		<b>1,672,996</b>	873,491
		<b>12,355,555</b>	9,256,250

The notes on pages 122 to 236 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB thousands unless otherwise stated)

	Attributable to owners of the Company							
	Share capital and premium (note 20)	Shares held for Share Award Scheme (note 21)	Other reserves (note 22)	Retained earnings	Total	Perpetual Capital Securities (note 23)	Non-controlling interests	Total equity
<b>Balance at 1 January 2020</b>	3,421,883	(156,588)	2,931,267	38,277,061	44,473,623	13,566,867	7,295,986	65,336,476
<b>Comprehensive income</b>								
Profit for the year	-	-	-	9,474,597	9,474,597	1,083,780	1,690,500	12,248,877
<b>Other comprehensive income</b>								
Currency translation differences	-	-	8,534	-	8,534	-	(17,876)	(9,342)
Revaluation gain on property, plant and equipment, net of tax	-	-	5,651	-	5,651	-	-	5,651
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	109,997	-	109,997	-	372	110,369
<b>Total comprehensive income</b>	-	-	124,182	9,474,597	9,598,779	1,083,780	1,672,996	12,355,555
<b>Total transactions with shareholders, recognised directly in equity</b>								
Transfer to statutory reserve and enterprise expansion funds (note 22)	-	-	485,174	(485,174)	-	-	-	-
Distribution to holders of Perpetual Capital Securities (note 23)	-	-	-	-	-	(1,013,154)	-	(1,013,154)
Capital injection by non-controlling interests	-	-	-	-	-	-	1,592,340	1,592,340
Non-controlling interests on acquisition of subsidiaries	-	-	-	-	-	-	2,316,359	2,316,359
Acquisition of additional interests in subsidiaries	-	-	(208,480)	-	(208,480)	-	(58,478)	(266,958)
Dividends distribution to non-controlling interests	-	-	-	-	-	-	(501,722)	(501,722)
Other transaction with non-controlling interests	-	-	84,370	-	84,370	-	199,120	283,490
Dividends (note 37)	-	-	-	(3,132,664)	(3,132,664)	-	-	(3,132,664)
Total transactions with owners, recognised directly in equity	-	-	361,064	(3,617,838)	(3,256,774)	(1,013,154)	3,547,619	(722,309)
<b>Balance at 31 December 2020</b>	3,421,883	(156,588)	3,416,513	44,133,820	50,815,628	13,637,493	12,516,601	76,969,722



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

	Attributable to owners of the Company							
	Share capital and premium (note 20)	Shares held for Share Award Scheme (note 21)	Other reserves (note 22)	Retained earnings	Total	Perpetual Capital Securities (note 23)	Non- controlling interests	Total equity
<b>Balance at 1 January 2019</b>	3,421,883	(156,588)	2,604,982	35,368,931	41,239,208	8,334,875	5,406,850	54,980,933
<b>Comprehensive income</b>								
Profit for the year	–	–	–	7,511,794	7,511,794	850,225	871,227	9,233,246
<b>Other comprehensive Income</b>								
Currency translation differences	–	–	(1,117)	–	(1,117)	–	2,264	1,147
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	21,857	–	21,857	–	–	21,857
<b>Total comprehensive income</b>	–	–	20,740	7,511,794	7,532,534	850,225	873,491	9,256,250
<b>Total transactions with shareholders, recognised directly in equity</b>								
Transfer to statutory reserve and enterprise expansion funds (note 22)	–	–	753,986	(753,986)	–	–	–	–
Distribution to holders of Perpetual Capital Securities (note 23)	–	–	–	–	–	(990,199)	–	(990,199)
Redemption of Perpetual Capital Securities (note 23)	–	–	(427,512)	(77,201)	(504,713)	(4,305,407)	–	(4,810,120)
Capital injection by non-controlling interests	–	–	–	–	–	–	668,576	668,576
Non-controlling interests on acquisition of subsidiaries	–	–	–	–	–	–	838,218	838,218
Acquisition of additional interests in subsidiaries	–	–	41,250	–	41,250	–	(140,050)	(98,800)
Dividends distribution to non-controlling interests	–	–	–	–	–	–	(351,099)	(351,099)
Issuance of Perpetual Capital Securities (note 23)	–	–	–	–	–	9,677,373	–	9,677,373
Dividends (note 37)	–	–	–	(3,772,477)	(3,772,477)	–	–	(3,772,477)
Put options granted during the acquisition of subsidiaries	–	–	(62,179)	–	(62,179)	–	–	(62,179)
Total transactions with owners, recognised directly in equity	–	–	305,545	(4,603,664)	(4,298,119)	4,381,767	1,015,645	1,099,293
<b>Balance at 31 December 2019</b>	3,421,883	(156,588)	2,931,267	38,277,061	44,473,623	13,566,867	7,295,986	65,336,476

The notes on page 122 to 236 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB thousands unless otherwise stated)

	Note	Year ended 31 December	
		2020	2019
<b>Cash flows from operating activities</b>			
Cash generated from operations	39(a)	18,226,652	1,007,183
Interest paid		(6,441,954)	(6,282,614)
PRC income tax paid		(8,477,444)	(9,275,848)
<b>Net cash generated from/(used in) operating activities</b>		<b>3,307,254</b>	<b>(14,551,279)</b>
<b>Cash flows from investing activities</b>			
Advance consideration received from disposal of equity interests in certain subsidiaries		7,050,760	2,681,106
Proceeds from/(payments made to) disposal of subsidiaries	38	496,772	(235,495)
Payments of construction cost of investment properties		–	(52,430)
Investments in associates and joint ventures		(1,641,611)	(2,103,494)
Prepayment for acquisitions of equity interests		(313,298)	(468,000)
Purchases of property, plant and equipment and self-used land use rights		(3,121,670)	(2,118,509)
Purchases of intangible assets		(487,518)	(14,586)
Proceed received from disposal of investment properties, land use rights and property, plant and equipment		314,480	309,003
Cash paid for acquisition of subsidiaries through business combination	40	(93,478)	(2,536,405)
Cash advances made to joint ventures, associates and other related parties		(7,300,726)	(5,668,240)
Repayment of cash advances from joint ventures, associates and other related parties		4,133,347	10,156,482
Repayment of cash advances from non-controlling interests		1,578,850	846,842
Cash advance made to non-controlling interests		(1,288,014)	(1,207,507)
(Payments)/proceeds received to settle derivative financial instruments		(704,112)	253,216
Payment for acquisition of financial assets at fair value through other comprehensive income		(105,966)	(218,114)
Purchase of wealth management products		(20,797,253)	(35,215,944)
Redemption of wealth management products		20,840,723	34,845,212
Payment for acquisition of other financial assets at fair value through profit or loss		(3,306)	(1,331,425)
Proceeds from settlement of other financial assets at fair value through profit or loss		10,914	4,877,567
Disposal of financial assets at fair value through other comprehensive income		700	–
Proceeds from disposal of joint ventures and an associate		735,180	–
Interest and dividend income received		1,471,368	1,081,625
<b>Net cash generated from investing activities</b>		<b>776,142</b>	<b>3,880,904</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

	Note	Year ended 31 December	
		2020	2019
<b>Cash flows from financing activities</b>			
Proceeds from issuance of Perpetual Capital Securities		–	9,753,310
Issuance cost of Perpetual Capital Securities		–	(75,937)
Redemption of Perpetual Capital Securities		–	(4,810,120)
Net proceeds from borrowings		<b>61,861,169</b>	48,248,554
Repayments of borrowings		<b>(61,293,771)</b>	(42,799,664)
Decrease in guarantee deposit for borrowings		<b>310,125</b>	219,798
Cash advances from related parties		<b>5,720,870</b>	3,636,493
Repayments of cash advances made to related parties		<b>(1,143,007)</b>	(495,538)
Cash advance from non-controlling interests		<b>4,492,935</b>	1,898,876
Repayments of cash advances from non-controlling interests		<b>(2,248,177)</b>	(2,295,002)
Capital contribution by non-controlling interests		<b>1,592,340</b>	668,576
Principal elements of lease payments		<b>(274,422)</b>	(285,477)
Non-controlling interest from acquisition of additional interests in subsidiaries		<b>(266,958)</b>	(98,800)
Other transaction with non-controlling interests		<b>283,490</b>	–
Distribution to holders of Perpetual Capital Securities		<b>(1,013,154)</b>	(990,199)
Dividends paid to shareholders of the Group		<b>(3,132,658)</b>	(3,772,477)
Dividends paid to non-controlling interests		<b>(448,602)</b>	(351,099)
<b>Net cash generated from financing activities</b>		<b>4,440,180</b>	8,451,294
<b>Net increase/(decrease) in cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the year		<b>33,551,303</b>	35,776,231
Exchange losses on cash and cash equivalents		<b>(148,971)</b>	(5,847)
<b>Cash and cash equivalents at end of the year</b>	19	<b>41,925,908</b>	33,551,303

The notes on pages 122 to 236 form an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(All amounts in RMB thousands unless otherwise stated)

## 1 General information

Agile Group Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands on 14 July 2005 and is principally engaged in investment holding. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company and its subsidiaries (the “Group”) are principally engaged in property development in the People’s Republic of China (the “PRC”).

The Company’s shares were listed on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”) on 15 December 2005.

These consolidated financial statements have been approved for issue by the Board of Directors of the Company on 23 March 2021.

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

## 2 Summary of significant accounting policies

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

### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (the “HKFRS”) and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through profit or loss, financial liabilities at fair value through profit or loss and , financial assets at fair value through other comprehensive income which are carried at fair value.

The preparation of consolidated financial statements in conformity with the 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 2 Summary of significant accounting policies (Continued)

### 2.1 Basis of preparation (Continued)

#### (a) New and amended standards adopted by the Group

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

- Definition of Material — amendments to HKAS 1 and HKAS 8
- Definition of a Business — amendments to HKFRS 3
- Interest Rate Benchmark Reform — amendments to HKFRS 9, HKAS 39 and HKFRS 7
- Revised Conceptual Framework for Financial Reporting
- Annual Improvements to HKFRS Standards 2018-2020 Cycle.
- Lease — COVID-19 Related Rent Concessions — amendments to HKFRS 16

The amendments listed above did not have significant impact on the amounts recognised in the current or prior periods and is not likely to affect future periods.

#### (b) The following new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 January 2020 and have not been early adopted:

		<b>Effective for annual periods beginning on or after</b>
Amendments to HKAS 1	Presentation of financial statements — classification of liabilities	1 January 2023
Amendments to HKFRS 3	Business combinations	1 January 2022
Amendments to HKAS 16	Property, plant and equipment	1 January 2022
Amendments to HKAS 37	Provisions, contingent liabilities and contingent assets	1 January 2022
Annual improvements to HKFRS 9	Financial instruments	1 January 2022
HKFRS 17	Insurance contract	1 January 2023
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The Group has already commenced an assessment of the impact of these new or revised standards, interpretation and amendments, certain of which are relevant to the Group's operations, and not expected to have a material impact on the entity in the current or future reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 2 Summary of significant accounting policies (Continued)

### 2.2 Principles of consolidation and equity accounting

#### 2.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 2.3).

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

#### 2.2.2 Investments accounted for using the equity method

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

##### *Equity method*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in consolidated income statement, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 2 Summary of significant accounting policies (Continued)

### 2.2 Principles of consolidation and equity accounting (Continued)

#### 2.2.2 Investments accounted for using the equity method (Continued)

##### *Equity method (Continued)*

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees 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 2.11.

#### 2.2.3 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to consolidated income statement or transferred to another category of equity as specified/permitted by applicable HKFRSs.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the consolidated income statement where appropriate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 2 Summary of significant accounting policies (Continued)

### 2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the consolidated income statement as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in the consolidated income statement.

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 remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated income statement.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 2 Summary of significant accounting policies (Continued)

### 2.4 Separate financial statements

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

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

### 2.5 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 executive directors of the Company that makes strategic decisions of the Group.

### 2.6 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 Renminbi ("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 at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in consolidated income statement. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement, within "finance costs, net". All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within "other gains, net".

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 2 Summary of significant accounting policies (Continued)

### 2.6 Foreign currency translation (Continued)

#### (c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

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

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

### 2.7 Property, plant and equipment

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

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

When there is a change of use from an investment property to an owner-occupied property, the property's deemed cost for subsequent accounting shall be its fair value at the date of change in use.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 2 Summary of significant accounting policies (Continued)

### 2.7 Property, plant and equipment (Continued)

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	10-60 years
Office equipment	5-10 years
Transportation equipment	4-10 years
Machinery	5-10 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.11).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains, net" in the consolidated income statement.

#### **Construction in progress**

Construction in progress represents property under construction and is stated at cost less accumulated impairment loss, if any. Cost includes the costs of construction of buildings and interest charges arising from borrowings used to finance these assets during the period of construction, if any. No provision for depreciation is made on construction in progress until such times as the relevant assets are completed and are available for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in the preceding paragraphs.

### 2.8 Investment property

Investment property, principally comprising land use rights and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment properties are initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuer. 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 the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded as "other gains, net" in the consolidated income statement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 2 Summary of significant accounting policies (Continued)

### 2.8 Investment property (Continued)

When an owner-occupied property becomes an investment property carried at fair value, the Group applies HKAS 16 up to the date of change in use. The Group treats any difference at that date between the carrying amount of the property in and its fair value in as a revaluation in accordance with HKAS 16. In other words, any resulting increase in the carrying amount is treated as follows:

- (i) to the extent that the increase reverses a previous impairment loss for that property, the increase is recognised in the consolidated income statement.
- (ii) any remaining part of the increase is recognised in other comprehensive income and increases the revaluation surplus within equity.

### 2.9 Intangible assets

#### (a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents 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 identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generation units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

#### (b) Trademarks and licences

Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks have a finite useful life and are carried at cost less accumulated amortisations. Amortisation is calculated using the straight-line method to allocate the cost of trademarks over their estimated useful lives of 5 to 20 years.

#### (c) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The contractual customer relationships have a finite useful life and are carried at cost less accumulated amortisations. Amortisation is calculated using the straight-line method over the expected life of 6~10 years for the customer relationships.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 2 Summary of significant accounting policies (Continued)

### 2.9 Intangible assets (Continued)

#### (d) Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 2 to 10 years.

#### (e) Operating concessions

*Operating concessions* are capitalised on the basis of the costs incurred to build and operating water waste treatment plants and refuse-burning power plant. These costs are amortised over their estimated useful lives of 3 to 28 years.

### 2.10 Service concession arrangements

#### (a) Service concession arrangements under financial asset model

A financial asset (receivables under a service concession arrangement) is recognized to the extent that the Group has an unconditional right to receive cash or another financial asset from the grantor for the construction services rendered. This right arises where the grantor has little or no discretion to avoid payment, usually because the agreement is enforceable by law. The Group has an unconditional right to receive cash if the grantor contractually guarantees to pay the Group specified or determinable amounts or the shortfall, if any, between amounts received from the users of the public service and the specified or determinable amounts. The financial asset (receivable under a service concession arrangement) is accounted for in accordance with the policy set out for financial assets measured at amortized cost.

During the construction periods, the Group recognizes a contract asset and accounts for the significant financing component in the arrangement. When the construction services are completed, the contract asset would be classified and measured as receivables under a service concession arrangement accordingly. The considerations for construction obligations performed will be accounted for as non-current assets during the construction period, except for the portion that are expected to be settled in the following year of operation period which will be reclassified as current contract assets.

When the Group receives a payment during the concession period, it will apportion such payment between (i) a repayment of the financial asset (if any), which will be used to reduce the carrying amount of financial receivables on the consolidated balance sheet, (ii) interest income, will be recognized as revenue in profit or loss and (iii) revenue from infrastructure operation service in the profit or loss. Revenue from operating service is calculated based on cost plus a profit margin.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 2 Summary of significant accounting policies (Continued)

### 2.10 Service concession arrangements (Continued)

#### (b) Service concession arrangements under intangible asset model

An intangible asset (operating concession) is recognised to the extent that the Group receives a right to charge users of public service, which is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses and service. The intangible asset (operating concession) is accounted for in accordance with the policy set out for “intangible assets” in note 2.9 above, which is amortised on a straight-line basis over the Service Concession Period.

#### (c) Construction services

The fair value of the construction service under the concession arrangement is calculated as the estimated total construction cost plus a profit margin. The profit margins are valued by management of the Group, based on prevailing market rate applicable to similar construction services rendered in similar location at date of agreement.

### 2.11 Impairment of non-financial assets

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

### 2.12 Investments and other financial assets

#### 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 the consolidated income statement or other comprehensive income. 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 “FVOCI”).

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 2 Summary of significant accounting policies (Continued)

### 2.12 Investments and other financial assets (Continued)

#### Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on the 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.

#### 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 FVPL are expensed in the consolidated income statement.

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 the consolidated income statement and presented in other gains, net, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the consolidated income statement. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the consolidated income statement 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 consolidated income statement.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the consolidated income statement and presented net within other gains, net in the period in which it arises.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 2 Summary of significant accounting policies (Continued)

### 2.12 Investments and other financial assets (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 other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the consolidated income statement following the derecognition of the investment. Dividends from such investments continue to be recognised in the consolidated income statement as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains, net in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### Impairment

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

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### 2.13 Offsetting financial instruments

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

### 2.14 Financial guarantee contracts

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

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 2 Summary of significant accounting policies (Continued)

### 2.14 Financial guarantee contracts (Continued)

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.

### 2.15 Properties under development and held for sale

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

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

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

### 2.16 Inventories

#### Raw materials

Raw materials are stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### 2.17 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 12 months and therefore are all classified as current.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See note 16 for further information about the Group's accounting for trade and other receivables and note 3.1(c) for a description of the Group's impairment policies.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 2 Summary of significant accounting policies (Continued)

### 2.18 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

### 2.19 Share capital

Ordinary shares 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.

### 2.20 Perpetual Capital Securities

Perpetual Capital Securities with no contractual obligation to repay its principal or to pay any distribution are classified as part of equity, as described in note 23.

### 2.21 Trade and other payables

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

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

### 2.22 Borrowings

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

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 2 Summary of significant accounting policies (Continued)

### 2.22 Borrowings (Continued)

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

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

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

All other borrowing costs are recognised in the consolidated income statement in the period in which they are incurred.

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

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and are limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

### 2.23 Current and deferred income tax

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

#### (a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company, its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 2 Summary of significant accounting policies (Continued)

### 2.23 Current and deferred income tax (Continued)

#### (b) Deferred income tax

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

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

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

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

#### (c) Offsetting

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 2 Summary of significant accounting policies (Continued)

### 2.24 Employee benefits

#### (a) Pension obligations

The Group only operate defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the governments.

The Group also participates in a retirement benefit scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and HK\$1,500. The assets of this MPF Scheme are held separately from those of the Group in independently administered funds.

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

#### (b) Employee leave entitlements

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

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

#### (c) Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for shares of the Group. The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the shares granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 2 Summary of significant accounting policies (Continued)

### 2.24 Employee benefits (Continued)

#### (c) Equity-settled share-based payment transactions (Continued)

At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, if any, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

### 2.25 Provisions

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

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

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

### 2.26 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of properties and services in the ordinary course of the Group's activities. Revenue is shown net of discount and after eliminating revenue made with the Group companies. The Group recognises revenue of each activities as described below.

#### (a) Sales of properties

Revenues are recognised when or as the control of the asset is transferred to the purchaser. 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 purchaser;
- creates and enhances an asset that the purchaser controls as the Group performs;
- does 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.

## 2 Summary of significant accounting policies (Continued)

### 2.26 Revenue recognition (Continued)

#### (a) Sales of properties (Continued)

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 purchaser obtains control of the asset.

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

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the purchaser obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable. In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

#### (b) Property management services and value-added services

Revenue from property management services (including property management services under commission basis or lump sum basis) and value-added services (including pre-delivery services, household assistance services, property agency services and other services) is recognised when services are rendered.

For property management services income from properties managed under lump sum basis, where the Group acts as principal and is primary responsible for providing the property management services to the property owners, the Group entitles to revenue at the value of property management services fee received or receivable by the properties and recognises all related property management costs as its cost of services. For property management service income from properties managed under commission basis, where the Group acts as an agent of the property owner and is arranging and monitoring the services as provided by other suppliers to the property owners, the Group entitles revenue at a pre-determined percentage of the property management fee received or receivable by the properties.

#### (c) Hotel operations

Hotel revenue from room rentals, food and beverage sales and other ancillary are recognised in the accounting period in which the services are rendered.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 2 Summary of significant accounting policies (Continued)

### 2.26 Revenue recognition (Continued)

#### (d) Rental income

Rental income from investment properties under operating leases is recognised in the consolidated income statement on a straight-line basis over the term of lease.

#### (e) Interest income

Interest income from financial assets at FVPL is included in the fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the consolidated income statement as part of other income. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in "other income".

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

#### (f) Dividend income

Dividends are received from financial assets measured at FVPL and at FVOCI. Dividends are recognised as other income in the consolidated income statement when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in other comprehensive income if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

#### (g) Environmental protection income

Revenue arising from environmental protection is recognised in the accounting period in which environmental protection services are rendered.

#### (h) Construction income

Revenue from construction contracts satisfies the performance obligation over time, for the performance of construction contracts creates or enhances an asset that the customer controls as the asset is created or enhanced. The Group recognizes revenue over time by reference to the progress towards complete satisfaction of that performance obligation. For the contracts being able to obtain direct measurement of the value or units delivered of work performed, the customers will provide a final statement when the whole project is completed and may have adjustments on accumulated confirmation according to the actual construction quantity until the day of completion. For other contracts measuring completion progress based on the Group's efforts or inputs to the satisfaction of the performance obligation, the Group calculated the cost allocation based on specific contracts. (note 2.10)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 2 Summary of significant accounting policies (Continued)

### 2.26 Revenue recognition (Continued)

#### (i) Design service and project management service income

Revenue from design service and project management services is recognised progressively over time based on direct measurements of the value of services delivered or surveys of work performed.

#### (j) Financing components

Except for the significant financing component under the service concession arrangements and certain construction contracts, the Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

### 2.27 Leases

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

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.

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, security and conditions.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 2 Summary of significant accounting policies (Continued)

### 2.27 Leases (Continued)

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, which does not have recent third-party financing, and
- makes adjustments specific to the lease, eg term, country, currency and security.

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

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

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

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

The Group leases various land use rights, offices, transportation equipment and other equipment. Rental contracts are typically made for fixed periods of 3 months to 28 years. 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 and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise staff dormitory 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 balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 2 Summary of significant accounting policies (Continued)

### 2.28 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

### 2.29 Insurance contracts

An insurance contract is a contract under which one party (the "insurer") accepts significant insurance risk from another party (the "policyholder") by agreeing to compensate the policyholder if a specified uncertain future event (the "insured event") adversely affects the policyholder. Insurance risk is a pre-existing risk transferred from the policyholder to the insurer, and is significant only if an insured event could cause an insurer to pay significant additional benefits in any scenario, excluding scenarios that lack commercial substance (i.e. have no discernible effect on the economics of the transaction).

The Group assesses at each reporting date whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in the consolidated income statement.

The Group regards its financial guarantee contracts provided in respect of mortgage facilities for certain property purchasers as insurance contracts.

### 2.30 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 consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

### 2.31 Earnings per share

#### (a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 2 Summary of significant accounting policies (Continued)

### 2.31 Earnings per share (Continued)

#### (b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## 3 Financial risk management

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The property industry is highly sensitive to the economic environment in the PRC. The Group finances its operations from shareholders' fund, sales of properties, issuance of senior notes, bank and other borrowings and perpetual capital securities. The Group has alternative plans to monitor liquidity risk should there be significant adverse changes on the Group's cash flow projections.

#### (a) Currency risk

The Group's businesses are principally conducted in RMB, except that certain receipts of proceeds from sales of properties, financial assets at FVPL, senior notes, bank borrowings and syndicated loans are in other currencies. As at 31 December 2020, major non-RMB assets and liabilities are cash and cash equivalents, senior notes, bank borrowings and syndicated loans denominated in HK dollar ("HK\$"), US dollar ("US\$") and Macao Pataca ("MOP"). Fluctuation of the exchange rates of RMB against foreign currencies could affect the Group's results of operations. The Group has entered into several forward exchange contracts to limit its exposure to foreign exchange risk during the year ended 31 December 2020.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 3 Financial risk management (Continued)

### 3.1 Financial risk factors (Continued)

#### (a) Currency risk (Continued)

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

	Group 2020	2019
Monetary assets		
— HK\$	2,094,550	3,202,132
— US\$	1,537,627	4,059,171
	3,632,177	7,261,303
Monetary liabilities		
— HK\$	18,837,369	21,999,374
— US\$	25,003,606	19,220,080
— MOP	1,493,695	1,599,195
	45,334,670	42,818,649

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% increase/(decrease) in RMB against the relevant currencies, the effect of increase/(decrease) in the profit for the year is as follows:

	Group 2020	2019
5% increase in RMB against HK\$	838,857	940,720
5% decrease in RMB against HK\$	(838,857)	(940,720)
5% increase in RMB against US\$	1,177,040	761,140
5% decrease in RMB against US\$	(1,177,040)	(761,140)
5% increase in RMB against MOP	74,685	79,960
5% decrease in RMB against MOP	(74,685)	(79,960)

#### (b) Interest rate risk

The Group's exposure to changes in interest rates is mainly attributable to its borrowings with variable rates expose the Group to cash flow interest-rate risk. Borrowings with fixed rate, mainly included senior notes, bonds and other borrowings, expose the Group to fair value interest rate risk. The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 3 Financial risk management (Continued)

### 3.1 Financial risk factors (Continued)

#### (b) Interest rate risk (Continued)

As at 31 December 2020 and 2019, if interest rates on borrowings had been 100 basis points higher or lower with all other variables held constant, interest charges for the years ended 31 December 2020 and 2019 would increase or decrease by RMB504,026,000 and RMB502,957,000 respectively, mainly as a result of higher or lower interest expense on floating rate borrowings.

#### (c) Credit risk

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

For contract assets and trade and other receivables, the management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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

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

- internal credit rating
- external credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of individual property owner or the borrower
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 3 Financial risk management (Continued)

### 3.1 Financial risk factors (Continued)

#### (c) Credit risk (Continued)

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

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	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
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 90 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 365 days past due	Lifetime expected losses
Write-off	Interest and/or principal repayments are more than 3 years past due and there is no reasonable expectation of recovery	Asset is written off

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

- (ii) *Contract assets and trade and other receivables (excluding prepayments and prepaid value added taxes)*

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all contract assets and trade receivables. To measure the expected credit losses, contract assets and trade receivables have been grouped based on shared credit risk characteristics and the days past due.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 3 Financial risk management (Continued)

### 3.1 Financial risk factors (Continued)

#### (c) Credit risk (Continued)

- (ii) *Contract assets and trade and other receivables (excluding prepayments and prepaid value added taxes) (Continued)*

Trade receivables with known insolvencies are assessed individually for impairment allowances and are written off when there is no reasonable expectation of recovery. Indicators of insolvencies include, amongst others, the failure of a debtor engage in a repayment plan with the Group, and a failure to make contractual payments. Trade receivables without known insolvencies are assessed on a collective basis based on shared credit risk characteristics.

Trade and other receivables and contract assets have been assessed for impairment on a collective basis based on different credit risk characteristics. The cost and loss allowance provision for trade receivables and contract assets are categorised as follows for assessment purpose:

Individual: Trade receivables with known insolvencies  
Collective: Other trade receivables and contract assets

	2020		2019	
	Cost	Loss allowance	Cost	Loss allowance
Individual:				
— trade receivables with known insolvencies	152,754	(152,754)	—	—
Collective:				
— other trade receivables	11,655,692	(289,250)	7,802,037	(73,440)
— contract assets	3,206,231	(1,634)	1,380,727	(1,171)
	15,014,677	(443,638)	9,182,764	(74,611)

As at 31 December 2020, the Group has assessed that the expected loss rate for other receivables from related parties was immaterial considering the good finance position and credit history of the related parties. Thus no significant increase of loss allowance provision for other receivables from related parties was recognised.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 3 Financial risk management (Continued)

### 3.1 Financial risk factors (Continued)

#### (c) Credit risk (Continued)

- (ii) *Contract assets and trade and other receivables (excluding prepayments and prepaid value added taxes) (Continued)*

The Group uses the expected credit loss model to determine the expected loss provision for other receivables (excluding prepayments and prepaid value added taxes). As at 31 December 2020, the Group has assessed that there is no significant increase of credit risk for other receivables. Thus the Group used the 12 months expected credit losses model to assess credit loss of other receivables.

On that basis, as at 31 December 2020, the loss allowance provision for the trade receivables and contract assets under collective basis was determined as follow. The expected credit losses below also incorporated forward looking information.

	Current	Up to 3 months	3 months to 1 year	1 to 2 years	Over 2 years	Total
<b>At 31 December 2020</b>						
Expected loss rate	–	0.10%–5%	1%–7%	5%–26%	10%–70%	–
Gross carrying amount — trade receivables (under collective basis)	5,446,645	1,780,485	3,196,546	733,820	498,196	11,655,692
Gross carrying amount — contract assets	2,932,113	145,119	128,999	–	–	3,206,231
Loss allowance — trade receivables	–	34,430	76,984	92,950	84,886	289,250
Loss allowance — contract assets	–	87	1,547	–	–	1,634
<b>At 31 December 2019</b>						
Expected loss rate	–	0.10%–1%	1%–2%	5%–10%	10%–50%	–
Gross carrying amount — trade receivables	5,024,488	1,642,589	725,843	253,731	155,386	7,802,037
Gross carrying amount — contract assets	1,262,681	62,494	55,552	–	–	1,380,727
Loss allowance — trade receivables	–	7,721	13,563	18,183	33,973	73,440
Loss allowance — contract assets	–	62	1,109	–	–	1,171

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 3 Financial risk management (Continued)

### 3.1 Financial risk factors (Continued)

#### (c) Credit risk (Continued)

(ii) *Contract assets and trade and other receivables (excluding prepayments and prepaid value added taxes) (Continued)*

As at 31 December 2020 the loss allowance provision for trade and other receivables (excluding prepayments and prepaid value added taxes) reconciles to the opening loss allowance for that provision as follows:

	Contract assets and trade receivables	Other receivables (excluding prepayments and prepaid value added taxes)	Total
At 1 January 2020	74,611	218,579	293,190
Impact of acquisition of subsidiaries	28,821	11,520	40,341
Provision for loss allowance recognised in profit or loss	367,128	232,391	599,519
Unused amounts reversed	(26,922)	(5,918)	(32,840)
At 31 December 2020	443,638	456,572	900,210

As at 31 December 2020, the gross carrying amount of contract assets and trade and other receivables (excluding prepayments and prepaid value added taxes) was RMB33,539,469,000 and thus the maximum exposure to loss was RMB32,639,259,000. During the year ended 31 December 2020, the Group provided certain guarantees to certain third parties in respect of their loan facilities. As at 31 December 2020, save for the amounts disclosed in Note 41, there was no other outstanding guarantee.

#### (d) Liquidity risk

Management aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from pre-sale of properties, committed credit facilities and short-term and long-term borrowings to meet its construction commitments.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 3 Financial risk management (Continued)

### 3.1 Financial risk factors (Continued)

#### (d) Liquidity risk (Continued)

The table below analyses the Group's financial liabilities maturity profile and derivative financial instruments at the balance sheet date. The amounts disclosed thereon are the contractual undiscounted cash flows. Balances due within 12 months from the balance sheet date equal to their carrying amounts in the balance sheets, as the impact of discount should not be significant.

Contractual maturities of financial liabilities	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
<b>At 31 December 2020</b>					
<b>Non-derivatives</b>					
Borrowings	41,542,465	32,507,477	28,624,658	4,822,506	107,497,106
Trade and other payables (*)	60,663,616	3,181,454	1,102,998	–	64,948,068
Lease liabilities	255,683	233,284	186,236	35,765	710,968
<b>Total non-derivatives</b>	<b>102,461,764</b>	<b>35,922,215</b>	<b>29,913,892</b>	<b>4,858,271</b>	<b>173,156,142</b>
<b>Derivatives</b>					
Gross settled (forward foreign exchange contracts)					
— (inflow)	(246,883)	(119,473)	–	–	(366,356)
— outflow	1,231,764	145,475	–	–	1,377,239
	<b>984,881</b>	<b>26,002</b>	<b>–</b>	<b>–</b>	<b>1,010,883</b>
<b>At 31 December 2019</b>					
<b>Non-derivatives</b>					
Borrowings	46,897,886	31,348,066	24,681,720	4,800,165	107,727,837
Trade and other payables (*)	45,838,189	2,201,976	–	–	48,040,165
Lease liabilities	195,529	150,060	283,770	46,601	675,960
<b>Total non-derivatives</b>	<b>92,931,604</b>	<b>33,700,102</b>	<b>24,965,490</b>	<b>4,846,766</b>	<b>156,443,962</b>
<b>Derivatives</b>					
Gross settled (forward foreign exchange contracts)					
— (inflow)	(52,862)	(3,418)	–	–	(56,280)
— outflow	106,546	16,074	–	–	122,620
	<b>53,684</b>	<b>12,656</b>	<b>–</b>	<b>–</b>	<b>66,340</b>

\* Excluding staff welfare benefit payable, other taxes payable and advance from disposal of equity interests.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 3 Financial risk management (Continued)

### 3.1 Financial risk factors (Continued)

#### (e) Price risk

##### *Exposure*

The Group's exposure to equity securities price risk arises from investments held by the Group and classified in the consolidated balance sheet as financial assets at FVPL.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

##### *Sensitivity*

The table below summarises the impact of increases/(decreases) of price of the stocks, which the Group purchased, on the Group's post-tax profit for the period. The analysis is based on that the stock price increased by 5% and 10% respectively or decreased by 5% and 10% with all other variables held constant, and that all the Group's equity instruments moved in line with the indexes.

	Impact on post-tax profit	
	2020	2019
Price of each stock — increase by 5%	8,274	9,085
Price of each stock — decrease by 5%	(8,274)	(9,085)
Price of each stock — increase by 10%	16,548	18,170
Price of each stock — decrease by 10%	(16,548)	(18,170)

Post-tax profit for the year would increase/(decrease) as a result of gains/(losses) on equity securities classified as financial assets at FVPL.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 3 Financial risk management (Continued)

### 3.2 Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of any returns to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors its capital structure on a basis of gearing ratio. This ratio is calculated as net borrowings divided by total equity as shown in the consolidated balance sheet. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less total of cash and cash equivalents and restricted cash.

	2020	2019
Total borrowings (note 24)	97,812,766	96,669,702
Less: cash and cash equivalents (note 19)	(41,925,908)	(33,551,303)
restricted cash (note 18)	(8,938,792)	(9,003,578)
Net borrowings	46,948,066	54,114,821
Total equity	76,969,722	65,336,476
<b>Gearing ratio</b>	<b>61.0%</b>	82.8%

The decrease in the gearing ratio during the year ended 31 December 2020 was primarily resulted from the increase in cash and cash equivalents and total equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 3 Financial risk management (Continued)

### 3.3 Fair value estimation

#### (a) Fair value hierarchy

At 31 December 2020	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial assets at FVPL				
— Hong Kong listed equity securities and debt instruments	165,476	—	—	165,476
— Unlisted equity securities	—	—	354,951	354,951
— Wealth management products	—	—	635,923	635,923
— Others	—	—	91,469	91,469
Financial assets at FVOCI				
— Hong Kong listed equity securities	462,017	—	—	462,017
— Unlisted equity securities	—	—	48,622	48,622
<b>Total financial assets</b>	<b>627,493</b>	<b>—</b>	<b>1,130,965</b>	<b>1,758,458</b>
<b>Financial liabilities</b>				
Financial liabilities at FVPL				
— Derivative financial instruments	—	1,010,883	—	1,010,883
— Put options	—	—	94,775	94,775
<b>Total financial liabilities</b>	<b>—</b>	<b>1,010,883</b>	<b>94,775</b>	<b>1,105,658</b>
<b>At 31 December 2019</b>				
	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Financial assets at FVPL				
— Hong Kong listed equity securities and debt instruments	181,691	—	—	181,691
— Unlisted equity securities	—	—	326,084	326,084
— Wealth management products	—	—	430,083	430,083
— Others	—	—	70,173	70,173
Financial assets at FVOCI				
— Hong Kong listed equity securities	262,036	—	—	262,036
<b>Total financial assets</b>	<b>443,727</b>	<b>—</b>	<b>826,340</b>	<b>1,270,067</b>
<b>Financial liabilities</b>				
Financial liabilities at FVPL				
— Derivative financial instruments	—	66,340	—	66,340
— Put options	—	—	70,436	70,436
<b>Total financial liabilities</b>	<b>—</b>	<b>66,340</b>	<b>70,436</b>	<b>136,776</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 3 Financial risk management (Continued)

### 3.3 Fair value estimation (Continued)

#### (a) Fair value hierarchy (Continued)

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2020.

**Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading securities) is based on quoted (unadjusted) market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

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

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and wealth management products.

#### (b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of foreign currency forwards is determined using forward exchange rates at the balance sheet date.
- The fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 1 and 2 except for unlisted equity securities and wealth management products explained in (c) below.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 3 Financial risk management (Continued)

### 3.3 Fair value estimation (Continued)

#### (c) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the years ended 31 December 2020 and 2019:

	Financial assets	Financial liabilities
<b>Balance as at 31 December 2019</b>	<b>826,340</b>	<b>(70,436)</b>
Additions	20,816,753	–
Gains recognised in other gains, net	58,812	(8,214)
Gains recognised in other comprehensive income	1,241	–
Finance costs	–	(16,125)
Disposal	(700)	–
Addition through business combinations (note 40)	266,852	–
Addition through Acquisition of associates	2,390	–
Redemption of wealth management products	(20,840,723)	–
<b>Balance as at 31 December 2020</b>	<b>1,130,965</b>	<b>(94,775)</b>
	Financial assets	Financial liabilities
<b>Balance as at 31 December 2018</b>	479,721	–
Additions	35,215,944	(62,179)
Gains recognised in other gains, net	98,664	–
Finance costs	–	(8,257)
Disposal	(139,188)	–
Addition through business combinations	16,411	–
Redemption of wealth management products	(34,845,212)	–
<b>Balance as at 31 December 2019</b>	<b>826,340</b>	<b>(70,436)</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 3 Financial risk management (Continued)

### 3.3 Fair value estimation (Continued)

#### (c) Fair value measurements using significant unobservable inputs (level 3) (Continued)

##### *Valuation processes*

The finance department of the Group includes a team that performs the valuations of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once every year, the team would use valuation methodologies to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

The valuation of the level 3 instruments included the unlisted equity securities and wealth management products and others (note 17). As the investments are not traded in an active market, their fair value have been determined by discounted cash flows. The main level 3 inputs used by the Group in measuring the fair value of financial instruments are derived and evaluated as follows:

- Discount rates: these are determined using capital asset pricing models to calculate the pre-tax rates that reflect current market assessments of the time values of money and the risk specific to the assets.
- Earnings growth factor for unlisted equity securities and wealth management products: these are estimated based on market information for similar types of companies and products.
- Expected cash inflows: these are estimated based on the terms of the sale contracts, the entity's knowledge of the business and how the current economic environment is likely to impact them.

#### (d) Fair values of other financial instruments

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 4 Critical accounting estimates and judgements

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

### 4.1 Critical accounting estimates and assumptions

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

#### (a) Provisions for impairment of properties under development, completed properties held for sale and long-term assets held for hotel operations

Provision is made when events or changes in circumstances indicate that the carrying amounts may not be recoverable. For the purpose of assessing provision for impairment, properties under development, completed properties held for sale and long-term assets held for hotel segment are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverability of the carrying amounts of land use rights for property development, properties under development and completed properties held for sale was assessed according to their recoverable amount, taking into account for costs to completion based on past experience and net sales value based on prevailing market conditions. The recoverable amounts of long-term assets held for hotel operation have been determined based on value-in-use calculations, taking into account latest market information and past experience. The assessment requires the use of judgement and estimates.

As at 31 December 2020, a provision for completed properties held for sale of RMB697,314,000 (2019: RMB706,290,000), a provision for properties under development of RMB1,363,526,000 (2019: RMB1,561,682,000) and a provision for long-term asset held for hotel operation of RMB9,511,000 were made (31 December 2019: RMB154,376,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 4 Critical accounting estimates and judgements (Continued)

### 4.1 Critical accounting estimates and assumptions (Continued)

#### (b) Fair value of investment properties

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

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

The Group assesses the fair value of its investment properties based on valuations determined by independent and professional qualified valuer.

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

#### (c) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in notes 2.9 and 2.11, where the recoverable amounts of the CGU is determined based on value-in-use calculations. These calculations require the use of estimates. Details of impairment assessment, key assumptions and impact of possible changes in key assumptions are disclosed in note 9.

As at 31 December 2020, a impairment for goodwill of RMB723,802,000 (note 9) were made (31 December 2019: nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 4 Critical accounting estimates and judgements (Continued)

### 4.1 Critical accounting estimates and assumptions (Continued)

#### (d) Current and deferred income tax

The Group is subject to corporate income taxes in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

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

#### (e) Land appreciation taxes

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land cost, borrowing costs and all property development expenditures

The subsidiaries of the Group engaging in property development business in the PRC are subject to land appreciation taxes, which have been included in the income tax expenses. However, the implementation of these taxes varies amongst various PRC cities and the Group has not finalised its land appreciation tax returns with various tax authorities for certain projects. Accordingly, judgement is required in determining the amount of land appreciation and its related taxes payable. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax expenses and provisions of land appreciation taxes in the period in which such determination is made.

#### (f) Recoverability of contract assets and trade and other receivables

The management assesses on a forward looking basis the expected credit losses associated with its contract assets and trade and other receivables. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The allowance are applied to these contract assets and receivables where the expectation is different from the original estimate, such difference will impact the carrying amount of contract assets and trade and other receivables and impairment charge in the periods in which such estimate has been changed.

As at 31 December 2020, the provision for impairment of contract asset and trade and other receivables is RMB900,210,000 (31 December 2019: RMB293,190,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 4 Critical accounting estimates and judgements (Continued)

### 4.1 Critical accounting estimates and assumptions (Continued)

#### (g) Estimation of the amount payable under residual value guarantees

The Group initially estimates and recognises amounts expected to be payable under residual value guarantees as part of the lease liability. Typically, the expected residual value at lease commencement is equal to or higher than the guaranteed amount, and so the Group does not expect to pay anything under the guarantees.

At the end of each reporting period, the expected residual values are reviewed to reflect actual residual values achieved on comparable assets and expectations about future prices.

## 5 Segment information

### (a) Description of segments and principal activities

The executive directors of the Company, which are the chief operating decision-makers of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors of the Company that are used to make strategy decision.

The Group is organised into four business segments: property development, property management, commercial management and environmental protection. The associates and joint ventures of the Group are principally engaged in property development, property management and environmental protection and are included in the property development, property management and environmental protection segment respectively. As the executive directors of the Company consider most of the Group's consolidated revenue and results are attributable from the market in the PRC. Most of the non-current assets are located in the PRC, and less than 10% of the Group's consolidated assets are located outside the PRC, geographical segment information is not considered necessary.

The executive directors of the Company assess the performance of the operating segments based on a measure of segment results, being profit before income tax before deducting finance costs.

The Group has a large number of customers, none of whom contributed 5% or more of the Group's revenue.

Analysis of revenue from external customers by the category for the years ended 31 December 2020 and 2019 is as follows:

	2020	2019
Sales of developed properties	69,547,382	54,177,160
Property management services	7,852,687	3,577,311
Commercial management	555,980	974,372
Environmental protection services	2,289,203	1,510,254
	80,245,252	60,239,097

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 5 Segment information (Continued)

### (a) Description of segments and principal activities (Continued)

Segment information provided to the executive directors of the Company for the reporting segments for the years ended 31 December 2020 and 2019 are as follows:

#### Year ended 31 December 2020

	Property development (note (c))	Property management (note (d))	Commercial management	Environmental protection	Group
Gross segment sales	69,547,382	10,026,147	555,980	2,289,203	82,418,712
Inter-segment sales	–	(2,173,460)	–	–	(2,173,460)
Sales to external customers	69,547,382	7,852,687	555,980	2,289,203	80,245,252
Timing of revenue recognition					
— At a point in time	63,478,904	123,478	–	647,718	64,250,100
— Over time	6,068,478	7,729,209	555,980	1,641,485	15,995,152
Fair value gains on investment properties (note 7)	–	–	196,906	–	196,906
Operating profit/(loss)	19,234,425	1,841,720	244,456	(394,093)	20,926,508
Share of post-tax profits of investments accounted for using the equity method (note 10)	1,520,383	62,261	–	2,986	1,585,630
<b>Segment result</b>	<b>20,754,808</b>	<b>1,903,981</b>	<b>244,456</b>	<b>(391,107)</b>	<b>22,512,138</b>
Finance costs, net (note 34)					(1,040,210)
Profit before income tax					21,471,928
Income tax expenses (note 35)					(9,223,051)
<b>Profit for the year</b>					<b>12,248,877</b>
Depreciation	390,370	66,257	270,343	213,101	940,071
Amortisation	161,134	115,088	763	95,572	372,557
Write-down of properties under development, completed properties held for sale and property, plant and equipment	423,124	–	9,511	32,727	465,362
Impairment of goodwill	–	–	–	723,802	723,802

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 5 Segment information (Continued)

### (a) Description of segments and principal activities (Continued)

**Year ended 31 December 2019**

	Property development (note (c))	Property management (note (d))	Commercial management	Environmental protection	Group
Gross segment sales	54,177,160	5,127,293	974,372	1,510,254	61,789,079
Inter-segment sales	–	(1,549,982)	–	–	(1,549,982)
Sales to external customers	54,177,160	3,577,311	974,372	1,510,254	60,239,097
Timing of revenue recognition					
— At a point in time	50,808,866	11,179	–	33,406	50,853,451
— Over time	3,368,294	3,566,132	974,372	1,476,848	9,385,646
Fair value gains on investment properties (note 7)	–	–	117,070	–	117,070
Operating profit/(loss)	16,491,288	1,385,038	(171,357)	334,783	18,039,752
Share of post-tax profits of investments accounted for using the equity method (note 10)	1,053,637	22,635	–	9,974	1,086,246
<b>Segment result</b>	17,544,925	1,407,673	(171,357)	344,757	19,125,998
Finance costs, net (note 34)					(2,529,824)
Profit before income tax					16,596,174
Income tax expenses (note 35)					(7,362,928)
<b>Profit for the year</b>					9,233,246
Depreciation	336,392	37,899	306,130	90,340	770,761
Amortisation	12,294	48,433	880	33,998	95,605
Write-down of properties under development, completed properties held for sale and property, plant and equipment	325,505	–	154,376	–	479,881

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 5 Segment information (Continued)

### (a) Description of segments and principal activities (Continued)

Segment assets and liabilities and capital expenditure as at 31 December 2020 are as follow:

	Property development (note (c))	Property management (note (d))	Commercial management	Environmental protection	Elimination	Group
Segment assets	259,712,640	13,651,068	18,813,021	17,586,114	(4,504,187)	305,258,656
Unallocated assets						8,506,402
<b>Total assets</b>						<b>313,765,058</b>
Segment assets include:						
Investments accounted for using the equity method (note 10)	16,863,326	1,102,792	–	213,037	–	18,179,155
Segment liabilities	100,480,715	4,710,237	4,066,954	11,778,715	(4,504,187)	116,532,434
Unallocated liabilities						120,262,902
<b>Total liabilities</b>						<b>236,795,336</b>
Capital expenditure	609,384	902,356	7,308	4,475,499	–	5,994,547

Segment assets and liabilities and capital expenditure as at 31 December 2019 are as follow:

	Property development (note (c))	Property management (note (d))	Commercial management	Environmental protection	Elimination	Group
Segment assets	224,299,039	8,618,143	19,971,275	17,433,296	(5,788,236)	264,533,517
Unallocated assets						8,698,308
<b>Total assets</b>						<b>273,231,825</b>
Segment assets include:						
Investments accounted for using the equity method (note 10)	13,907,604	583,634	–	219,951	–	14,711,189
Segment liabilities	75,791,172	2,479,562	4,076,883	13,787,002	(5,788,236)	90,346,383
Unallocated liabilities						117,548,966
<b>Total liabilities</b>						<b>207,895,349</b>
Capital expenditure	1,007,291	718,523	420,580	4,218,372	–	6,364,766



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 5 Segment information (Continued)

### (a) Description of segments and principal activities (Continued)

Segment assets and liabilities are reconciled to total assets and liabilities as at 31 December 2020 as follows:

	Assets	Liabilities
Segment assets/liabilities	<b>305,258,656</b>	<b>116,532,434</b>
Unallocated:		
Deferred income taxes	<b>1,392,281</b>	<b>4,087,131</b>
Prepaid income taxes	<b>5,355,663</b>	–
Financial assets at FVPL	<b>1,247,819</b>	–
Financial asset at FVOCI	<b>510,639</b>	–
Financial liabilities at FVPL	–	<b>1,105,658</b>
Current income tax liabilities	–	<b>17,257,347</b>
Current borrowings	–	<b>39,449,018</b>
Non-current borrowings	–	<b>58,363,748</b>
<b>Total</b>	<b>313,765,058</b>	<b>236,795,336</b>

Segment assets and liabilities are reconciled to total assets and liabilities as at 31 December 2019 as follows:

	Assets	Liabilities
Segment assets/liabilities	264,533,517	90,346,383
Unallocated:		
Deferred income taxes	1,350,770	3,179,780
Prepaid income taxes	6,077,471	–
Financial assets at FVPL	1,008,031	–
Financial assets at FVOCI	262,036	–
Financial liabilities at FVPL	–	136,776
Current income tax liabilities	–	17,562,708
Current borrowings	–	42,297,082
Non-current borrowings	–	54,372,620
<b>Total</b>	<b>273,231,825</b>	<b>207,895,349</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 5 Segment information (Continued)

### (b) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	<b>As at 31 December 2020</b>	As at 31 December 2019
Contract assets relating to properties sale contracts	<b>221,415</b>	583,676
Contract assets relating to construction contracts	<b>2,984,816</b>	797,051
Loss allowance	<b>(1,634)</b>	(1,171)
<b>Total contract assets</b>	<b>3,204,597</b>	1,379,556

Inter-segment transfers or transactions are entered into at terms and conditions agreed upon by respective parties.

Eliminations comprise inter-segment trade and non-trade balances.

Pricing policy for inter-segment transactions is determined by reference to market price.

Segment assets consist primarily of property, plant and equipment, right-of-use assets, intangible assets, properties under development, completed properties held for sale, investment properties, receivables, contract assets and cash balances. Unallocated assets comprise deferred income tax assets, prepaid income taxes, financial assets at FVOCI and financial assets at FVPL. Segment liabilities comprise operating liabilities. Unallocated liabilities comprise taxation, borrowings and financial liabilities at FVPL.

Capital expenditure comprises additions to property, plant and equipment, right-of-use assets, investment properties and intangible assets.

- (c) Property development segment mainly comprises the business units involved in development and sales of properties, provision of property construction services and provision of real estate construction management services.
- (d) Property management segment mainly comprises the business units involved in property management business operated by A-Living Smart City Services Co., Ltd.

### (e) Assets recognised from incremental costs to obtain a contract

During the year ended 31 December 2020, there was no significant incremental costs to obtain a contract (2019: nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 6 Property, plant and equipment

	Buildings	Transportation equipment	Office equipment	Machinery	Construction in progress	Total
<b>At 31 December 2018</b>						
Cost	7,659,764	403,640	186,691	327,396	2,682,558	11,260,049
Accumulated depreciation	(2,079,440)	(158,340)	(119,196)	(149,546)	–	(2,506,522)
<b>Net book amount</b>	<b>5,580,324</b>	<b>245,300</b>	<b>67,495</b>	<b>177,850</b>	<b>2,682,558</b>	<b>8,753,527</b>
<b>Year ended 31 December 2019</b>						
Opening net book amount	5,580,324	245,300	67,495	177,850	2,682,558	8,753,527
Additions	96,096	28,731	71,997	108,534	1,607,965	1,913,323
Acquisition of subsidiaries	481,829	22,344	7,848	299,252	1,065,535	1,876,808
Transfer from completed construction projects	486,338	–	449	120,429	(607,216)	–
Transfer from investment properties (note 7)	420,000	–	–	–	–	420,000
Transfer to properties under development	(25,783)	–	–	–	–	(25,783)
Transfer to assets held for sale	–	–	–	–	(276,021)	(276,021)
Disposals	(23,856)	(205,091)	(2,765)	(3,806)	(893)	(236,411)
Depreciation	(463,126)	(21,304)	(31,276)	(53,405)	–	(569,111)
Impairment loss	(154,376)	–	–	–	–	(154,376)
<b>Closing net book amount</b>	<b>6,397,446</b>	<b>69,980</b>	<b>113,748</b>	<b>648,854</b>	<b>4,471,928</b>	<b>11,701,956</b>
<b>At 31 December 2019</b>						
Cost	9,114,760	234,779	259,237	868,112	4,471,928	14,948,816
Accumulated depreciation	(2,562,938)	(164,799)	(145,489)	(219,258)	–	(3,092,484)
Impairment loss	(154,376)	–	–	–	–	(154,376)
<b>Net book amount</b>	<b>6,397,446</b>	<b>69,980</b>	<b>113,748</b>	<b>648,854</b>	<b>4,471,928</b>	<b>11,701,956</b>
<b>Year ended 31 December 2020</b>						
Opening net book amount	6,397,446	69,980	113,748	648,854	4,471,928	11,701,956
Additions	84,794	58,293	8,653	125,178	2,477,340	2,754,258
Revaluation surplus	7,534	–	–	–	–	7,534
Acquisition of subsidiaries (note 40)	49,386	47,276	9,540	14,449	30,702	151,353
Transfer from completed construction projects	1,491,521	–	–	480,071	(1,971,592)	–
Transfer from investment properties (note 7)	25,000	–	–	–	–	25,000
Transfer to investment properties (note 7)	(1,546,331)	–	–	–	(295,414)	(1,841,745)
Disposals	(64,318)	(8,368)	(2,880)	(14,557)	–	(90,123)
Depreciation	(479,339)	(46,778)	(35,738)	(96,024)	–	(657,879)
Reversal of impairment loss	72,731	–	–	–	–	72,731
Impairment loss	(9,511)	–	–	–	(32,727)	(42,238)
<b>Closing net book amount</b>	<b>6,028,913</b>	<b>120,403</b>	<b>93,323</b>	<b>1,157,971</b>	<b>4,680,237</b>	<b>12,080,847</b>
<b>At 31 December 2020</b>						
Cost	7,784,861	316,479	256,218	1,457,406	4,712,964	14,527,928
Accumulated depreciation	(1,755,948)	(196,076)	(162,895)	(299,435)	–	(2,414,354)
Impairment loss	–	–	–	–	(32,727)	(32,727)
<b>Net book amount</b>	<b>6,028,913</b>	<b>120,403</b>	<b>93,323</b>	<b>1,157,971</b>	<b>4,680,237</b>	<b>12,080,847</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

### 6 Property, plant and equipment (Continued)

Depreciation expenses were charged to the following categories in the consolidated income statement:

	2020	2019
Cost of sales	368,582	343,614
Selling and marketing costs	41,952	38,901
Administrative expenses	247,345	186,596
	<b>657,879</b>	569,111

Notes:

- (a) As at 31 December 2020, buildings of RMB3,758,386,000 (31 December 2019: RMB2,347,883,000) were pledged as collateral for the Group's borrowings (note 24).
- (b) During the year ended 31 December 2020, the Group has capitalised borrowing costs amounting to RMB247,800,000 (2019: RMB128,196,000) on property, plant and equipment.
- (c) During the year ended 31 December 2020, several hotel buildings of RMB1,841,745,000 and relevant land use rights of RMB88,255,000 were transferred to investment property on the inception of operating lease. After reversing the previous impairment loss of certain hotel buildings of RMB72,731,000, a revaluation surplus of RMB7,534,000 on the date transferred has arisen, among which the corresponding revaluation surplus net of tax of RMB5,651,000 were recorded in other comprehensive income and deferred tax liabilities of RMB1,883,000 were recorded in the consolidated balance sheet respectively.
- (d) Buildings mainly represent the office buildings and hotel buildings. Constructions in progress mainly represent construction costs and other costs incurred for the construction of environmental factories and equipment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 7 Investment properties

	2020	2019
Opening net book amount	8,495,950	8,804,220
Capitalised subsequent expenditure	–	52,430
Transfer from completed properties held for sale (note (h))	284,593	–
Transfer from property, plant and equipment (note 6(c))	1,841,745	–
Transfer from land use rights	88,255	–
Transfer to property, plant and equipment (note (i))	(25,000)	(420,000)
Revaluation gains recognised in the consolidated income statement (note 29)	196,906	117,070
Disposals	(33,000)	(57,770)
Closing net book amount	10,849,449	8,495,950
Investment properties:		
— Completed investment properties	9,542,549	7,205,050
— Investment properties under construction	1,306,900	1,290,900
	10,849,449	8,495,950

Notes:

(a) The investment properties are located in the PRC and are held on lease of between 40 to 70 years.

(b) Amounts recognised in the consolidated income statement for investment properties:

	2020	2019
Rental income	209,924	172,630
Direct operating expenses of investment properties that generated rental income	(100,041)	(91,954)
Direct operating expenses of investment properties that did not generate rental income	(19,801)	(17,690)
	90,082	62,986

As at 31 December 2020, the Group had no unprovided contractual obligations for future repairs and maintenance (31 December 2019: nil).

(c) Fair value hierarchy

As at 31 December 2020 and 2019, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuation were arrived at by reference to certain significant unobservable inputs. There were no transfers between levels 1, 2 and 3 during the year (2019: nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 7 Investment properties (Continued)

Notes: (Continued)

(d) Valuation processes of the Group

The Group's investment properties were valued at 31 December 2020 by independent professionally qualified valuers, including Vigers Appraisal & Consulting Limited, Colliers International Limited and Worldunion Appraisal Co. Ltd, who hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the executive directors. Discussion of valuation processes and results are held amongst the executive directors, the valuation team and the valuers at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end, the finance department:

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

Changes in Level 2 and 3 fair values are analysed at each reporting date during the bi-annual valuation discussions between the executive directors and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

Valuation techniques

Fair values of completed commercial properties and commercial properties under development are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to valuers, view of recent lettings, within the subject properties and other comparable properties.

Fair values of car parks are evaluated by using direct comparison approach, which is adopted assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as location and property size.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 7 Investment properties (Continued)

Notes: (Continued)

(e) Valuation techniques

	Description	Location	Fair value as at 31 December 2020	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	Office, hotel and retail shop	PRC	9,293,349	Income capitalisation	Term yields Reversionary yields Market rents (RMB/square meter/month)	4% 4%–7% 21–998
	Car park	PRC	249,200	Direct comparison method	Market price (RMB/square meter)	3,327–8,407
Investment properties under construction	Retail shop	PRC	1,306,900	Income capitalisation	Budgeted construction costs to be incurred (RMB/square meter)	1,211
					Market rents (RMB/square meter/month)	41–201
					Reversionary yields	5%
					Discount rate	6%
	Description	Location	Fair value as at 31 December 2019	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	Office and retail shop	PRC	6,955,850	Income capitalisation	Term yields Reversionary yields Market rents (RMB/square meter/month)	4% 4%–7% 30–998
	Car park	PRC	249,200	Direct comparison method	Market price (RMB/square meter)	3,327–8,407
Investment properties under construction	Retail shop	PRC	1,290,900	Income capitalisation	Budgeted construction costs to be incurred (RMB/square meter)	1,211
					Market rents (RMB/square meter/month)	41–199
					Reversionary yields	5%
					Discount rate	6%

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 7 Investment properties (Continued)

Notes: (Continued)

(e) Valuation techniques (Continued)

There are inter-relationships between unobservable inputs.

For office, hotel and retail shop, increase in term yields and reversionary yields may result in decrease of fair value. Increase in market rent may result in increase of fair value.

For car park, increase in market price may result in increase in fair value.

For investment properties under construction, increase in budgeted construction costs to be incurred may result in decrease in fair value. Increase in reversionary yields and discount rate may result in decrease of fair value. Increase in market rent may result in increase of fair value.

There are no changes to the valuation technique during the year ended 31 December 2020.

(f) Investment properties pledged as security

As at 31 December 2020, investment properties of RMB5,436,175,000 (31 December 2019: RMB5,388,000,000) and certain rights of receiving rental income were pledged as collateral for the Group's bank borrowings (note 24).

(g) Leasing arrangements

Certain investment properties are leased to tenants under long term operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment properties are disclosed in note 43.

The period of leases whereby the Group leases out its investment properties under operating leases ranged from 1 year to 19 years.

(h) During the year ended 31 December 2020, certain retail shops were transferred from the completed properties held for sale to investment properties (2019: nil).

(i) During the year ended 31 December 2020 and 2019, certain floor areas of office buildings were transferred from investment properties to property, plant and equipment as the Group started to occupy such areas as office.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 8 Lease

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

### (a) Amounts recognised in the consolidated balance sheet

	31 December 2020	31 December 2019
<b>Right-of-use assets</b>		
Land use rights (note (i))	2,640,079	2,411,264
Property, plant and equipment	736,225	665,945
	<b>3,376,304</b>	3,077,209
<b>Lease liabilities</b>		
Current	244,011	182,411
Non-current	392,927	390,326
	<b>636,938</b>	572,737

Notes:

- (i) The Group has land lease arrangement with mainland China government. Such land use rights are held for self use.
- (ii) Additions to the right-of-use assets during the year end 31 December 2020 were RMB697,607,000 (2019: RMB1,107,398,000).
- (iii) As at 31 December 2020, land use rights of RMB3,602,128,000 (31 December 2019: RMB1,299,379,000) were pledged as collateral for the Group's borrowings (note 24).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

### 8 Lease (Continued)

#### (b) Amount recognised in the consolidated income statement.

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

	2020	2019
<b>Depreciation charge of right-of-use assets</b>		
Land use rights	67,745	66,580
Buildings and equipment	214,298	135,057
Others	149	13
	<b>282,192</b>	201,650
Interest expense (included in finance cost) (note 34)	39,426	37,006
Expense relating to short-term leases and leases of low-value assets (included in cost of goods sold and administrative expenses) (note 32)	156,442	48,020

The total cash outflow for leases during the year ended 31 December 2020 was RMB431,335,000 (2019: RMB333,497,000).

#### (c) The Group's leasing activities and how these are accounted for

The Group leases various land use rights, offices, transportation equipment and other equipment. Rental contracts are typically made for fixed periods of 3 months to 70 years.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 9 Intangible assets

	Other intangible assets				Subtotal	Goodwill (note b)	Total
	Computer software	Trademarks and licences	Operating concessions	Customer relationship			
<b>At 31 December 2018</b>							
Cost	153,417	70,081	–	143,860	367,358	1,841,613	2,208,971
Accumulated amortisation	(80,821)	(6,093)	–	(21,454)	(108,368)	–	(108,368)
<b>Net book amount</b>	<b>72,596</b>	<b>63,988</b>	<b>–</b>	<b>122,406</b>	<b>258,990</b>	<b>1,841,613</b>	<b>2,100,603</b>
<b>Year ended 31 December 2019</b>							
Opening net book amount	72,596	63,988	–	122,406	258,990	1,841,613	2,100,603
Additions	14,586	–	360,230	–	374,816	–	374,816
Acquisition of subsidiaries (note(c))	8,663	59,825	625,266	346,237	1,039,991	2,055,442	3,095,433
Amortisation charge (note(a))	(15,794)	(15,834)	(13,465)	(50,512)	(95,605)	–	(95,605)
<b>Closing net book amount</b>	<b>80,051</b>	<b>107,979</b>	<b>972,031</b>	<b>418,131</b>	<b>1,578,192</b>	<b>3,897,055</b>	<b>5,475,247</b>
<b>At 31 December 2019</b>							
Cost	176,666	129,906	985,496	490,097	1,782,165	3,897,055	5,679,220
Accumulated amortisation	(96,615)	(21,927)	(13,465)	(71,966)	(203,973)	–	(203,973)
<b>Net book amount</b>	<b>80,051</b>	<b>107,979</b>	<b>972,031</b>	<b>418,131</b>	<b>1,578,192</b>	<b>3,897,055</b>	<b>5,475,247</b>
<b>Year ended 31 December 2020</b>							
Opening net book amount	<b>80,051</b>	<b>107,979</b>	<b>972,031</b>	<b>418,131</b>	<b>1,578,192</b>	<b>3,897,055</b>	<b>5,475,247</b>
Additions	<b>19,418</b>	–	<b>432,167</b>	<b>47,589</b>	<b>499,174</b>	–	<b>499,174</b>
Acquisition of subsidiaries (note(c), note 40)	<b>20,926</b>	–	<b>1,169,410</b>	<b>701,819</b>	<b>1,892,155</b>	<b>1,109,714</b>	<b>3,007,165</b>
Amortisation charge (note(a))	<b>(22,011)</b>	<b>(18,793)</b>	<b>(184,606)</b>	<b>(147,147)</b>	<b>(372,557)</b>	–	<b>(372,557)</b>
Disposal	<b>(220)</b>	–	–	<b>(20,394)</b>	<b>(20,614)</b>	<b>(18,353)</b>	<b>(38,967)</b>
Impairment charge (note(d))	–	–	–	–	–	<b>(723,802)</b>	<b>(723,802)</b>
<b>Closing net book amount</b>	<b>98,164</b>	<b>89,186</b>	<b>2,389,002</b>	<b>999,998</b>	<b>3,576,350</b>	<b>4,264,614</b>	<b>7,846,260</b>
<b>At 31 December 2020</b>							
Cost	<b>217,075</b>	<b>129,906</b>	<b>2,587,073</b>	<b>1,246,061</b>	<b>4,180,115</b>	<b>4,988,416</b>	<b>9,173,827</b>
Accumulated amortisation	<b>(118,911)</b>	<b>(40,720)</b>	<b>(198,071)</b>	<b>(246,063)</b>	<b>(603,765)</b>	–	<b>(603,765)</b>
Impairment loss	–	–	–	–	–	<b>(723,802)</b>	<b>(723,802)</b>
<b>Net book amount</b>	<b>98,164</b>	<b>89,186</b>	<b>2,389,002</b>	<b>999,998</b>	<b>3,576,350</b>	<b>4,264,614</b>	<b>7,846,260</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 9 Intangible assets (Continued)

Notes:

- (a) Amortisation expenses were charged to the following categories in the consolidated income statement:

	2020	2019
Cost of sales	342,511	75,457
Selling and marketing costs	989	628
Administrative expenses	29,057	19,520
	<b>372,557</b>	95,605

- (b) The excess of the consideration transferred over the fair value of the identifiable net assets acquired is recorded as goodwill. Goodwill as at 31 December 2020 was comprised of the followings:

	2020	2019
Goodwill arising from acquisition of property management companies	2,181,967	1,370,927
Goodwill arising from acquisition of environmental protection companies	1,846,756	2,366,306
Goodwill arising from acquisition of construction companies	235,891	159,822
	<b>4,264,614</b>	3,897,055

- (c) Intangible assets through acquisition of subsidiaries

An independent valuation was performed by independent valuers to determine the amount of the trademarks and licences, customer relationship and operating concessions. Methods and key assumptions in determining the fair value of trademarks, customer relationship and operating concessions as at acquisition date are disclosed as follows:

	Valuation technique	Discount rate	Expected life of the intangible assets as at 31 December 2020
Trademarks and licences	Discounted cash flow	16.6–19.8%	5–20 years
Customer relationship	Discounted cash flow	16.0–19.8%	5–10 years
Operating concessions	Discounted cash flow	11.0–12.0%	3–28 years

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 9 Intangible assets (Continued)

Notes: (Continued)

(d) Impairment test for goodwill

The Group performed an impairment assessment on the goodwill as at 31 December 2020. The recoverable amount of the property management, environmental protection and construction businesses operated by the acquired subsidiaries have been assessed by independent valuers or the management and determined based on value-in-use calculations. The calculations used cash flow projections based on financial budgets covering a five-year period approved by management.

The following table sets forth each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill as at 31 December 2020 and 2019:

	Property management companies	Environmental protection companies	Construction companies
<b>As at 31 December 2020</b>			
Compound annual growth rate of revenue during the projection period	2%–41%	0%–33%	5%–22%
EBITDA margin during the projection period	8%–21%	21%–82%	9%–21%
Long term growth rate	3%	0%	3%
Pre-tax discount rate	19%–22%	11%–13%	18%–21%
<b>As at 31 December 2019</b>			
Compound annual growth rate of revenue during the projection period	3%–41%	3%–77%	3%–17%
EBITDA margin during the projection period	9%–20%	9%–87%	8%–21%
Long term growth rate	3%	3%	3%
Pre-tax discount rate	20%–23%	18%	17%–25%

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determining values
Compound annual growth rate of revenue	Based on past performance and management's expectations of market development. For Greenland Property Services, year-on-year increment in projected revenue is mainly attributable to the estimated incremental gross floor area committed by Greenland Holdings according to the investment cooperation framework agreement.
EBITDA margin	Based on past performance and management's expectations for the future.
Long term growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the budget period.
Pre-tax discount rate	Reflect specific risks relating to the relevant cash-generating units

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 9 Intangible assets (Continued)

Notes: (Continued)

(d) Impairment test for goodwill (Continued)

(i) Property management companies

As at 31 December 2020, goodwill of RMB2,181,967,000 (31 December 2019:RMB1,370,928,000) has been allocated to each cash-generating units of the CGUs acquired for impairment testing. Goodwill of RMB918,967,000 and RMB757,271,000 (31 December 2019: RMB918,967,000 and nil) was allocated to the property management business operated by Greenland Property Services and CMIG PM, respectively.

Management has undertaken sensitivity analysis on the impairment test of goodwill. The following table sets forth all possible changes to the key assumptions of the impairment test and the changes taken in isolation in the VIU calculations for Greenland and CMIG PM that would remove the remaining headroom respectively as at 31 December 2020:

	Possible changes to the key assumptions	
	CMIG PM	Greenland Property Services
Compound annual growth rate of revenue	-3.57%	-5.28%
EBITDA margin	-1.07%	-1.86%
Average trade receivables turnover days	21 days	34 days
Long term growth rate	-3.11%	-3.20%
Pre-tax discount rate	2.50%	2.33%

Management considered there is no reasonably possible change in key parameters would cause the carrying amount of each CGU to exceed its recoverable amount.

By reference to the recoverable amount assessed by the independent valuer or the management as at 31 December 2020, the directors of the Company determined that no impairment provision on goodwill arising from acquisition of property management companies was required as at 31 December 2020 (31 December 2019: nil).

(ii) Environmental protection companies

As at 31 December 2020, the recoverable amount of RMB2,901,620,000 of certain acquired companies calculated based on VIU calculation was below their carrying value and amount of RMB723,802,000 was made to impairment of goodwill.

For remaining goodwill arising from acquisition of environmental protection companies, the individual amount is not significant and accordingly, the sensitivity analysis for the unimpaired goodwill is not presented.

By reference to the recoverable amount assessed by the independent valuer or the management as at 31 December 2020, the directors of the Company determined that an impairment provision of RMB723,802,000 on goodwill arising from acquisition of environmental protection companies, was required as at 31 December 2020 (31 December 2019: nil).

(iii) Construction companies

By reference to the recoverable amount assessed by the independent valuer or the management as at 31 December 2020, the directors of the Company determined that no impairment provision on goodwill arising from acquisition of construction companies was required as at 31 December 2020 (31 December 2019: nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 10 Investments accounted for using equity method

The directors of the Group consider that none of the associates and the joint ventures as at 31 December 2020 and 31 December 2019 was significant to the Group and thus the individual financial information of the associates and the joint ventures was not disclosed. The summarised financial information of individually immaterial associates and joint ventures on an aggregate basis is as follows:

The movement of the interests in the associates and the joint ventures during the year is as follows:

	2020	2019
Balance as at 1 January	14,711,189	10,088,353
Additions	2,804,936	2,103,494
Addition through business combination (note 40)	498,373	9,915
Transfer from subsidiaries (note (a) and note 38)	2,018,250	2,706,776
Transfer to subsidiaries (note (b) and note 40)	(2,931,576)	(1,834,305)
Remeasurement gains on the investment in joint ventures (note (b) and note 29)	819,891	579,449
Share of post-tax profits	1,585,630	1,086,246
Disposal (note (c))	(1,082,339)	–
Dividends received	(245,199)	(28,739)
Balance as at 31 December	18,179,155	14,711,189

Notes:

- (a) During the year ended 31 December 2020, the Group disposed of certain equity interests in several subsidiaries to independent third parties at the considerations of RMB1,945,152,000 in aggregate. Upon the completion of the disposal, the subsidiaries became the joint ventures and associates of the Group, recognised according to the fair value of the remaining equity investments held by the Group with the disposal gains recognised in amount of RMB2,425,511,000 (2019: RMB2,988,981,000) (note 29 and note 38).
- (b) During the year ended 31 December 2020, the Group acquired additional equity interests in certain joint ventures from the other independent shareholders of the joint ventures at the considerations of RMB1,697,793,000 in aggregate. Upon the completion of the acquisitions, the joint ventures became the subsidiaries of the Group with remeasurement gains on the investments in joint ventures recognised in an amount of RMB819,891,000 (2019: RMB579,449,000) and transferred to subsidiaries in amount of RMB2,931,576,000 (note 29 and 40).
- (c) During the year ended 31 December 2020, the Group disposed of certain joint ventures and associates to independent third parties at the consideration of RMB1,135,283,000 in aggregate. Upon the completion of the disposals, the Group recognised the disposal gain in amount of RMB226,314,000 (2019: nil) (note 29).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 10 Investments accounted for using equity method (Continued)

As at 31 December 2020, the Group's shares of losses of certain investment companies exceeds its interests in the underlying entities, and the unrecognised share of losses of the associates amounted to RMB186,555,000 (31 December 2019: RMB169,828,000).

The contingent liabilities relating to the Group's investments accounted for using equity method are disclosed in note 41. There is no material commitment relating to the Group's investments accounted for using equity method.

## 11 Prepayments for acquisition of land use rights

Amounts represent up-front payments for acquiring land use rights for property development. The amounts will be transferred to properties under development in the consolidated balance sheet when the Group obtains contractual usage rights of the relevant lands.

## 12 Properties under development

	2020	2019
Properties under development expected to be completed:		
— Within one operating cycle included under current assets	<b>82,148,512</b>	79,622,115
— Beyond one operating cycle included under non-current assets	<b>30,973,623</b>	31,742,993
	<b>113,122,135</b>	111,365,108
Properties under development comprise:		
— Construction costs and capitalised expenditures	<b>23,613,382</b>	22,578,415
— Capitalised interests	<b>6,848,291</b>	6,488,257
— Land use rights	<b>82,660,462</b>	82,298,436
	<b>113,122,135</b>	111,365,108

Most of the Group's properties under development are located in the PRC. The relevant land use rights in the PRC are on leases of 40 to 70 years.

The capitalisation rate of borrowings is 6.71% for the year ended 31 December 2020 (2019: 7.54%).

As at 31 December 2020, a provision of RMB1,363,526,000 was made to write down the properties under development (31 December 2019: RMB1,561,682,000).

As at 31 December 2020, land use rights included in the properties under development with net book value of RMB34,368,271,000 (31 December 2019: RMB41,031,375,000) were pledged as collateral for the Group's borrowings (note 24).

The amounts of RMB45,423,065,000 as at 31 December 2020 under normal operating cycle classified as current assets were expected to be completed and delivered beyond one year (31 December 2019: RMB47,157,971,000).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 13 Completed properties held for sale

All completed properties held for sale are located in the PRC. The relevant land use rights are on leases of 40 to 70 years.

As at 31 December 2020, a provision of RMB697,314,000 was made to write down the completed properties held for sale (31 December 2019: RMB706,290,000).

As at 31 December 2020, completed properties held for sale of approximately RMB194,511,000 (31 December 2019: RMB116,563,000) were pledged as collateral for the Group's borrowings (note 24).

## 14 Financial instruments by category

### Assets as per consolidated balance sheet

Financial assets	2020	2019
Financial assets at amortised cost		
— Trade and other receivables excluding prepaid value added taxes and other taxes and prepayments	52,772,859	36,665,090
— Restricted cash	8,938,792	9,003,578
— Cash and cash equivalents	41,925,908	33,551,303
Financial assets at FVPL	1,247,819	1,008,031
Financial assets at FVOCI	510,639	262,036
	<b>105,396,017</b>	80,490,038

### Liabilities as per consolidated balance sheet

Financial liabilities	2020	2019
Financial liabilities at amortised cost		
— Borrowings	97,812,766	96,669,702
— Trade and other payables (excluding staff welfare benefit payable, other taxes payable and advances from disposal of equity interests)	64,948,068	48,040,165
— Lease liabilities	636,938	572,737
Financial liabilities at FVPL	1,105,658	136,776
	<b>164,503,430</b>	145,419,380

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

### 15 Financial assets at fair value through other comprehensive income

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

#### (a) Equity investments at fair value through other comprehensive income

Equity investments at FVOCI comprise the following individual investments:

Non-current assets	2020	2019
Hong Kong listed equity securities	462,017	262,036
Unlisted equity securities	48,622	–
	510,639	262,036

#### (b) Amounts recognised in other comprehensive income

	2020	2019
Gains recognised in other comprehensive income		
— Related to equity investments	132,304	26,177
	2020	2019
As at beginning of the year	262,036	–
Additions	88,418	235,859
Acquisition of subsidiaries (Note 40)	28,581	–
Gains recognised in other comprehensive income	132,304	26,177
Disposal	(700)	–
As at end of the year	510,639	262,036

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 16 Trade and other receivables

	2020	2019
Trade receivables (note(a))		
— Third parties	10,252,982	7,211,910
— Joint ventures (note 44(c))	1,518,844	548,298
— Associates (note 44(c))	36,620	41,829
Gross trade receivables	11,808,446	7,802,037
Less: allowance for impairment of trade receivables (note 3.1(c))	(442,004)	(73,440)
Total trade receivables	11,366,442	7,728,597
Other receivables due from:		
— Third parties	17,897,815	12,173,705
— Joint ventures (note 44(c))	14,666,332	9,793,586
— Associates (note 44(c))	619,764	1,284,290
— Other related parties (note 44(c))	493,892	193,728
— Non-controlling interests	1,957,925	1,633,207
Loan and interest receivables due from related parties (note 44(c))	5,390,261	3,232,359
Prepaid value added taxes and other taxes	3,668,692	2,843,320
Deposits for acquisition of land use rights	837,000	844,197
Prepayments	1,088,577	1,033,784
Gross other receivables	46,620,258	33,032,176
Less: allowance for impairment of other receivables (note 3.1(c))	(456,572)	(218,579)
Total other receivables	46,163,686	32,813,597
Less: other receivables — non-current portion	(7,508,793)	(5,182,026)
Other receivables — current portion	38,654,893	27,631,571
<b>Trade and other receivables-current portion</b>	<b>50,021,335</b>	<b>35,360,168</b>

As at 31 December 2020, the fair value of remaining trade and other receivables approximated their carrying amounts.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 16 Trade and other receivables (Continued)

Notes:

- (a) Trade receivables mainly arose from sales of properties, provision of property management services, provision of construction services and provision of environmental protection services. Trade receivables are settled in accordance with the terms stipulated respective in the property sale and purchase agreements or service agreements. As at 31 December 2020 and 2019, the ageing analysis of the trade receivables based on invoice date is as follows:

	2020	2019
Within 90 days	7,227,242	4,803,143
Over 90 days and within 365 days	3,225,970	2,283,793
Over 365 days	1,355,234	715,101
	<b>11,808,446</b>	7,802,037

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2020, a provision of RMB442,004,000 was made against the gross amounts of trade receivables (31 December 2019: RMB73,440,000) (note 3.1(c)).

As at 31 December 2020, trade receivables of approximately RMB1,835,110,000 (31 December 2019: RMB1,275,993,000) were pledged as collateral for Group's borrowings (note 24(c, d)).

- (b) The carrying amounts of trade and other receivables are mainly denominated in RMB.

## 17 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include the following:

	2020	2019
Wealth management products	635,923	430,083
Hong Kong listed equity securities and debt instruments	165,476	181,691
Unlisted equity securities	354,951	326,084
Others	91,469	70,173
	<b>1,247,819</b>	1,008,031

Notes:

- (a) Amounts recognised in profit or loss

Decreases in fair values of financial assets at FVPL amounting to RMB4,981,000 are recorded as "other gains, net" (note 29) in the consolidated income statements.

- (b) Risk exposure and fair value measurements

Information about the Group's exposure to price risk is provided in note 3.1(e). For information about the methods and assumptions used in determining fair value, please refer to note 3.3.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 18 Restricted cash

As at 31 December 2020 and 2019, the Group's restricted cash were mainly denominated in RMB. The conversion of the PRC Group entities' RMB denominated bank balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

As at 31 December 2020 and 2019, restricted cash is mainly comprised of guarantee deposits for mortgage loans, guarantee deposits for construction of pre-sold properties, deposits for accident compensation and collateral for borrowings.

## 19 Cash and cash equivalents

	2020	2019
Cash and cash equivalents comprise the following:		
Cash at bank and in hand	36,802,094	30,055,563
Short-term bank deposits	5,123,814	3,495,740
	41,925,908	33,551,303
Denominated in RMB (note (a))	40,199,996	26,066,124
Denominated in other currencies	1,725,912	7,485,179
	41,925,908	33,551,303

Note:

- (a) The conversion of the PRC Group entities' RMB denominated bank balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulation of foreign exchange control promulgated by the PRC government.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 20 Share capital and premium

	Number of ordinary shares	Nominal value of ordinary shares HK\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
<b>Authorised</b>					
<b>As at 31 December 2020 and 2019</b>	<b>10,000,000,000</b>	<b>1,000,000</b>			
<b>Issued and fully paid share capital</b>					
<b>As at 31 December 2020 and 2019</b>	<b>3,917,047,500</b>	<b>391,705</b>	<b>400,253</b>	<b>3,021,630</b>	<b>3,421,883</b>

## 21 Share Award Scheme

On 10 December 2013, the Board of Directors of the Company adopted a Share Award Scheme, under which shares may be awarded to employees of the Company in accordance with the terms and conditions of the Share Award Scheme.

Pursuant to the rules of the Share Award Scheme, the Group has set up a trust ("Employee Share Trust"), for the purposes of administering the Share Award Scheme and holding Awarded Shares before they vest. On 10 February 2014, the Company allotted and issued 34,470,000 new shares to the trustee to hold on trust. On 3 January 2014, 32,750,000 of which has been granted to the 116 selected employees, subject to, among others, the performance conditions of both the Group and the awardees can be fulfilled and the awardees remain employed by the Group.

The award of first 30% and second 30% Awarded Shares lapsed effective from 26 August 2015 and 23 August 2016 respectively. Following the confirmation that relevant vesting conditions have not been satisfied on 20 June 2017, the Board resolved in its meeting held on 28 August 2017 that the award of the remaining 40% Awarded Shares lapsed effective from 28 August 2017. The lapsed shares held in Share Award Scheme will not be cancelled. As at 31 December 2020, the shares under the Share Award Scheme held by the Employee Share Trustee amounted to RMB156,588,000 (31 December 2019: RMB156,588,000), which was presented within equity in the consolidated balance sheet. For the year ended 31 December 2020, no expenses in relation to the Share Award Scheme were recognised in the consolidated income statement as the performance condition were not fulfilled and no awarded shares were vested (2019: nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 22 Other reserves

	Merger reserve (note (a))	Statutory reserve and enterprise expansion fund (note (b))	Translation reserve	Others	Total
<b>Balance as at 1 January 2020</b>	<b>442,395</b>	<b>3,904,496</b>	<b>(3,174)</b>	<b>(1,412,450)</b>	<b>2,931,267</b>
Transfer from retained earnings	–	485,174	–	–	485,174
Currency translation difference	–	–	8,534	–	8,534
Revaluation gain on property, plant and equipment, net of tax	–	–	–	5,651	5,651
Changes in the fair value of equity investments at FVOCI, net of tax	–	–	–	109,997	109,997
Acquisition of additional interests in subsidiaries	–	–	–	(208,480)	(208,480)
Other transaction with non-controlling interests	–	–	–	84,370	84,370
<b>Balance as at 31 December 2020</b>	<b>442,395</b>	<b>4,389,670</b>	<b>5,360</b>	<b>(1,420,912)</b>	<b>3,416,513</b>
<b>Balance as at 1 January 2019</b>	442,395	3,150,510	(2,057)	(985,866)	2,604,982
Transfer from retained earnings	–	753,986	–	–	753,986
Currency translation difference	–	–	(1,117)	–	(1,117)
Redemption of Perpetual Capital Securities	–	–	–	(427,512)	(427,512)
Changes in the fair value of equity investments at FVOCI, net of tax	–	–	–	21,857	21,857
Acquisition of additional interests in subsidiaries	–	–	–	41,250	41,250
Put options granted during the acquisition of subsidiaries	–	–	–	(62,179)	(62,179)
<b>Balance as at 31 December 2019</b>	442,395	3,904,496	(3,174)	(1,412,450)	2,931,267

Notes:

- (a) Merger reserve of the Group represents the difference between the share capital of subsidiaries acquired over the nominal value of the shares of the Company issued in exchange pursuant to the Group reorganisation undertaken for listing of Company on Hong Kong Stock Exchange.
- (b) Pursuant to the relevant rules and regulation concerning foreign investment enterprise established in the PRC and the articles of association of certain PRC subsidiaries of the Group, those subsidiaries are required to transfer an amount of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory reserve fund may be distributed to equity holders in form of bonus issue.

The appropriation to the enterprise expansion fund is solely determined by the board of directors of the PRC subsidiaries.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 23 Perpetual Capital Securities

Movement of the Perpetual Capital Securities are as follows:

	Principal	Distribution	Total
<b>Balance as at 1 January 2019</b>	8,057,046	277,829	8,334,875
Issuance of Perpetual Capital Securities	9,677,373	–	9,677,373
Profit attributable to holders of Perpetual Capital Securities	–	850,225	850,225
Distribution made to holders of Perpetual Capital Securities	–	(990,199)	(990,199)
Redemption of Perpetual Capital Securities	(4,305,407)	–	(4,305,407)
<b>Balance as at 31 December 2019</b>	13,429,012	137,855	13,566,867
<b>Balance as at 1 January 2020</b>	<b>13,429,012</b>	<b>137,855</b>	<b>13,566,867</b>
Profit attributable to holders of Perpetual Capital Securities	–	<b>1,083,780</b>	<b>1,083,780</b>
Distribution made to holders of Perpetual Capital Securities	–	<b>(1,013,154)</b>	<b>(1,013,154)</b>
<b>Balance as at 31 December 2020</b>	<b>13,429,012</b>	<b>208,481</b>	<b>13,637,493</b>

On 27 March 2018, the Company issued senior perpetual capital securities (the “2018 Perpetual Capital Securities I”) with the aggregate principal amount of US\$500,000,000. Net proceeds after deducting the issuance cost amounted to US\$491,539,000 (equivalent to approximately RMB3,107,957,000).

On 21 June 2018, the Company issued senior perpetual capital securities (the “2018 Perpetual Capital Securities II”) with the principal amount of US\$100,000,000. Net proceeds after deducting the issuance cost amounted to US\$98,005,000 (equivalent to approximately RMB627,151,000).

On 4 June 2019, the Company issued senior perpetual capital securities (the “2019 Perpetual Capital Securities I”) with the principal amount of US\$700,000,000. Net proceeds after deducting the issuance cost amounted to US\$693,792,000 (equivalent to approximately RMB4,779,956,000).

On 31 October 2019, the Company issued senior perpetual capital securities (the “2019 Perpetual Capital Securities II”) with the principal amount of US\$500,000,000. Net proceeds after deducting the issuance cost amounted to US\$496,558,000 (equivalent to approximately RMB3,497,619,000).

On 25 November 2019, the Company issued senior perpetual capital securities (the “2019 Perpetual Capital Securities III”) with the principal amount of US\$200,000,000. Net proceeds after deducting the issuance cost amounted to US\$198,730,000 (equivalent to approximately RMB1,399,798,000).

The Perpetual Capital Securities do not have maturity date and the distribution payments can be deferred at the discretion of the Company. Therefore, the Perpetual Capital Securities are classified as equity instruments and recorded in equity in the consolidated balance sheet. When the Company elects to declare dividends to its shareholders, the Company shall make distribution to the holders of Perpetual Capital Securities at the distribution rate as defined in the subscription agreement.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 24 Borrowings

	2020	2019
<b>Borrowings included in non-current liabilities:</b>		
Senior notes (note(a))		
— Senior notes issued in 2015 (“2015 Senior notes”)	—	3,468,738
— Senior notes issued in 2017 (“2017 Senior notes”) (note (a)(i))	1,296,740	1,381,795
— Senior notes issued in 2018 (“2018 Senior notes”) (note (a)(ii))	3,907,389	6,937,180
— Senior notes issued in 2019 (“2019 Senior notes”) (note (a)(iii))	3,249,826	3,464,656
— Senior notes issued in 2020 (“2020 Senior notes”) (note (a)(iv))	6,376,999	—
PRC corporate bonds (note (b))	7,593,944	8,567,219
Commercial mortgage backed securities (note (c))	4,094,763	4,084,182
Asset-backed securities (note (d))	1,154,394	904,408
Long-term syndicated loans		
— secured (note (e))	14,882,424	15,302,192
— unsecured (note (f))	1,155,245	1,513,829
Long-term bank borrowings		
— secured (note (e))	27,043,308	22,550,460
— unsecured (note (f))	8,927,955	9,123,273
Other borrowings		
— secured (note (e))	8,153,706	8,598,962
— unsecured (note (f))	1,720,885	1,189,710
Less: current portion of non-current borrowings	(30,313,830)	(32,713,984)
	<b>59,243,748</b>	54,372,620
<b>Borrowings included in current liabilities:</b>		
Short-term bank borrowings		
— secured (note (e))	591,905	2,495,166
— unsecured (note (f))	2,248,359	1,854,931
Short-term other borrowings		
— secured (note (e))	3,129,000	4,983,001
— unsecured (note (f))	2,285,924	250,000
Current portion of non-current borrowings	30,313,830	32,713,984
	<b>38,569,018</b>	42,297,082
Total borrowings	<b>97,812,766</b>	96,669,702

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 24 Borrowings (Continued)

Notes:

(a) Senior Notes

The senior notes are jointly guaranteed by certain subsidiaries of the Group and are secured by pledges of the shares of these subsidiaries. The net assets of these subsidiaries are approximately RMB2,956,918,000 as at 31 December 2020 (31 December 2019: RMB4,393,620,000).

(i) 2017 Senior Notes

On 14 August 2017, the Company issued 5.125% senior notes with an aggregated nominal value of US\$200,000,000 (equivalent to approximately RMB1,332,020,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$196,125,000 (equivalent to approximately RMB1,306,210,000). The 2017 Senior Notes will mature on 14 August 2022. The Company, at its option, can redeem all or a portion of the 2017 Senior Notes at any time prior to the maturity date at the redemption prices plus accrued and unpaid interest up to the redemption date.

(ii) 2018 Senior Notes

On 18 July 2018, the Company issued 8.5% senior notes with an aggregated nominal value of US\$600,000,000 (equivalent to approximately RMB4,040,064,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$593,557,000 (equivalent to approximately RMB3,997,108,000). The 2018 Senior Notes will mature on 18 July 2021. The Company, at its option, can redeem all or a portion of the 2018 Senior Notes at any time prior to the maturity date at the redemption prices plus accrued and unpaid interest up to the redemption date.

(iii) 2019 Senior Notes

On 7 March 2019, the Company issued 6.7% senior notes with an aggregated nominal value of US\$500,000,000 (equivalent to approximately RMB3,355,500,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$495,429,000 (equivalent to approximately RMB3,324,823,000). The 2019 Senior Notes will mature on 7 March 2022. The Company, at its option, can redeem all or a portion of 2019 Senior Notes at any time prior to the maturity date at the redemption prices plus accrued accrued and unpaid interest up to the redemption date.

(iv) 2020 Senior notes

On 3 July 2020, the Company issued 5.750% senior notes with an aggregated nominal value of US\$500,000,000 (equivalent to approximately RMB3,531,900,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$497,109,000 (equivalent to approximately RMB3,511,482,000). The notes will mature in July 2025.

On 13 October 2020, the Company issued 6.050% senior notes with an aggregated nominal value of US\$483,000,000 (equivalent to approximately RMB3,232,868,000) at face value. The net proceeds, after deducting the issuance costs, amounted to US\$480,039,000 (equivalent to approximately RMB3,212,904,000). The notes will mature in October 2025.

The Company, at its option, can redeem all or a portion of the 2020 Senior Notes at any time prior to the maturity date at the redemption prices plus accrued and unpaid interest up to the redemption date.

(b) PRC Corporate Bonds

On 11 January 2016, a PRC subsidiary (the "Issuer") of the Company issued 4.7% corporate bonds with an aggregate amount of RMB1,600,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,584,080,000. On 14 January 2019, the Issuer redeemed the bond in an aggregate principal amount of RMB12,228,000 as the investors exercised the right to sell back. The bonds has been resold to the new investors, and the bonds will mature on 11 January 2021 at the coupon rate of 6.95%.

On 29 July 2016, the Company issued 4.98% corporate bonds with an aggregate amount of RMB3,000,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB2,970,000,000. The bonds will mature on 29 July 2020. The Company shall be entitled to adjust the coupon rate at the end of second year whereas the investors shall be entitled to sell back in whole or in part the bonds. On 30 July 2018, the Company completed the repurchase and cancellation of 20,300,000 the non-public Domestic Corporate Bonds in an aggregate principal amount of RMB2,030,000,000. On 29 July 2020, the Issuer redeemed the outstanding corporate bond in full at a redemption price equal to 100% of the principal amount of the corporate bonds and the accrued and unpaid interest as of the Redemption Date.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 24 Borrowings (Continued)

Notes: (Continued)

### (b) PRC Corporate Bonds (Continued)

On 11 October 2016, the Company issued 4.6% corporate bonds with an aggregate amount of RMB1,800,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,787,250,000. On 11 October 2019, the Issuer redeemed the bond in an aggregate principal amount of RMB570,000,000 as the investors exercised the right to sell back. On 12 October 2020, the Issuer redeemed the bond in an aggregate principal amount of RMB608,000,000 as the investors exercised the right to sell back. The bonds has been resold to the new investors, and the bonds will mature on 11 October 2021 at the coupon rate of 5.30%.

On 11 October 2016, the Company issued 5.7% corporate bonds with an aggregate amount of RMB1,200,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,192,500,000. The bonds will mature on 11 October 2023. The Company shall be entitled to adjust the coupon rate at the end of the fifth year whereas the investors shall be entitled to sell back in whole or in part the bonds.

On 12 July 2017, the Company issued 6.98% corporate bonds with an aggregate amount of RMB3,000,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB2,976,735,000. On 12 July 2019, the Company redeemed the bond in an aggregate principal amount of RMB351,000,000 as the investors exercised the right to sell back. The bonds has been resold to the new investors, and the bonds will mature on 12 July 2020 at the coupon rate of 6.60%. On 13 July 2020 ("the Redemption Date"), the Company redeemed the outstanding corporate bond in full at a redemption price equal to 100% of the principal amount of the corporate bonds and the accrued and unpaid interest as of the Redemption Date.

On 13 July 2020, the Issuer of the Company issued 6.20% non-public corporate bonds with an aggregate amount of RMB1,500,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,495,500,000. The bonds will mature on 13 July 2022.

On 19 October 2020, the Issuer of the Company issued 6.20% non-public corporate bonds with an aggregate amount of RMB1,500,000,000. The net proceeds, after deducting the issuance costs, amounted to approximately RMB1,498,440,000. The bonds will mature on 19 October 2022.

### (c) Commercial Mortgage Backed Securities

A PRC subsidiary of the Company engaged in commercial property operation entered into Commercial Mortgage Backed Securities ("CMBS") arrangement with an assets management company by pledging of the receivables for certain properties under its operation as well as the building, the land use right and the investment property. On 10 April 2018, the CMBS was formally established with an aggregate nominal value of RMB4,600,000,000, with an 18-year maturity, amongst which RMB500,000,000 was subordinate securities purchased by the PRC subsidiary as original equity holder. The net proceeds from the CMBS, after deducting the issuance costs and the subordinate securities purchased by the PRC subsidiary, amounted to approximately RMB4,066,700,000. The Issuer redeemed the CMBS in an aggregate principal amount of RMB1,200,000,000 on 21 January 2021 as the investors exercised the right to sell back. The CMBS has been resold to the new investors, and the CMBS will be mature on 10 April 2024.

### (d) Asset-backed securities

A PRC subsidiary of the Company engaged in property development entered into Panyu asset-backed securities (the "Panyu ABS") arrangement with an assets management company by pledging of the receivables for certain properties under its management. On 31 October 2020, the Panyu ABS was formally established with an aggregate nominal value of RMB1,000,000,000, with a 2-year maturity amongst which RMB50,000,000 was purchased by the PRC subsidiary as original holder. The investors shall be entitled to sell back in whole or in part the ABS at the end of the second year. The net proceeds from the Panyu ABS, after deducting the issuance costs and the subordinate securities purchased by the PRC subsidiary, amounted to approximately RMB948,245,000.

One of the newly acquired PRC subsidiaries of the Company entered into an asset-backed securities (the "Acquired ABS") arrangement with an assets management company by pledging of the receivables for certain property management contracts in respect of certain properties under the PRC subsidiary's management, and supported by a guarantee provided by the original shareholder before being acquired by the Group. The Acquired ABS will mature in July 2021. As at 31 December 2020, there was Acquired ABS in an aggregate principal amount of RMB206,000,000 outstanding.

(e) As at 31 December 2020, the Group's borrowings were secured by certain of its cash, land use rights, self-used properties, trade receivables, completed properties held for sale, properties under development, investment properties and the shares of certain subsidiaries and equity interests of a joint venture.

(f) As at 31 December 2020, the Group's unsecured borrowings of RMB14,075,291,000 were jointly guaranteed by certain subsidiaries of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 24 Borrowings (Continued)

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the year are as follows:

	2020	2019
6 months or less	27,468,076	37,252,232
6–12 months	24,121,806	18,219,867
1–5 years	46,222,884	41,197,603
	<b>97,812,766</b>	96,669,702

The carrying amounts of the borrowings with the respective effective interest rates:

	2020		2019	
	RMB'000	Effective interest rate	RMB'000	Effective interest rate
Senior notes	14,830,954	8.05%	15,252,369	8.55%
Borrowings excluding Senior notes	82,981,812	6.31%	81,417,333	6.85%
	<b>97,812,766</b>		96,669,702	

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

	2020		2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Senior notes (note (i))	14,830,954	15,286,699	15,252,369	15,872,250
PRC public corporate bonds (note (ii))	1,599,997	1,600,901	1,599,885	1,628,160
PRC non-public corporate bonds (note (iii))	2,995,109	2,995,109	–	–
Bank borrowings, syndicated loans and other borrowings (note (iii))	39,817,688	39,817,688	37,520,366	37,520,366
	<b>59,243,748</b>	<b>59,700,397</b>	54,372,620	55,020,776

Notes:

- (i) The fair value of senior notes is determined directly by references to the price quotations published by the Singapore Exchange Limited and The Stock Exchange of Hong Kong Limited on 31 December 2020, the last dealing date of 2020 and is within level 1 of the fair value hierarchy.
- (ii) The fair value of RMB1,600,901,000 PRC public corporate bond is determined directly by references to the price quotations published by the China Securities Index Co., Ltd on 31 December 2020, the last dealing date of 2020 and is within level 1 of the fair value hierarchy.
- (iii) The fair values of PRC non-public corporate bonds, non-current bank borrowings, syndicated loans, other borrowings approximate their carrying amount as the impact of discounting is not significant. The fair values are based on cash flows discounted at the average borrowing rate of 6.31% (2019: 6.85%), and are within level 2 of the fair value hierarchy.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

### 24 Borrowings (Continued)

At 31 December 2020, the Group's borrowings were repayable as follows:

	2020	2019
Within 1 year	<b>38,569,018</b>	42,297,082
Between 1 and 2 years	<b>29,228,594</b>	29,572,885
Between 2 and 5 years	<b>26,237,042</b>	21,117,672
Over 5 years	<b>3,778,112</b>	3,682,063
	<b>97,812,766</b>	96,669,702

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2020	2019
RMB	<b>57,737,426</b>	55,092,913
HK dollar	<b>18,534,946</b>	21,017,348
US dollar	<b>19,574,067</b>	18,523,302
MYR	<b>472,632</b>	436,944
MOP	<b>1,493,695</b>	1,599,195
	<b>97,812,766</b>	96,669,702

The Group has the following undrawn borrowing facilities:

	2020	2019
Floating rate:		
— Expiring beyond one year	<b>4,141,000</b>	6,404,000

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 25 Trade and other payables

	2020	2019
Trade payables (note (a))	<b>24,819,387</b>	21,276,425
Other payables due to:		
— Third parties (note (b) and note (e))	<b>20,327,349</b>	13,935,941
— Related parties (note 44(c))	<b>12,914,816</b>	8,193,454
— Non-controlling interests (note (e))	<b>5,445,480</b>	3,200,722
Staff welfare benefit payable	<b>1,588,807</b>	1,073,575
Accruals	<b>1,441,036</b>	1,433,623
Advances from disposal of equity interests (note (c))	<b>7,050,760</b>	2,681,106
Other taxes payable (note (d))	<b>5,926,507</b>	4,324,850
<b>Total trade and other payables</b>	<b>79,514,142</b>	56,119,696
Less: other payables — non-current portion	<b>(4,284,452)</b>	(2,201,976)
<b>Trade and other payable — current portion</b>	<b>75,229,690</b>	53,917,720

Notes:

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

	2020	2019
Within 90 days	<b>15,796,936</b>	13,440,152
Over 90 days and within 180 days	<b>7,400,392</b>	6,265,677
Over 180 days and within 365 days	<b>982,715</b>	966,394
Over 365 days	<b>639,344</b>	604,202
	<b>24,819,387</b>	21,276,425

(b) The other payables to third parties mainly include: (i) the deposits received from third parties for potential equity cooperation in certain property development projects; and (ii) quality guarantee and bidding deposit from constructors. The deposits are unsecured and repayable according to terms and conditions mutually agreed with the counter parties.

(c) Amounts of RMB7,050,760,000 represented advances from disposal of certain equity interests according to respective agreements with an independent third party (note 48).

(d) Amount included RMB3,874,957,000 represented value added tax payable of advanced proceeds received from customers (2019: RMB3,437,000,000).

(e) Amounts included current cash advances of approximately RMB884,200,000 with interest bearing among 7% to 7.5% per annum and the non-current cash advances of approximately RMB1,108,174,000 with interest bearing among 5.9% to 10.1% per annum.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 26 Financial liabilities at fair value through profit or loss

As at 31 December 2020, the Group had the following financial liabilities at fair value through profit or loss:

	2020	2019
Non-current portion:		
— Derivative financial instruments	26,002	12,656
— Put options	75,233	70,436
	<b>101,235</b>	83,092
Current portion:		
— Put options	19,542	–
— Derivative financial instruments	984,881	53,684
	<b>1,004,423</b>	53,684

The notional principal amounts of the outstanding forward foreign exchange contracts as at 31 December 2020 were US\$2,400,000,000, approximating to RMB15,659,760,000 in total (31 December 2019: US\$4,490,000,000, approximating to RMB31,323,138,000).

During the year ended 31 December 2020, decrease in fair value of derivative financial instruments of RMB1,648,655,000 have been recorded in “finance cost, net” in the consolidated income statement (note 34).

## 27 Contract liabilities

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

	2020	2019
Contract liabilities		
— Related parties (note 44(c))	314,942	44,094
— Third parties	36,066,412	33,609,856
	<b>36,381,354</b>	33,653,950

- (i) The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties and provision of property management services.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 27 Contract liabilities (Continued)

### (ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to brought-forward contract liabilities.

	2020	2019
<b>Revenue recognised that was included at the beginning of the year</b>		
Sales of properties	32,259,274	25,094,077
Property management and value-added services	470,300	395,481
	<b>32,729,574</b>	25,489,558

### (iii) Unsatisfied performance obligations

The amount of unsatisfied performance obligation is approximately the same as the balance of contract liabilities as of 31 December 2020 and 2019.

## 28 Deferred income tax

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

	2020	2019
Deferred income tax assets to be recovered after more than 12 months	1,321,456	1,113,509
Deferred income tax assets to be recovered within 12 months	289,463	421,542
Set-off of deferred tax liabilities pursuant to set-off provisions	(218,638)	(184,281)
	<b>1,392,281</b>	1,350,770
Deferred income tax liabilities to be settled after more than 12 months	(4,262,574)	(3,339,348)
Deferred income tax liabilities to be settled within 12 months	(43,195)	(24,713)
Set-off of deferred tax liabilities pursuant to set-off provisions	218,638	184,281
	<b>(4,087,131)</b>	(3,179,780)
<b>Deferred income tax liabilities, net</b>	<b>(2,694,850)</b>	(1,829,010)



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 28 Deferred income tax (Continued)

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

	Deferred tax assets – tax losses	Deferred tax assets – write-down of completed properties held for sale and properties under development	Temporary differences arising from trade and other receivables and contract assets	Deferred tax assets – unrealised profit on intra-group transactions	Deferred tax liabilities – carrying amount of investment properties and equipment over the tax bases	Deferred tax liabilities – excess of carrying amounts of intangible assets over the tax bases	Deferred tax liabilities – excess of fair value of financial assets over the tax bases	Deferred tax liabilities – excess of carrying amounts of land use right over the tax bases	Net
At 1 January 2019	658,068	485,618	28,006	366,688	(1,639,329)	(50,357)	(65,635)	(233,162)	(450,103)
Acquisition of subsidiaries	13,251	-	-	-	-	(136,158)	-	(1,021,894)	(1,144,801)
Credited to/(Charged) the consolidated income statement	129,211	(238,039)	37,394	54,854	(41,928)	26,922	11,852	(210,053)	(229,787)
Charged to other comprehensive income	-	-	-	-	-	-	(4,319)	-	(4,319)
At 31 December 2019	800,530	247,579	65,400	421,542	(1,681,257)	(159,593)	(58,102)	(1,465,109)	(1,829,010)
Acquisition of subsidiaries	75,398	-	10,253	-	-	(243,781)	-	(524,992)	(683,122)
Disposal of subsidiaries	-	-	-	-	-	3,061	-	-	3,061
(Charged)/Credited to the consolidated income statement	(41,288)	21,914	141,670	(132,079)	(50,433)	33,323	3,048	(138,115)	(161,960)
Charged to other comprehensive income	-	-	-	-	(1,884)	-	(21,935)	-	(23,819)
At 31 December 2020	834,640	269,493	217,323	289,463	(1,733,574)	(366,990)	(76,989)	(2,128,216)	(2,694,850)

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through the future taxable profits is probable. The Group did not recognise deferred tax assets of RMB1,229,179,000 (2019: RMB900,278,000) in respect of tax losses amounting to RMB4,916,716,000 (2019: RMB3,601,112,000) that can be carried forward against future taxable income. Tax losses of approximately RMB525,860,000, RMB331,496,000, RMB744,416,000, RMB1,861,484,000 and RMB1,453,460,000 will expire in 2021, 2022, 2023, 2024 and 2025 respectively.

Deferred income tax liabilities of RMB2,340,384,000 (2019: RMB2,056,483,000) have not been recognised for the withholding tax that would be payable on the unremitted earnings amounted to RMB46,807,680,000 (2019: RMB41,129,660,000) of certain subsidiaries. Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to the overseas intermediate holding companies in the foreseeable future based on management's estimation of overseas funding requirements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 29 Other gains, net

	2020	2019
Gains from disposal of subsidiaries (note 38)	<b>2,425,511</b>	2,988,981
Remeasurement gains resulting from joint ventures and an associate transferred to subsidiaries (note 10)	<b>819,891</b>	579,449
Fair value (losses)/gains on financial assets at FVPL (note 17)	<b>(4,981)</b>	999,715
Fair value losses on put options written on non-controlling interests	<b>(8,214)</b>	–
Gains on disposal of financial assets at FVPL	<b>61,640</b>	–
Gains from disposal of joint ventures and associates	<b>226,314</b>	–
Fair value gains on investment properties (note 7)	<b>196,906</b>	117,070
Exchange (losses)/gains, net (note (a))	<b>(56,174)</b>	85,975
Gains on disposal of property, plant and equipment and investment properties	<b>45,396</b>	6,682
Miscellaneous	<b>34,137</b>	24,292
	<b>3,740,426</b>	4,802,164

Note:

- (a) Amount mainly represents the gains or losses of translation of financial assets and liabilities, which are denominated in foreign currency into RMB at the prevailing period-end exchange rate. It does not include the exchange gain or loss related to borrowings which are included in the “finance costs, net” (note 34).

## 30 Other income

	2020	2019
Interest income (note (a))	<b>855,231</b>	654,422
Interest income from related parties (note 44 (b))	<b>442,261</b>	354,619
Government grants	<b>264,321</b>	137,660
Dividend income from financial assets at FVPL	<b>4,177</b>	66,904
Penalty income	<b>70,545</b>	37,413
Miscellaneous	<b>33,319</b>	31,519
	<b>1,669,854</b>	1,282,537

Note:

- (a) Interest income was mainly derived from bank deposit.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 31 Other expenses

	2020	2019
Charitable donations	164,639	116,350
Compensation expenses	191,271	78,869
Miscellaneous	44,134	33,081
	<b>400,044</b>	228,300

## 32 Expenses by nature

	2020	2019
Cost of properties sold — including construction cost, land cost and capitalised interests	46,397,944	36,776,212
Employee benefit expenses — including directors' emoluments (note 33)	7,679,434	4,953,010
— Property development	2,988,672	2,408,632
— Property management	4,064,100	2,046,866
— Commercial management	187,961	270,392
— Environmental protection	438,701	227,120
Cost of inventories consumed by environmental protection and property management services	1,479,733	867,557
Depreciation (note 6 & note 8)	940,071	770,761
Amortisation (note 9)	372,557	95,605
Write-down of completed properties held for sale and properties under development	423,124	325,505
Impairment of goodwill (note 9 & note(a))	723,802	—
Impairment of property, plant and equipment (note 6 & note(a))	42,238	154,376
Auditors' remunerations	27,798	18,254
— Audit services	19,955	11,825
— Non-audit services	7,843	6,429
Advertising costs	853,301	800,004
Commission fee	1,094,424	513,681
Cleaning expenses	825,090	412,207
Other taxes	309,118	294,981
Other levies on sales of properties	355,786	241,728
Utilities	226,173	200,287
Maintenance costs	370,357	176,816
Operating lease payments (note 8)	156,442	48,020
Consulting Fee	480,670	323,183
Others	1,004,239	933,985
<b>Total cost of sales, selling and marketing costs and administrative expenses</b>	<b>63,762,301</b>	47,906,172

Note:

- (a) The impairment losses of goodwill and property, plant and equipment are included in administrative expenses in the consolidated income statement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 33 Employee benefit expense

	2020	2019
Wages and salaries	6,245,448	3,772,851
Bonuses	642,065	514,402
Pension costs — statutory pension (note (a))	271,519	279,722
Staff welfare	175,206	129,381
Medical benefits	77,512	80,769
Other allowances and benefits	267,684	175,885
	<b>7,679,434</b>	4,953,010

Notes:

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

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2019: two) directors whose emoluments are reflected in the analysis shown in note 49. The emoluments payable to the remaining three (2019: three) individuals during the year are as follows:

	2020	2019
Salary	10,471	9,610
Bonus	6,626	9,495
Contribution to pension scheme	457	178
	<b>17,554</b>	19,283

The emoluments fell within the following bands:

	Number of individuals	
	2020	2019
Emolument bands (in HK dollar)		
HK\$6,000,001 — HK\$ 6,500,000	1	1
HK\$6,500,001 — HK\$ 7,000,000	1	—
HK\$7,500,001 — HK\$ 8,000,000	1	1
HK\$8,000,001 — HK\$ 8,500,000	—	1

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

(d) No other emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking during the year ended 31 December 2020 (2019: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 34 Finance costs, net

	2020	2019
Interest expense:		
— Bank borrowings, syndicated loans and other borrowings	<b>5,339,273</b>	4,965,759
— Senior notes	<b>1,203,299</b>	1,244,227
— PRC Corporate Bonds, ABS and CMBS	<b>793,759</b>	868,948
— Lease liabilities	<b>39,426</b>	37,006
Less: interest and exchange losses capitalised	<b>(5,299,929)</b>	(5,240,078)
Exchange (gains)/losses from borrowings	<b>(2,684,273)</b>	854,174
Changes in fair value of derivative financial instruments (note 26)	<b>1,648,655</b>	(200,212)
	<b>1,040,210</b>	2,529,824

## 35 Income tax expenses

	2020	2019
Current income tax:		
— PRC corporate income tax	<b>4,606,185</b>	3,219,748
— PRC land appreciation tax	<b>4,139,808</b>	3,875,741
— PRC withholding income tax	<b>315,098</b>	37,652
Deferred income tax (note 28)		
— PRC corporate income tax	<b>161,960</b>	244,663
— Hong Kong profits tax	—	(14,876)
	<b>9,223,051</b>	7,362,928

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 35 Income tax expenses (Continued)

The income tax on the Group's profit before tax differs from the theoretical amount that would arise using the enacted tax rate of the home countries or regions of the Group entities as follows:

	2020	2019
<b>Profit before income tax</b>	<b>21,471,928</b>	16,596,174
Tax calculated at tax rates applicable to profits in the respective entities of the Group	<b>5,202,236</b>	3,658,662
Tax effects of:		
— Tax effect of super deduction items	<b>(22,783)</b>	(6,747)
— Share of profits of investment accounted for using the equity method reported net of tax	<b>(396,408)</b>	(271,561)
— Income not subject to income tax (note(a))	<b>(18,060)</b>	(24,945)
— Expenses not deductible for income tax (note(b))	<b>674,747</b>	597,690
— PRC land appreciation tax deductible for calculation of income tax purposes	<b>(1,034,952)</b>	(968,935)
— Tax losses for which no deferred income tax asset was recognised	<b>363,365</b>	465,371
PRC corporate income tax	<b>4,768,145</b>	3,449,535
PRC withholding income tax	<b>315,098</b>	37,652
PRC land appreciation tax	<b>4,139,808</b>	3,875,741
	<b>9,223,051</b>	7,362,928

Notes:

- (a) Income not subject to income tax for the years ended 31 December 2020 and 2019 mainly comprise the interest income of bank deposits.
- (b) Expenses not deductible for income tax for the year ended 31 December 2020 mainly comprise administrative expense of domestic companies over deduction limits, impairment of goodwill, donations made to non-official public welfare institutions, the loss of securities transactions, exchange losses and expenses of the Group entities in Hong Kong and Malaysia (2019: same).

### PRC land appreciation tax

PRC land appreciation tax is levied at progressive rate ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land use rights and expenditures directly related to property development activities.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 35 Income tax expenses (Continued)

### PRC corporate income tax

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

The corporate income tax rate applicable to the group entities located in Mainland China is 25% according to the Corporate Income Tax Law of the PRC (the "CIT Law") effective on 1 January 2008.

Certain subsidiaries of the Group obtained the Certificate of High-New Technical Enterprise. According to the CIT Law of the PRC, corporations which obtain the Certificate of High-New Technical Enterprise are entitled to enjoy additional tax deduction for research and development costs and a preferential corporate income tax rate of 15%. The tax rate applicable to these companies during the year ended 31 December 2020 was 15% (year ended 31 December 2019: 15%).

A subsidiary of the Group has enjoyed a preferential policy in Zhuhai Hengqin (Free Trade Area) with an enterprise income tax rate of 15% during the year ended 31 December 2020. Certain subsidiaries of the Group in the PRC are located in western cities, and they are subject to a preferential income tax rate of 15% in certain years.

Certain subsidiaries of the Group in the PRC provide environmental protection services and these companies enjoy the policy of "Three exemption and three half corporate income tax". Certain subsidiaries of the Group in the PRC are located in Hainan Free Trade Port and subject to a preferential income tax rate of 15% in certain years (year ended 31 December 2019: 25%).

### PRC withholding income tax

According to the CIT Law, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower of 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong and fulfil requirements under the tax treaty arrangements between the PRC and Hong Kong.

During the year ended 31 December 2020, certain immediate holding companies of the PRC subsidiaries of the Group became qualified as Hong Kong resident enterprises and fulfil the requirements under the tax treaty arrangements between the PRC and Hong Kong. Therefore 5% withholding tax rate has been applied.

### Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. Group entities in the British Virgin Islands were incorporated either under the BVI Business Companies Act or were automatically re-registered under the same act on 1 January 2007 and, accordingly, are exempted from British Virgin Islands income tax.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 35 Income tax expenses (Continued)

### Hong Kong profits tax

Except for provision for the fair value gains of financial assets at FVPL, no other provision for Hong Kong profits tax has been made in the consolidated financial statements. The remaining profit of the group entities in Hong Kong is mainly derived from dividend income and interest income of bank deposits, which are not subject to Hong Kong profits tax.

## 36 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year less shares held for Share Award Scheme.

	2020	2019
Profit attributable to shareholders of the Company	9,474,597	7,511,794
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme (thousands)	3,882,578	3,882,578
Basic earnings per share (RMB per share)	2.440	1.935

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the years ended 31 December 2020 and 2019, there was no diluted potential ordinary share, diluted earnings per share equally to basic earnings per share.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 37 Dividends

	2020	2019
Interim dividend paid of HK\$0.50 (2019: HK\$0.60) per ordinary share (note (a))	<b>1,731,773</b>	2,124,946
Less: Dividend for shares held for Share Award Scheme	<b>(15,240)</b>	(18,700)
	<b>1,716,533</b>	2,106,246
Proposed final dividend of HK\$0.60 (2019: HK\$0.40) per ordinary share (note (b))	<b>1,972,664</b>	1,428,594
Less: Dividend for shares held for Share Award Scheme	<b>(17,359)</b>	(12,463)
	<b>1,955,305</b>	1,416,131

Notes:

- (a) An interim dividend in respect of the six months ended 30 June 2020 of HK\$0.50 per ordinary share, approximately HK\$1,958,524,000 (equivalent to RMB1,731,773,000) was declared by the Board of Directors of the Company (2019: HK\$2,350,229,000, equivalent to RMB2,124,946,000).
- (b) A final dividend in respect of 2019 of HK\$0.40 per ordinary share approximately HK\$1,566,819,000 (equivalent to RMB1,428,594,000) was declared at the Annual General meeting of the Company on 11 May 2020, of which HK\$13,788,000 (equivalent to RMB12,463,000) was declared for shares held by Share Award Scheme. The final dividend has been distributed out of the Company's retained earnings.

A final dividend in respect of 2020 of HK\$0.60 per ordinary share approximately HK\$2,350,229,000 (equivalent to RMB1,972,664,000) have been proposed by the Board of Directors of the Company and are subject to the approval of the shareholders at the Annual General Meeting to be held on 12 May 2021. The final dividend will be distributed out of the Company's retained earnings. These consolidated financial statements have not reflected these dividends payable.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

### 38 Disposal of subsidiaries

During the year ended 31 December 2020, the Group disposed of certain equity interests in several wholly-owned subsidiaries (the “Disposed Projects”) to independent third parties at considerations of RMB1,953,873,000 in total. The Group lost control over the Disposed Projects and according to the shareholders agreements, the Group is eligible to exercise joint control or significant influence over the Disposed Projects together with relevant buyers. The Group accounted for the Disposed Projects as joint ventures and associates, recorded disposal gains of RMB2,425,511,000 during the year ended 31 December 2020. Details of the disposal transactions are as follows:

	2020
Disposal considerations	
— Cash received	1,953,873
— Fair value of remaining equity interests in the Disposed Projects	2,018,250
	3,972,123
Less:	
— total net assets of the Disposal Projects	(1,546,612)
Gains from disposal of subsidiaries	2,425,511
Cash proceeds from disposal, net of cash disposed of	
Cash consideration received	1,953,873
Less:	
— cash and cash equivalents in the Disposal Projects	(286,734)
— advances from disposal of the subsidiaries received in prior years	(1,170,367)
Net cash inflow on disposals	496,772

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 39 Cash flow information

### (a) Cash generated from operations

	2020	2019
Profit for the year	12,248,877	9,233,246
Adjustments for:		
Taxation (note 35)	9,223,051	7,362,928
Interest income (note 30)	(1,297,492)	(1,009,041)
Depreciation of property, plant and equipment (note 6)	657,879	569,111
Amortisation of intangible assets (note 9)	372,557	95,605
Depreciation of right-of-use assets (note 8)	282,192	201,650
Write-down of completed properties held for sale and properties under development (note 32)	423,124	325,505
Impairment of goodwill (note 9)	723,802	–
Write-down of property, plant and equipment (note 32)	42,238	154,376
Net impairment losses on financial and contract assets	566,679	149,574
Reversal of impairment loss	(72,731)	–
Gains on disposal of investment properties and property, plant and equipment (note 29)	(45,396)	(6,682)
Net exchange losses/(gains) (note 29)	56,174	(85,975)
Fair value gains on investment properties (note 29)	(196,906)	(117,070)
Share of post-tax profits of investments accounted for using the equity method (note 10)	(1,585,630)	(1,086,246)
Finance costs, net (note 34)	1,040,210	2,529,824
Gains from disposal of subsidiaries (note 29)	(2,425,511)	(2,988,981)
Remeasurement gains resulting from joint ventures transfer to a subsidiaries (note 29)	(819,891)	(579,449)
Fair value gains on financial assets and liabilities at FVPL	(48,445)	(999,715)
Gains from disposal of joint ventures and associates (note 29)	(226,314)	–
Revenue from operating concessions construction	(11,656)	(360,230)
Changes in working capital:		
Property under development and completed properties held for sales	(1,044,484)	(19,974,666)
Prepayments for acquisition of land use rights	2,323,300	(5,482,288)
Restricted cash	(465,182)	(388,475)
Trade and other receivables	(10,064,500)	(1,175,972)
Trade and other payables	8,012,962	6,823,879
Contract assets	(1,528,845)	(930,841)
Contract liabilities	2,086,590	8,747,116
<b>Cash generated from operations</b>	<b>18,226,652</b>	<b>1,007,183</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 39 Cash flow information (Continued)

### (b) Net debt reconciliation

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

#### Net debt

	2020	2019
Cash and cash equivalents	41,925,908	33,551,303
Financial assets at FVPL	1,247,819	1,008,031
Borrowings — repayable within one year	(38,569,018)	(42,297,082)
Borrowings — repayable after one year	(59,243,748)	(54,372,620)
Lease liabilities	(636,938)	(572,737)
Net debt	(55,275,977)	(62,683,105)
Cash and cash equivalents	41,925,908	33,551,303
Financial assets at FVPL	1,247,819	1,008,031
Gross debt — fixed interest rates	(51,589,882)	(46,373,957)
Gross debt — variable interest rates	(46,222,884)	(50,295,745)
Lease liabilities	(636,938)	(572,737)
Net debt	(55,275,977)	(62,683,105)

The reconciliation of liabilities arising from financial activities is as follows:

	Borrowings	Other payables — related parties	Other payables — non-controlling interests	Lease liabilities	Dividends payable	Total
As at 1 January 2020	96,669,702	8,193,454	3,200,722	572,737	592	108,637,207
Cash flows						
— Inflow from financing activities	61,861,169	5,720,870	4,492,935	—	—	72,074,974
— Outflow from financing activities	(61,293,771)	(1,143,007)	(2,248,177)	(274,422)	(3,581,260)	(68,540,637)
Non-cash changes						
— Finance expense recognised	(2,295,150)	—	—	39,426	—	(2,255,724)
— Acquisition of subsidiaries	3,888,152	(198,685)	—	13,966	—	3,703,433
— Disposal of subsidiaries	(995,000)	342,184	—	—	—	(652,816)
— Addition of lease liabilities	—	—	—	285,231	—	285,231
— Accrued dividends	—	—	—	—	3,581,260	3,581,260
— Other non-cash movement	(22,336)	—	—	—	53,126	30,790
As at 31 December 2020	97,812,766	12,914,816	5,445,480	636,938	53,718	116,863,718

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 40 Business combination

During the year ended 31 December 2020, the Group completed several acquisitions of equity interests in certain companies, mainly included property development companies, property management companies and environmental protection companies, at consideration of RMB6,989,218,000 in aggregate. Goodwill of RMB1,109,714,000 and identifiable net assets of RMB5,879,504,000 were recognised. The directors of the Company consider that none of these subsidiaries acquired during the year was significant to the Group and thus the individual financial information of these subsidiaries on the acquisition date was not disclosed. Details of the purchase consideration, the net asset acquired and goodwill are as follow:

	<b>Total</b>
<b>Consideration</b>	
Cash paid	2,001,861
Liabilities assumed by the Group in exchange for control of the acquirees	1,580,715
Fair value of investments in joint ventures held before business combination (note 10)	2,931,576
Consideration payable	475,667
Contingent consideration	(601)
	<b>6,989,218</b>
<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	
Cash and cash equivalents	1,475,122
Restricted cash	26,489
Contract assets	349,000
Financial assets at FVPL	237,670
Financial assets at FVOCI	28,581
Property, plant and equipment	151,353
Investments accounted for using the equity method	498,373
Properties under development	12,326,195
Contractual customer relationship	701,819
Other intangible assets	1,190,336
Right-of-use assets	34,719
Inventories	6,447
Trade and other receivables	6,768,146
Trade and other payables	(8,709,369)
Contract liabilities	(2,303,778)
Lease liabilities	(13,966)
Borrowings	(3,888,152)
Deferred income tax assets	85,651
Deferred income tax liabilities	(768,773)
<b>Total identifiable net assets</b>	<b>8,195,863</b>
Non-controlling interests	2,316,359
Identifiable net assets attributable to the Company	5,879,504
<b>Goodwill (note 9)</b>	<b>1,109,714</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 40 Business combination (Continued)

	<b>Total</b>
Net cash outflow arising on acquisition during the year ended 31 December 2020:	
Cash and cash equivalents in the subsidiaries acquired	<b>1,475,122</b>
Less: total cash considerations	<b>(2,477,528)</b>
Add: cash considerations payable as at 31 December 2020	<b>475,667</b>
Add: cash considerations paid in prior year	<b>468,000</b>
Less: cash considerations paid of companies acquired in the previous years	<b>(34,739)</b>
<b>Cash outflow in the year</b>	<b>(93,478)</b>

The acquired businesses contributed revenues of RMB13,270,423,000 and net profits of RMB656,190,000 to the Group for the period from the respective acquisition dates to 31 December 2020.

If the acquisitions had occurred on 1 January 2020, the Group's consolidated pro-forma revenue and profit for the year ended 31 December 2020 would have been RMB80,854,866,000 and of RMB12,282,340,000, respectively.

No contingent liability has been recognised for the business combination.

## 41 Financial guarantee

	<b>2020</b>	2019
Guarantee in respect of mortgage facilities for certain purchasers (note (a))	<b>51,377,753</b>	38,294,381
Guarantee in respect of borrowings of associates (note (b) and note 44(b))	<b>1,108,608</b>	1,096,112
Guarantee in respect of borrowings of joint ventures (note (c) and note 44(b))	<b>5,111,404</b>	5,831,507
Guarantees in respect of borrowings of third parties (note (d))	<b>1,677,116</b>	1,487,074
	<b>59,274,881</b>	46,709,074

Notes:

- (a) The Group has cooperated with certain financial institutions to arrange mortgage loan facilities for its purchasers of properties and provide guarantees to secure obligations of such purchasers for repayments. As at 31 December 2020, the outstanding guarantees amounted to RMB51,377,753,000 (2019: RMB38,294,381,000). Such guarantees will be discharged upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within one year after the purchasers take possession of the relevant property; and (ii) the satisfaction of relevant mortgage loan by purchasers.

The Group's proportionate interest in financial guarantee of mortgage facilities for certain purchasers relating to the associate was RMB2,785,022,000 as at 31 December 2020 (31 December 2019: RMB3,100,493,000).

The Group's proportionate interest in financial guarantee of mortgage facilities for certain purchasers relating to the joint ventures was RMB11,853,245,000 as at 31 December 2020 (31 December 2019: RMB13,308,149,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 41 Financial guarantee (Continued)

Notes: (Continued)

(a) (Continued)

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interests and penalties owed by the defaulted purchasers to the financial institutions, and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee starts from the dates the mortgagees grant the mortgage loans. No provision has been made for the guarantees as the management is of the view that the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties in case of any default in payments.

- (b) Several subsidiaries of the Group and associate counter parties have provided certain guarantees in proportion of their shareholding in associates in respect of loan facilities amounting to RMB2,242,750,000(2019: RMB2,843,700,000). As at 31 December 2020, the Group's share of the guarantees amounted to RMB1,108,608,000 (31 December 2019: RMB1,096,112,000).
- (c) Several subsidiaries of the Group and joint venture counter parties have provided certain guarantees in proportion of their shareholding in certain joint ventures in respect of loan facilities amounting to RMB10,389,523,000 (2019: RMB12,423,440,000). As at 31 December 2020, the Group's share of the guarantees amounted to RMB5,111,404,000 (31 December 2019: RMB5,831,507,000).
- (d) As at 31 December 2020, the Group provided certain guarantees to certain independent third parties in respect of loan facilities amounting to RMB1,677,116,000 (31 December 2019: RMB1,487,074,000).

## 42 Commitments

	2020	2019
Contracted but not provided for		
— Property development activities	23,313,880	16,406,314
— Acquisition of land use rights	8,244,205	10,020,111
— Property, plant and equipment	829,206	813,471
— Other intangible assets	—	2,705
	<b>32,387,291</b>	27,242,601

## 43 Future minimum rental payments receivable

The Group had future aggregate minimum lease rental receivables under non-cancellable operating leases as follows:

	2020	2019
Not later than one year	119,813	158,260
Later than one year and not later than five years	315,876	388,876
Over five years	216,109	98,857
	<b>651,798</b>	645,993

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 44 Related party transactions

### (a) Name and relationship with related parties

Name	Relationship
Full Choice Investments Limited	The ultimate holding Company of the Group
Top Coast Investment Limited	The intermediate holding Company of the Group
The Founding Shareholders, including Mr. Chen Zhuo Lin, Mr. Chan Cheuk Yin, Madam. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei, and Mr. Chan Cheuk Nam (the "Founding Shareholders")	The Founding Shareholders are also the directors of the Company
Zhongshan Changjiang Golf Course (note (i)) 中山長江高爾夫球場	Controlled by the Founding Shareholders
Zhongshan Agile Changjiang Hotel Co., Ltd. (note (i)) 中山雅居樂長江酒店有限公司	Controlled by the Founding Shareholders
Hainan Agile Hanhai Hotel Management Co., Ltd (note (i)) 海南雅居樂瀚海酒店管理有限公司	Controlled by the Founding Shareholders
Foshan Changzhong Real Estate Development Co., Ltd. (note (i)) 佛山市昌重房地產開發有限公司	Associate of the Group
Foshanshi Sanshuiqu Qingmei Real Estate Co.,Ltd. (note (i)) 佛山市三水區擎美房地產有限公司	Associate of the Group
Foshan Yaxu Real Estate Development Co., Ltd. (note (i)) 佛山雅旭房地產開發有限公司	Associate of the Group
Fuzhou Shengquan Real Estate Development Co., Ltd. (note (i)) 福州盛全房地產開發有限公司	Associate of the Group
Xinxingxian Country Garden Real Estate Development Co., Ltd. (note (i)) 新興縣碧桂園房地產開發有限公司	Associate of the Group
Sichuan Yacan Real Estate Development Co., Ltd. (note (i)) 四川雅燦房地產開發有限公司	Associate of the Group
Jinzhongshi Jinhong Yubao Real Estate Development Co., Ltd. (note (i)) 晉中市錦洪裕寶房地產開發有限責任公司	Associate of the Group
Haimen Xinya Real Estate Development Co., Ltd. (note (i)) 海門新雅房地產開發有限公司	Associate of the Group



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 44 Related party transactions (Continued)

### (a) Name and relationship with related parties (Continued)

Name	Relationship
Sichuan Yaheng Real Estate Development Co., Ltd. (note (i)) 四川雅恒房地產開發有限公司	Associate of the Group
Nantongshi Tongzhouqu Dongju Land Co., Ltd. (note (i)) 南通市通州區東居置業有限公司	Associate of the Group
Dali Meizhao Real Estate Development Co., Ltd. (note (i)) 大理美詔房地產開發有限公司	Associate of the Group
Handan Yurong Real Estate Development Co., Ltd. (note (i)) 邯鄲裕榮房地產開發有限公司	Associate of the Group
Wuxi Yahui Real Estate Development Co., Ltd. (note (i)) 無錫雅輝房地產開發有限公司	Associate of the Group
Huizhou Meiteng Project Management Co., Ltd. (note (i)) 惠州美騰項目管理有限公司	Associate of the Group
Wuhan Dinghui Yale Real Estate Development Co., Ltd. (note (i)) 武漢市鼎輝雅樂房地產開發有限公司	Associate of the Group
Chengdu Xueling Corporation Management Co.,Ltd. (note (i)) 成都雪瓚企業管理有限公司	Associate of the Group
Kunming Yaxin Real Estate Development Co.,Ltd. (note (i)) 昆明雅欣房地產開發有限公司	Associate of the Group
Guangzhou Yajing Investment Co., Ltd. (note (i)) 廣州雅景投資有限公司	Associate of the Group
Zhejiang Ivlong Eco Technology Co., Ltd. (note (i)) 浙江綠龍生態科技有限公司	Associate of the Group
Guangzhou Yahong Real Estate Development Co., Ltd.(note (i)) 廣州雅宏房地產開發有限公司	Associate of the Group
Guangzhou Haiya Investments Co., Ltd.(note (i)) 廣州海雅投資有限公司	Associate of the Group
Guangzhou Lihe Real Estate Property Development Co., Ltd. (note (i)) 廣州利合房地產開發有限公司	Joint venture of the Group

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 44 Related party transactions (Continued)

### (a) Name and relationship with related parties (Continued)

Name	Relationship
Tianjin Jinnan Xincheng Real Estate Development Co., Limited (note (i)) 天津津南新城房地產開發有限公司	Joint venture of the Group
Zhongshan Yahong Real Estate Development Co., Ltd. (note (ii)) 中山市雅鴻房地產開發有限公司	Joint venture of the Group
Guangzhou Huadu Yazhan Realty Development Co., Ltd. (note (i)) 廣州花都雅展房地產開發有限公司	Joint venture of the Group
Changsha Shangcheng Land Co., Ltd. (note (ii)) 長沙上城置業有限公司	Joint venture of the Group
Guangxi Fuya Investments Co., Ltd. (note (i)) 廣西富雅投資有限公司	Joint venture of the Group
Charm Talent Limited (note (i)) 煌迪有限公司	Joint venture of the Group
Foshan Yazhan Property Development Co., Ltd. (note (i)) 佛山雅展房地產開發有限公司	Joint venture of the Group
Zhongshan Zhili Land Co., Ltd. (note (i)) 中山市志力置業有限公司	Joint venture of the Group
Zhongshan Minsen Real Estate Development Co., Ltd. (note (ii)) 中山市民森房地產發展有限公司	Joint venture of the Group
Hainan Yahong Travel Property Co., Ltd. (note (i)) 海南雅宏旅遊置業有限公司	Joint venture of the Group
Zhongshan Yingxuan Real Estate Development Co., Ltd. (note (ii)) 中山市盈軒房地產開發有限公司	Joint venture of the Group
Beijing Zhonggang International Real Estate Development Co., Ltd. (note (i)) 北京中港國際房地產開發有限公司	Joint venture of the Group
Foshan Zhongjiao Real Estate Development Co., Ltd. (note (ii)) 佛山中交房地產開發有限公司	Joint venture of the Group
Foshan Xiangsong Land Co., Ltd. (note (i)) 佛山香頌置業有限公司	Joint venture of the Group

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 44 Related party transactions (Continued)

### (a) Name and relationship with related parties (Continued)

Name	Relationship
Hefei Changzhe Real Estate Development Co., Ltd. (note(i)) 合肥昌哲房地產開發有限公司	Joint venture of the Group
Jinan Yajun Real Estate Development Co., Ltd. (note(ii)) 濟南雅隼房地產開發有限公司	Joint venture of the Group
Lianyungangshi Ganglong Land Co., Ltd. (note(ii)) 連雲港市港龍置業有限公司	Joint venture of the Group
Jinan Yaheng Real Estate Development Co., Ltd. (note(ii)) 濟南雅恒房地產開發有限公司	Joint venture of the Group
Xuzhou Chuanda Real Estate Development Co., Ltd. (note(ii)) 徐州川達房地產開發有限公司	Joint venture of the Group
Jiangmenshi Meishun Real Estate Development Co., Ltd. (note(ii)) 江門市美順房地產開發有限公司	Joint venture of the Group
Kaifeng Guokong Songdu Land Co., Ltd. (note(ii)) 開封國控宋都置業有限公司	Joint venture of the Group
Jiaxing Xingya Real Estate Development Co., Ltd. (note(ii)) 嘉興興雅房地產開發有限公司	Joint venture of the Group
Xuzhou Yafeng Real Estate Development Co., Ltd. (note(ii)) 徐州雅豐房地產開發有限公司	Joint venture of the Group
Xingyang Agile City Construction Co., Ltd. (note(ii)) 滎陽雅居樂城市建設有限公司	Joint venture of the Group
Xingyang Agile Enterprise Co., Ltd. (note(ii)) 滎陽市雅居樂實業有限公司	Joint venture of the Group
Meizhou Zhongnan Yusheng Real Estate Development Co., Ltd. (note(ii)) 梅州中南昱晟房地產開發有限公司	Joint venture of the Group
Jiangxi Jianda Investment Co., Ltd. (note(ii)) 江西建大投資有限公司	Joint venture of the Group
Fujian Chuxin Eco Technology Co., Ltd. (note(ii)) 福建省儲鑫環保科技有限公司	Joint venture of the Group

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 44 Related party transactions (Continued)

### (a) Name and relationship with related parties (Continued)

Name	Relationship
Jinzhong Xiya Real Estate Development Co., Ltd. (note(i)) 晉中熙雅房地產開發有限公司	Joint venture of the Group
Jinan Junsheng Real Estate Development Co., Ltd. (note(ii)) 濟南隼盛房地產開發有限公司	Joint venture of the Group
Wuhu Yaxu Real Estate Development Co., Ltd. (note(i)) 蕪湖雅旭房地產開發有限公司	Joint venture of the Group
Chenzhou Agile Real Estate Development Co., Ltd. (note(ii)) 郴州雅居樂房地產開發有限公司	Joint venture of the Group
Chongqing Jinbi Agile Real Estate Development Co., Ltd. (note(ii)) 重慶金碧雅居房地產開發有限公司	Joint venture of the Group
Suzhou Meiju Real Estate Development Co., Ltd. (note (i)) 蘇州美居房地產開發有限公司	Joint venture of the Group
Kaifeng Fenghui Land Co., Ltd. (note (ii)) 開封豐輝置業有限公司	Joint venture of the Group
Shenyang Agile Enterprise Management Consultation Co., Ltd. (note (ii)) 沈陽雅居樂企業管理諮詢有限公司	Joint venture of the Group
Shenyang Yasong Real Estate Development Co., Ltd. (note (ii)) 沈陽雅頌房地產開發有限公司	Joint venture of the Group
Huizhou Huiyang Agile Real Estate Development Co., Ltd. (note (i)) 惠州市惠陽雅居樂房地產開發有限公司	Joint venture of the Group
Tianjin Ruiya Real Estate Development co., Ltd. (note(ii)) 天津瑞雅房地產開發有限公司	Joint venture of the Group
Chongqing Huayu Yefeng Enterprise Development Co., Ltd. (note (i)) 重慶華宇業豐實業有限公司	Joint venture of the Group
Guangzhou Hongsheng Hengju Investment Partnership Enterprises (Limited Partnership) (note (ii)) 廣州鴻晟恒鉅投資合夥企業(有限合夥)	Joint venture of the Group
Xingyang Yaheng Land Co., Ltd. (note (i)) 滎陽市雅恒置業有限公司	Joint venture of the Group

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 44 Related party transactions (Continued)

### (a) Name and relationship with related parties (Continued)

Name	Relationship
Huizhou Yajian Real Estate Development Co., Ltd. (note (i)) 惠州市雅建房地產開發有限公司	Joint venture of the Group
Henry Fischer Real Estate Co., Limited. (note (i)) 亨利世家置業有限公司	Joint venture of the Group
Nanjing Qiya Land Co., Ltd. (note (i)) 南京奇雅置業有限公司	Joint venture of the Group
Gongqingcheng Investment (note(i)) 共青城投資	Controlled by a key management personnel of the Group
Beautiful Development Limited 錦繡前程有限公司	Controlled by a key management personnel of the Group
Atlas (China) Co., Ltd. ("Atlas (China)") (note (i)) 寰圖(中國)有限公司	Significantly influenced by the close family member of the Founding Shareholders
Atlas (Beijing) Business Development Co., Ltd (note (i)) 寰圖(北京)商務發展有限公司	Significantly influenced by the close family member of the Founding Shareholders
Atlas (Shanghai) Business Services Co., Ltd (note (i)) 寰圖(上海)商務服務有限公司	Significantly influenced by the close family member of the Founding Shareholders
Atlas (Guangzhou) Business Development Co., Ltd (note (i)) 寰圖(廣州)商務發展有限公司	Significantly influenced by the close family member of the Founding Shareholders
Atlas (Xi'an) Business Services Co., Ltd (note (i)) 寰圖(西安)商務服務有限公司	Significantly influenced by the close family member of the Founding Shareholders

Note (i) The names of the companies represent management's best efforts at translating the Chinese names of these companies, as no English names have been registered or available.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 44 Related party transactions (Continued)

### (b) Transactions with related parties

- (i) During the years ended 31 December 2020 and 2019, the Group had the following transactions with related parties, which are carried out in the normal course of the Group's business:

	2020	2019
Office service fee charged by Atlas (China) (note (a))	469,419	79,617
Golf facilities service fee charged by Zhongshan Changjiang Golf Course (note (a))	14,033	14,635
Restaurant and hotel service fees charged by Zhongshan Agile Changjiang Hotel Co., Ltd. (note (a))	3,925	3,594
	<b>487,377</b>	97,846
	2020	2019
Rental income from Atlas (China) (note (a))	74,462	27,804
	2020	2019
Loans made to related parties		
— Associates	1,359,267	178,222
— Joint ventures	1,445,632	668,868
	<b>2,804,899</b>	847,090
	2020	2019
Repayment of loans by related parties		
— Associates	448,195	972,125
— Joint ventures	643,762	1,093,728
	<b>1,091,957</b>	2,065,853
	2020	2019
Interest income from (note (b))		
— Associates	184,322	106,734
— Joint ventures	257,939	247,885
	<b>442,261</b>	354,619

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 44 Related party transactions (Continued)

### (b) Transactions with related parties (Continued)

- (i) During the years ended 31 December 2020 and 2019, the Group had the following transactions with related parties, which are carried out in the normal course of the Group's business: (Continued)

	2020	2019
Provision of construction services to		
— Associates	93,179	89,888
— Joint ventures	1,878,710	1,510,516
	<b>1,971,889</b>	1,600,404

#### Key management compensation

Key management includes executive directors and heads of major operational departments. The compensation paid or payable to key management for employee services is shown below:

	2020	2019
— Salaries and other short-term employee benefits	41,592	42,738
— Retirement scheme contributions	147	167
	<b>41,739</b>	42,905

Notes:

- (a) Office service fee, golf facilities services fee, restaurant and hotel services fee and rental fees were charged in accordance with the terms of the underlying agreements which, in the opinion of the directors, were determined with reference to the market price at the prescribed year. In the opinion of the directors of the Company, the above related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.
- (b) Interest income were charged in accordance with the terms of the loan contracts signed between the respective related parties and the Group.
- (ii) The Group have provided guarantees for borrowings of certain joint ventures and associates of RMB6,220,012,000 as at 31 December 2020 (31 December 2019: RMB6,927,619,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 44 Related party transactions (Continued)

### (c) Balances with related parties

As at 31 December 2020 and 2019, the Group had the following significant trade and non-trade balances with related parties:

	2020	2019
Receivables due from (note (i))		
— Associates	656,384	1,326,119
— Joint ventures	16,185,176	10,341,884
— Other related parties	493,892	193,728
	<b>17,335,452</b>	11,861,731
Loan and interest receivables due from (note (ii))		
— Associates	2,578,279	1,480,885
— Joint ventures	2,811,982	1,751,474
	<b>5,390,261</b>	3,232,359
Payables due to (note (i))		
— Associates	1,828,029	314,038
— Joint ventures	10,984,608	7,778,832
— Other related parties	102,179	100,584
	<b>12,914,816</b>	8,193,454
Contract liabilities		
— Associates	10,648	581
— Joint ventures	304,284	43,513
— Other related parties	10	–
	<b>314,942</b>	44,094

Notes:

- (i) The balances are cash advances and trade receivables in nature, which are unsecured and interest free.
- (ii) The balances are loan receivables and interest from associates and joint ventures, which are unsecured and interest bearing. The effective interest rate ranges from 4.35% to 15% per annum.

## 45 Ultimate holding company

The directors of the Company consider Full Choice Investments Limited, a company incorporated in Hong Kong, to be the ultimate holding company of the Group.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 46 Subsidiaries

(a) Particulars of principal subsidiaries of the Group at 31 December 2020 are set out below:

Name	Place of incorporation and legal status	Registered/ issued and paid-up capital	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
<b>Directly held by the Company</b>						
Eastern Supreme Group Holdings Limited	British Virgin Islands (the "BVI")/ limited liability Company	US\$50,000	Investment holding/ Hong Kong	100%	100%	–
<b>Indirectly held by the Company</b>						
雅生活智慧城市服務股份有限公司 (前稱雅居樂雅生活服務股份有限公司) A-Living Smart City Services Co., Ltd. (formerly named A-Living Services Co., Ltd.) (note (ii))	PRC/foreign invested enterprise	RMB1,333,334,000	Property management/ Mainland China	–	54%	46%
雅居樂地產置業有限公司 Agile Property Land Co., Ltd.	PRC/wholly foreign owned enterprise	RMB50,000,000	Management consultant/ Mainland China	–	100%	–
中山雅居樂雍園房地產有限公司 Zhongshan Agile Majestic Garden Real Estate Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	HK\$1,428,571,429	Property development/ Mainland China	–	100%	–
廣州番禺雅居樂房地產開發有限公司 Guangzhou Panyu Agile Realty Development Co., Ltd. (note (ii) and note (iv))	PRC/wholly foreign owned enterprise	RMB500,000,000	Property development/ Mainland China	–	100%	–
廣州花都雅居樂房地產開發有限公司 Guangzhou Huadu Agile Realty Development Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	RMB455,000,000	Property development/ Mainland China	–	100%	–
佛山市南海區雅居樂房地產有限公司 Foshan Nanhai Agile Real Estate Development Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	RMB300,000,000	Property development/ Mainland China	–	100%	–
中山市凱茵豪園房地產開發有限公司 Zhongshan Greenville Realty Development Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	RMB208,163,265	Property development/ Mainland China	–	100%	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 46 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2020 are set out below: (Continued)

Name	Place of incorporation and legal status	Registered/ issued and paid-up capital	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
中山市雅建房地產發展有限公司 Zhongshan Ever Creator Real Estate Development Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	RMB251,020,408	Property development/ Mainland China	–	100%	–
廣州雅居樂房地產開發有限公司 Guangzhou Agile Real Estate Development Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	US\$21,690,000	Property development/ Mainland China	–	100%	–
佛山市雅居樂房地產有限公司 Foshan Agile Real Estate Development Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	US\$117,500,000	Property development/ Mainland China	–	100%	–
南京雅居樂房地產開發有限公司 Nanjing Agile Real Estate Development Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	US\$118,900,000	Property development/ Mainland China	–	100%	–
河源市雅居樂房地產開發有限公司 Heyuan Agile Real Estate Development Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	HK\$270,000,000	Property development/ Mainland China	–	100%	–
海南清水灣控股有限公司 Hainan Clearwater Bay Holdings Limited	BVI/Limited liability company	US\$69	Investment holding/ BVI	–	100%	–
海南雅居樂房地產開發有限公司 Hainan Agile Real Estate Development Co., Ltd. (note (iv))	PRC/foreign invested enterprise	HK\$3,187,540,000	Property development/ Mainland China	–	100%	–
海南雅恒房地產發展有限公司 Hainan Yaheng Real Estate Development Co., Ltd. (note (iv))	PRC/foreign invested enterprise	HK\$1,770,000,000	Property development/ Mainland China	–	100%	–
廣州從化雅居樂房地產開發有限公司 Guangzhou Conghua Agile Real Estate Development Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	HK\$570,000,000	Property development/ Mainland China	–	100%	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 46 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2020 are set out below: (Continued)

Name	Place of incorporation and legal status	Registered/ issued and paid-up capital	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
四川雅居樂房地產開發有限公司 Sichuan Agile Real Estate Development Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	HK\$780,000,000	Property development/ Mainland China	–	100%	–
佛山市三水雅居樂房地產有限公司 Foshan Sanshui Agile Real Estate Development Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	HK\$200,000,000	Property development/ Mainland China	–	100%	–
陝西昊瑞房地產開發有限責任公司 Shanxi Haorui Real Estate Development Co., Ltd. (note (iv))	PRC/limited liability Company	RMB210,000,000	Property development/ Mainland China	–	100%	–
上海靜安城投重慶置業有限公司 Shanghai Jing'an Chengtou Chongqing Land Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	HK\$300,000,000	Property development/ Mainland China	–	100%	–
上海雅恒房地產開發有限公司 Shanghai Yaheng Real Estate Development Co., Ltd. (note (ii) and note (iv))	PRC/wholly foreign owned enterprise	RMB810,000,000	Property development/ Mainland China	–	100%	–
廣州雅居樂酒店有限公司 Guangzhou Agile Hotel Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	HK\$7,000,000	Hotel operation/ Mainland China	–	100%	–
佛山市雅居樂酒店有限公司 Foshan Agile Hotel Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	HK\$10,000,000	Hotel operation/ Mainland China	–	100%	–
廣州雅恒房地產開發有限公司 Guangzhou Yaheng Real Estate Development Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	US\$203,877,551	Property development/ Mainland China	–	100%	–
中山市雅信房地產開發有限公司 Zhongshan Yaxin Real Estate Development Co., Ltd. (note (iv))	PRC/limited liability Company	RMB220,000,000	Property development/ Mainland China	–	100%	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 46 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2020 are set out below: (Continued)

Name	Place of incorporation and legal status	Registered/ issued and paid-up capital	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
中山市雅創房地產開發有限公司 Zhongshan Yachuang Real Estate Development Co., Ltd. (note (iv))	PRC/limited liability Company	RMB350,000,000	Property development/ Mainland China	–	100%	–
廣州雅生房地產開發有限公司 Guangzhou Yasheng Real Estate Development Co., Ltd. (note (iv))	PRC/limited liability Company	RMB100,000,000	Property development/ Mainland China	–	100%	–
中山市雅景房地產開發有限公司 Zhongshan Yajing Real Estate Development Co., Ltd. (note (iv))	PRC/limited liability Company	RMB310,000,000	Property development/ Mainland China	–	100%	–
廣州雅粵房地產開發有限公司 Guangzhou Yayue Real Estate Development Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	HK\$1,000,000,000	Property development/ Mainland China	–	100%	–
廣州雅騰房地產開發有限公司 Guangzhou Yateng Real Estate Development Co., Ltd. (note (iv))	PRC/limited liability Company	HK\$100,000,000	Property development/ Mainland China	–	100%	–
佛山市三水雅居樂雍景園房地產有限公司 Foshan Sanshui Agile Majestic Garden Real Estate Co., Ltd. (note (iv))	PRC/limited liability Company	RMB300,000,000	Property development/ Mainland China	–	100%	–
廣東西樵商貿廣場有限公司 Guangdong Xiqiao Commerce Plaza Co., Ltd. (note (iv))	PRC/limited liability Company	RMB30,000,000	Property development/ Mainland China	–	100%	–
南京江寧雅居樂房地產開發有限公司 Nanjing Jiangning Agile Real Estate Development Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	US\$119,800,000	Property development/ Mainland China	–	100%	–
遼寧雅居樂房地產開發有限公司 Liaoning Agile Real Estate Development Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	US\$59,990,000	Property development/ Mainland China	–	100%	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 46 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2020 are set out below: (Continued)

Name	Place of incorporation and legal status	Registered/ issued and paid-up capital	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
西安雅居樂物業投資管理有限公司 Xi'an Agile Property Investment Management Co., Ltd. (note (iv))	PRC/limited liability Company	RMB650,000,000	Property development/ Mainland China	–	100%	–
佛山市順德區雅居樂房地產有限公司 Foshan Shunde Agile Real Estate Development Co., Ltd. (note (iv))	PRC/limited liability Company	RMB450,000,000	Property development/ Mainland China	–	100%	–
南京雅建置業有限公司 Nanjing Yajian Land Co., Ltd. (note (iv))	PRC/limited liability Company	RMB450,000,000	Property development/ Mainland China	–	100%	–
常州雅居樂房地產開發有限公司 Changzhou Agile Real Estate Development Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	US\$418,367,347	Property development/ Mainland China	–	100%	–
騰沖雅居樂旅遊置業有限公司 Tengchong Agile Resort Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	RMB550,000,000	Property development/ Mainland China	–	100%	–
海南雅航旅遊置業有限公司 Hainan Yahang Travel Property Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	RMB1,122,450,000	Property development/ Mainland China	–	100%	–
西雙版納雅居樂旅遊置業有限公司 Xishuangbanna Agile Resort Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	RMB500,000,000	Property development/ Mainland China	–	100%	–
瑞麗雅居樂旅遊置業有限公司 Ruili Agile Resort Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	RMB304,000,000	Property development/ Mainland China	–	100%	–
西安曲江雅居樂房地產開發有限公司 Xi'an Qujiang Agile Real Estate Development Co., Ltd. (note (iv))	PRC/limited liability Company	RMB664,000,000	Property development/ Mainland China	–	70%	30%
佛山市順德區雅新房地產開發有限公司 Foshan Shunde Yaxin Real Estate Development Co., Ltd. (note (iv))	PRC/limited liability Company	RMB450,000,000	Property development/ Mainland China	–	100%	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 46 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2020 are set out below: (Continued)

Name	Place of incorporation and legal status	Registered/ issued and paid-up capital	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
揚州雅居樂房地產開發有限公司 Yangzhou Agile Real Estate Development Co., Ltd. (note (iv))	PRC/foreign invested enterprise	HK\$1,130,000,000	Property development/ Mainland China	–	100%	–
來安雅居樂房地產開發有限公司 Lai'an Agile Real Estate Development Co., Ltd. (note (iv))	PRC/limited liability Company	RMB50,000,000	Property development/ Mainland China	–	100%	–
無錫雅居樂房地產開發有限公司 Wuxi Agile Real Estate Development Co., Ltd. (note (iv))	PRC/limited liability Company	RMB400,000,000	Property development/ Mainland China	–	100%	–
上海松江雅居樂房地產開發有限公司 Shanghai Song Jiang Agile Real Estate Development Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	RMB903,000,000	Property development/ Mainland China	–	100%	–
昆山市富恒房地產開發有限公司 Kunshan Fuheng Real Estate Development Co., Ltd. (note (iv))	PRC/limited liability Company	RMB130,000,000	Property development/ Mainland China	–	100%	–
中山市雅尚房地產開發有限公司 Zhongshan Yashang Real Estate Development Co., Ltd. (note (iv))	PRC/limited liability Company	RMB300,000,000	Property development/ Mainland China	–	100%	–
杭州余杭雅居樂房地產開發有限公司 Hangzhou Yuhang Agile Real Estate Development Co., Ltd. (note (iv))	PRC/limited liability Company	RMB30,000,000	Property development/ Mainland China	–	100%	–
南京濱江雅居樂房地產開發有限公司 Nanjing Binjiang Agile Real Estate Development Co., Ltd. (note (iv))	PRC/limited liability Company	RMB2,080,722,000	Property development/ Mainland China	–	100%	–
鄭州雅居樂房地產開發有限公司 Zhengzhou Agile Real Estate Development Co., Ltd. (note (iv))	PRC/limited liability Company	RMB100,000,000	Property development/ Mainland China	–	60%	40%
佛山市南海區雅恒房地產開發有限公司 Foshan Nanhai Yaheng Real Estate Development Co., Ltd. (note (iv))	PRC/limited liability Company	RMB200,000,000	Property development/ Mainland China	–	100%	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 46 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2020 are set out below: (Continued)

Name	Place of incorporation and legal status	Registered/ issued and paid-up capital	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
武漢長凱物業發展有限公司 Wuhan Changkai Property Development Co., Ltd. (note (iv))	PRC/limited liability Company	RMB621,148,000	Property development/ Mainland China	–	100%	–
中山市雅盈房地產開發有限公司 Zhongshan Yaying Real Estate Development Company Limited (note (iv))	PRC/limited liability Company	RMB1,000,000	Property development/ Mainland China	–	100%	–
北京雅晟房地產開發有限公司 Beijing Yasheng Real Estate Development Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	RMB1,000,000,000	Property development/ Mainland China	–	100%	–
中山市世光創建置業有限公司 Zhongshan Shiguang Chuangjian Zhiye Company Limited (note (iv))	PRC/limited liability Company	RMB100,000,000	Property development/ Mainland China	–	100%	–
重慶雅恆房地產開發有限公司 Chongqing Yaheng Real Estate Development Co. Ltd (note (iv))	PRC/limited liability Company	RMB600,000,000	Property development/ Mainland China	–	100%	–
重慶雅錦房地產開發有限公司 Chongqing Yajin Real Estate Development Co., Ltd. (note (iv))	PRC/limited liability Company	RMB100,000,000	Property development/ Mainland China	–	100%	–
成都雅頌房地產開發有限公司 Chengdu Yasong Real Estate Development Co., Ltd. (note (iv))	PRC/limited liability Company	RMB824,577,000	Property development/ Mainland China	–	100%	–
蘇州雅居樂置業有限公司 Suzhou Agile Land Co., Ltd. (note (iv))	PRC/limited liability Company	RMB32,000,000	Property development/ Mainland China	–	100%	–
廣州雅悅房地產開發有限公司 Guangzhou Yayue Real Estate Development Co., Ltd (note (iv))	PRC/limited liability Company	RMB200,000,000	Property development/ Mainland China	–	100%	–
漢中龍騰雅居房地產開發有限公司 Hanzhong Longteng Yaju Real Estate Development Co., Ltd. (note (iv))	PRC/limited liability Company	RMB50,000,000	Property development/ Mainland China	–	100%	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 46 Subsidiaries (Continued)

(a) Particulars of principal subsidiaries of the Group at 31 December 2020 are set out below: (Continued)

Name	Place of incorporation and legal status	Registered/ issued and paid-up capital	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares held by the Group (%)	Proportion of ordinary shares held by non-controlling interests (%)
汕尾市雅居樂房地產開發有限公司 Shanwei Agile Real Estate Development Co., Ltd. (note (iv))	PRC/limited liability Company	RMB100,000,000	Property development/ Mainland China	–	100%	–
揚州雅昊商務管理有限公司 Yangzhou Yahao Business Management Co., Ltd. (note (iv))	PRC/wholly foreign owned enterprise	RMB1,980,000,000	Property development/ Mainland China	–	70%	30%
天津雅逸房地產開發有限公司 Tianjin Yayi Real Estate Development Co., Ltd. (note (iv))	PRC/limited liability Company	RMB30,000,000	Property development/ Mainland China	–	96%	4%
河南雅同置業有限公司 Henan Yatong Land Co., Ltd. (note (iv))	PRC/limited liability Company	RMB209,402,000	Property development/ Mainland China	–	100%	–
海南雅海旅遊發展有限公司 Hainan Yahai Travel Development Co., Ltd. (note (iv))	PRC/limited liability Company	RMB646,073,000	Property development/ Mainland China	–	100%	–
山西雅居晉明房地產開發有限公司 Shanxi Yaju Jinming Real Estate Development Co., Ltd. (note (iv))	PRC/limited liability Company	RMB55,555,556	Property development/ Mainland China	–	71.25%	28.75%
海南雅誠房地產開發有限公司 Hainan Yacheng Real Estate Development Co., Ltd. (note (iv))	PRC/limited liability Company	HK\$40,820,000	Property development/ Mainland China	–	100%	–
廣東新美居房地產發展有限公司 Guangdong Xinmeiju Real Estate Development Co., Ltd (note (iv))	PRC/limited liability Company	RMB10,000,000	Property development/ Mainland China	–	100%	–



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 46 Subsidiaries (Continued)

- (a) Particulars of principal subsidiaries of the Group at 31 December 2020 are set out below: (Continued)

<b>Structured entity</b>	<b>Principal activities</b>
The Company's Employee Share Trust	Purchases, administers and holds the Company's shares in respect of the Share Award Scheme set up for the benefit of eligible employees

As the Company's Employee Share Trust is set up solely for the purpose of purchasing, administering and holding the Company's shares in respect of the Share Award Scheme, the Company has the rights to variable returns from its involvement with the Employee Share Trust and has the ability to affect those returns through its power over the trust. The assets and liabilities of the Employee Share Trust are included in the Group's consolidated financial statements and the shares held by the Employee Share Trust are presented as a deduction in equity as "Shares held for Share Award Scheme".

The above table lists the principal subsidiaries of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Note:

- (i) A-Living Smart City Services Co., Ltd. is a listed company in Main Board of Hong Kong Stock Exchange.
- (ii) As at 31 December 2020, Guangzhou Panyu Agile Realty Development Co., Ltd issued PRC corporate bonds and asset-backed securities, and Shanghai Yaheng Real Estate Development Co., Ltd. issued commercial mortgage backed securities (note 24).
- (iii) As at 31 December 2020, other subsidiaries of the Company listed above have not issued any debt securities.
- (iv) The names of the companies represent management's best efforts at translating the Chinese names of these companies as no English names have been registered or available.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 47 Balance sheet and reserve movement of the Company Balance sheet of the Company

	2020	2019
<b>Assets</b>		
Non-current assets		
Investments in subsidiaries	448,520	448,520
<b>Total non-current assets</b>	<b>448,520</b>	448,520
Current assets		
Amounts due from subsidiaries	72,416,026	70,230,396
Other receivables	155,492	151,927
Cash and cash equivalents	888,592	5,358,424
<b>Total current assets</b>	<b>73,460,110</b>	75,740,747
<b>Total assets</b>	<b>73,908,630</b>	76,189,267
<b>Equity</b>		
<b>Equity attributable to shareholders of the Company</b>		
Share capital and premium	3,421,883	3,421,883
Shares held for Share Award Scheme	(156,588)	(156,588)
Retained earnings (note (a))	2,064,961	1,481,250
	5,330,256	4,746,545
Perpetual Capital Securities	13,637,493	13,566,867
<b>Total equity</b>	<b>18,967,749</b>	18,313,412
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Borrowings	21,584,569	27,544,324
Financial liabilities at FVPL	26,002	12,656
<b>Total non-current liabilities</b>	<b>21,610,571</b>	27,556,980
<b>Current liabilities</b>		
Borrowings	20,489,290	20,289,129
Amounts due to subsidiaries	11,355,462	9,132,545
Other payables	500,677	843,517
Financial liabilities at FVPL	984,881	53,684
<b>Total current liabilities</b>	<b>33,330,310</b>	30,318,875
<b>Total liabilities</b>	<b>54,940,881</b>	57,875,855
<b>Total equity and liabilities</b>	<b>73,908,630</b>	76,189,267

The balance sheet of the Company was approved by the Board of Directors on 23 March 2021 and was signed on its behalf by:

Chen Zhuo Lin

Chan Cheuk Hung

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 47 Balance sheet and reserve movement of the Company (Continued)

### Balance sheet of the Company (Continued)

Note (a): Reserves movement of the Company

	Other reserves	Retained earnings
At 1 January 2019	427,512	2,432,683
Profit for the year	–	2,932,068
Redemption of Perpetual Capital Securities	(427,512)	(77,201)
Dividends declared relating to 2019	–	(3,806,300)
<b>At 31 December 2019</b>	<b>–</b>	<b>1,481,250</b>
At 1 January 2020	–	<b>1,481,250</b>
Profit for the year	–	<b>3,744,078</b>
Dividends declared relating to 2020	–	<b>(3,160,367)</b>
<b>At 31 December 2020</b>	<b>–</b>	<b>2,064,961</b>

## 48 Events after the balance sheet date

Pursuant to several agreements entered into by independent third party acquirers (the “Acquirers”), and relevant subsidiaries of the Company (“Agile Relevant Shareholders”) in December 2020 and February 2021, it was agreed that the Acquirer and Agile Relevant Shareholders would jointly invest and develop several relevant project companies in the agreed proportion. The Acquirers have paid a total of RMB7,050,760,000 to the Agile Relevant Shareholders as earnest monies for their respective acquisition of equity interests, which was treated as advanced payment for disposal of equity interests in December 2020, which was recorded in trade and other payables in the consolidated balance sheet. Up to report date, the transactions has not been completed.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## 49 Benefits and interests of directors

### (a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiaries undertaking:

For the year ended 31 December 2020:

	Fees	Salary	Bonus	Housing allowance and contribution to a retirement benefit scheme	Total
Mr. Chen Zhuo Lin	4,642	–	–	16	4,658
Mr. Chan Cheuk Hung	3,311	–	–	16	3,327
Mr. Huang Fengchao	433	4,200	3,430	211	8,274
Mr. Chen Zhongqi	433	4,200	3,224	70	7,927
Mr. Chan Cheuk Yin	433	–	–	–	433
Madam. Luk Sin Fong, Fion	433	–	–	–	433
Mr. Chan Cheuk Hei	433	–	–	–	433
Mr. Chan Cheuk Nam	433	–	–	–	433
Dr. Cheng Hon Kwan (note (i))	433	–	–	–	433
Mr. Kwong Che Keung, Gordon (note (i))	433	–	–	–	433
Mr. Hui Chiu Chung, Stephen (note (i))	433	–	–	–	433
Mr. Wong Shiu Hoi, Peter (note (i))	433	–	–	–	433
	<b>12,283</b>	<b>8,400</b>	<b>6,654</b>	<b>313</b>	<b>27,650</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

### 49 Benefits and interests of directors (Continued)

#### (a) Directors' and chief executive's emoluments (Continued)

For the year ended 31 December 2019:

	Fees	Salary	Bonus	Housing allowance and contribution to a retirement benefit scheme	Total
Mr. Chen Zhuo Lin	4,356	–	–	16	4,372
Mr. Chan Cheuk Hung	3,108	–	–	16	3,124
Mr. Huang Fengchao	146	4,209	3,666	155	8,176
Mr. Chen Zhongqi	146	4,231	3,511	64	7,952
Mr. Chan Cheuk Yin	408	–	–	–	408
Madam. Luk Sin Fong, Fion	408	–	–	–	408
Mr. Chan Cheuk Hei	408	–	–	–	408
Mr. Chan Cheuk Nam	408	–	–	–	408
Dr. Cheng Hon Kwan (note(i))	408	–	–	–	408
Mr. Kwong Che Keung, Gordon (note(ii))	408	–	–	–	408
Mr. Hui Chiu Chung, Stephen (note(ii))	408	–	–	–	408
Mr. Wong Shiu Hoi, Peter (note(i))	408	–	–	–	408
	11,020	8,440	7,177	251	26,888

Note (i): Independent non-executive directors of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

(All amounts in RMB thousands unless otherwise stated)

## **49 Benefits and interests of directors (Continued)**

### **(b) Directors' retirement benefits**

During the year ended 31 December 2020, there were no additional retirement benefit received by the directors except for the attribution to a retirement benefit scheme as disclosed in note(a) above (2019: same).

### **(c) Directors' termination benefits**

During the year ended 31 December 2020, there was no termination benefits received by the directors (2019: same).

### **(d) Consideration provided to third parties for making available directors' services**

During the year ended 31 December 2020, no consideration was paid for making available the services of the directors of the Company (2019: same).

### **(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors**

During the year ended 31 December 2020, there was no loans, quasi-loans and other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of directors.

### **(f) Directors' material interests in transactions, arrangements or contracts**

Save for the transactions disclosed in note 44(b)(i), no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

# FIVE-YEAR FINANCIAL SUMMARY

## Consolidated Assets, Equity and Liabilities

	<b>31 December 2020 RMB'000</b>	31 December 2019 RMB'000	31 December 2018 RMB'000	31 December 2017 RMB'000	31 December 2016 RMB'000
<b>ASSETS</b>					
Non-current assets	<b>93,269,661</b>	82,467,376	63,537,676	50,713,988	35,585,589
Current assets	<b>220,495,397</b>	190,764,449	166,908,111	112,643,678	96,139,309
<b>Total assets</b>	<b>313,765,058</b>	273,231,825	230,445,787	163,357,666	131,724,898
<b>EQUITY AND LIABILITIES</b>					
<b>Total equity</b>	<b>76,969,722</b>	65,336,476	54,980,933	44,176,230	44,155,230
Non-current liabilities	<b>68,184,764</b>	60,227,794	55,086,714	35,708,002	32,318,075
Current liabilities	<b>168,610,572</b>	147,667,555	120,378,140	83,473,434	55,251,593
<b>Total liabilities</b>	<b>236,795,336</b>	207,895,349	175,464,854	119,181,436	87,569,668
<b>Total equity and liabilities</b>	<b>313,765,058</b>	273,231,825	230,445,787	163,357,666	131,724,898

## FIVE-YEAR FINANCIAL SUMMARY (CONTINUED)

### Consolidated Income Statements

	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000
<b>Operation</b>					
Revenue	80,245,252	60,239,097	56,144,926	51,607,059	46,678,865
Cost of sales	(56,142,868)	(41,881,111)	(31,471,009)	(30,919,581)	(34,313,168)
<b>Gross profit</b>	24,102,384	18,357,986	24,673,917	20,687,478	12,365,697
Selling and marketing costs	(2,384,710)	(2,026,178)	(2,318,044)	(2,258,938)	(2,097,973)
Administrative expenses	(5,234,723)	(3,998,883)	(2,909,554)	(2,045,528)	(1,458,191)
Net impairment (losses)/ reversal on financial and contract assets	(566,679)	(149,574)	(97,250)	1,234	—
Other gains/(losses), net	3,740,426	4,802,164	1,986,253	40,049	(291,748)
Other income	1,669,854	1,282,537	1,040,034	570,485	278,662
Other expenses	(400,044)	(228,300)	(257,002)	(396,633)	(195,880)
<b>Operating profit</b>	20,926,508	18,039,752	22,118,354	16,598,147	8,600,567
Finance cost, net	(1,040,210)	(2,529,824)	(2,744,353)	(898,674)	(1,124,531)
Share of post-tax profits of investments accounted for using the equity method	1,585,630	1,086,246	27,098	169,341	7,078
<b>Profit before income tax</b>	21,471,928	16,596,174	19,401,099	15,868,814	7,483,114
Income tax expenses	(9,223,051)	(7,362,928)	(11,043,282)	(9,088,536)	(4,433,480)
<b>Profit for the year</b>	12,248,877	9,233,246	8,357,817	6,780,278	3,049,634
<b>Profit attributable to:</b>					
Shareholders of the Company	9,474,597	7,511,794	7,125,007	6,025,244	2,283,640
Holders of Perpetual Capital Securities	1,083,780	850,225	676,906	472,663	415,263
Non-controlling interests	1,690,500	871,227	555,904	282,371	350,731
	12,248,877	9,233,246	8,357,817	6,780,278	3,049,634
<b>Earnings per share from continuing operations attributable to the shareholders of the Company for the year (expressed in Renminbi per share)</b>					
— Basic	2.440	1.935	1.835	1.552	0.588
— Diluted	2.440	1.935	1.835	1.552	0.588



# CORPORATE INFORMATION

## Board of Directors

Mr. Chen Zhuo Lin\* (*Chairman and President*)  
Mr. Chan Cheuk Yin\*\* (*Vice Chairperson*)  
Madam Luk Sin Fong, Fion\*\* (*Vice Chairperson*)  
Mr. Chan Cheuk Hung\*  
Mr. Huang Fengchao\*  
Mr. Chen Zhongqi\*  
Mr. Chan Cheuk Hei\*\*  
Mr. Chan Cheuk Nam\*\*  
Dr. Cheng Hon Kwan# *GBS, OBE, JP*  
Mr. Kwong Che Keung, Gordon#  
Mr. Hui Chiu Chung, Stephen# *JP*  
Mr. Wong Shiu Hoi, Peter#

\* Executive Directors

\*\* Non-executive Directors

# Independent Non-executive Directors

## Board Committees

### Audit Committee

Mr. Kwong Che Keung, Gordon (*Committee Chairperson*)  
Dr. Cheng Hon Kwan *GBS, OBE, JP*  
Mr. Hui Chiu Chung, Stephen *JP*  
Mr. Wong Shiu Hoi, Peter

### Remuneration Committee

Dr. Cheng Hon Kwan *GBS, OBE, JP* (*Committee Chairperson*)  
Mr. Kwong Che Keung, Gordon  
Mr. Hui Chiu Chung, Stephen *JP*  
Mr. Wong Shiu Hoi, Peter  
Madam Luk Sin Fong, Fion

### Nomination Committee

Mr. Hui Chiu Chung, Stephen *JP* (*Committee Chairperson*)  
Dr. Cheng Hon Kwan *GBS, OBE, JP*  
Mr. Kwong Che Keung, Gordon  
Mr. Wong Shiu Hoi, Peter  
Madam Luk Sin Fong, Fion

### Risk Management Committee

Mr. Huang Fengchao (*Committee Chairperson*)  
Mr. Chan Cheuk Hung  
Mr. Chen Zhongqi  
Mr. Wong Shiu Hoi, Peter

## Company Secretary

Mr. Cheung Lap Kei

## Authorised Representatives

Mr. Chen Zhuo Lin  
Mr. Cheung Lap Kei

## Auditor

PricewaterhouseCoopers

## Legal Advisors

### as to Hong Kong law:

Sidley Austin LLP  
Lu, Lai & Li Solicitors & Notaries

### as to PRC law:

Jingtian & Gongcheng

### as to BVI and Cayman Islands laws:

Conyers Dill & Pearman

### as to US and English laws:

Sidley Austin LLP

## Principal Bankers

Industrial and Commercial Bank of China Limited  
Agricultural Bank of China Limited  
Bank of China Limited  
China Construction Bank Corporation  
China Merchants Bank Co., Ltd.  
Ping An Bank Co., Ltd.  
Shanghai Pudong Development Bank Co., Ltd.  
China Everbright Bank Company Limited  
The Hongkong and Shanghai Banking Corporation Limited  
The Bank of East Asia, Limited  
Standard Chartered Bank (Hong Kong) Limited  
Hang Seng Bank Limited

## CORPORATE INFORMATION (CONTINUED)

### Registered Office

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

### Principal Place of Office in the PRC

33/F., Agile Center  
26 Huaxia Road  
Zhujiang New Town  
Tianhe District, Guangzhou  
Guangdong Province  
PRC  
Postal Code: 510623

### Principal Place of Business in Hong Kong

18/F., Three Pacific Place  
1 Queen's Road East  
Hong Kong

### Principal Share Registrar and Transfer Office

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

### Branch Share Registrar and Transfer Office in Hong Kong

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong  
Telephone : (852) 2980 1333  
Facsimile : (852) 2861 1465

### Investor Relations

Capital Markets Department  
E-mail : [ir@agile.com.cn](mailto:ir@agile.com.cn)  
Telephone : (852) 2847 3383  
Facsimile : (852) 2780 8822

### Website

[www.agile.com.cn](http://www.agile.com.cn)

## Listing Information

### A Equity Securities

- (1) The Company's ordinary shares (stock code: 3383) are listed on the Main Board of Hong Kong Stock Exchange.
- (2) A-Living's H shares (stock code: 3319) are listed on the Main Board of Hong Kong Stock Exchange.
- (3) Qingdao Huaren Property Co., Ltd.<sup>^</sup> (青島華仁物業股份有限公司) (a direct non-wholly owned subsidiary of A-Living's ordinary shares (stock code: 832319) are listed on the National Equities Exchange and Quotations.

### B Debt Securities

- (1) The Company's debt securities listed on the Official List of SGX:
  - (i) 8.5% senior notes in an aggregate principal amount of US\$600 million due 2021 (ISIN code: XS1856094724)
  - (ii) 5.125% senior notes in an aggregate principal amount of US\$200 million due 2022 (ISIN code: XS1659119629)
  - (iii) 6.7% senior notes in an aggregate principal amount of US\$500 million due 2022 (ISIN code: XS1959497782)
  - (iv) 5.75% senior notes in an aggregate principal amount of US\$500 million due 2025 (ISIN code: XS2194361494)
  - (v) 6.05% senior notes in an aggregate principal amount of US\$483 million due 2025 (ISIN code: XS2243343204)
- (2) The Company's debt securities listed on the Shanghai Stock Exchange:
  - (i) domestic non-public corporate bonds in an aggregate principal amount of RMB1,800 million due 2021 with an initial coupon rate of 4.6% (corporate bond code: 135882) (RMB608 million of which has been repurchased on 12 October 2020 and has been resold)
  - (ii) domestic non-public corporate bonds in an aggregate principal amount of RMB1,200 million due 2023 with a coupon rate of 5.7% (corporate bond code: 135883)
- (3) The debt securities of Guangzhou Panyu Agile Realty Development Co., Ltd.<sup>^</sup> (廣州番禺雅居樂房地產開發有限公司) (an indirect wholly-owned subsidiary of the Company incorporated in China) listed on the Shanghai Stock Exchange:
  - (i) non-public domestic corporate bonds in an aggregate principal amount of RMB1,500 million due 2022 with an initial coupon rate of 6.2% (corporate bond code: 167129)
  - (ii) non-public domestic corporate bonds in an aggregate principal amount of RMB1,500 million due 2022 with an initial coupon rate of 6.2% (corporate bond code: 167752)

## CORPORATE INFORMATION (CONTINUED)

### C Capital Securities

The Company's capital securities listed on the Official List of SGX:

- (1) senior perpetual capital securities in an aggregate principal amount of US\$500 million with an initial distribution rate of 6.875% (ISIN code: XS1785422731)
- (2) senior perpetual capital securities in an aggregate principal amount of US\$700 million with an initial distribution rate of 8.375% (ISIN code: XS2003471617)
- (3) senior perpetual capital securities in an aggregate principal amount of US\$500 million with an initial distribution rate of 7.875% (ISIN code: XS2071413483)
- (4) senior perpetual capital securities in an aggregate principal amount of US\$200 million with an initial distribution rate of 7.75% (ISIN code: XS2081524675)

### Financial Calendar

Interim results announcement	21 August 2020
Payment of interim dividend	18 September 2020
Annual results announcement	23 March 2021
AGM	12 May 2021
Proposed payment of final dividend	on or about 31 May 2021

### Closure of Register of Members and Other Key Dates

The Company's register of members will be closed during the following periods:

#### To determine the identity of Shareholders who are entitled to attend and vote at the AGM

Latest time for lodging transfer documents of shares	: 4:30 p.m. on Thursday, 6 May 2021
Period of closure of register of members	: Friday, 7 May 2021 to Wednesday, 12 May 2021 (both dates inclusive)
Record Date	: Wednesday, 12 May 2021

#### To determine the Shareholders' entitlement to the final dividend

Ex-entitlement date for final dividend	: Monday, 17 May 2021
Latest time for lodging transfer documents of shares	: 4:30 p.m. on Tuesday, 18 May 2021
Period of closure of register of members	: Thursday, 20 May 2021 to Monday, 24 May 2021 (both dates inclusive)
Record date	: Monday, 24 May 2021

To qualify for attending and voting at the AGM and/or entitlement to the final dividend, all properly completed transfer forms accompanied by the share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than the corresponding latest time for lodging transfer document of shares.

The proposed final dividend will be paid on or about Monday, 31 May 2021 to Shareholders whose names appear on the register of members of the Company on Monday, 24 May 2021 upon approval by the Shareholders in the AGM.

### Annual General Meeting

The AGM will be held on Wednesday, 12 May 2021. Notice of the AGM will be set out in the Company's circular dated 12 April 2021 and will be despatched together with this annual report to the Shareholders. Notice of the AGM and the proxy form will also be published on the Company's website ([www.agile.com.cn](http://www.agile.com.cn)) and Hong Kong Stock Exchange's website ([www.hkex.com.hk](http://www.hkex.com.hk)). The said notice will also be published on SGX's website ([www.sgx.com](http://www.sgx.com)).

### Dividends

Interim dividend	HK50.0 cents per Share
Proposed final dividend	HK60.0 cents per Share

### Despatch of Corporate Communications

This annual report is available in both Chinese and English versions. Printed copies in either or both languages will be delivered to Shareholders in accordance with their indicated preference. This annual report is also published on the Company's website ([www.agile.com.cn](http://www.agile.com.cn)), Hong Kong Stock Exchange's website ([www.hkex.com.hk](http://www.hkex.com.hk)) and SGX's website ([www.sgx.com](http://www.sgx.com)). Registered Shareholders may at any time choose to change their choice of language or means of receipt of the Company's corporate communications free of charge by filling the specified forms and send to the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited. For Shareholders whose Shares are being held through brokers or custodians, they should inform their respective brokers or custodians to effect the change.

For environment protection reasons, the Company encourages Shareholders to view this annual report posted on the aforesaid websites.

<sup>^</sup> for identification purposes only

# GLOSSARY

Agile or Company	Agile Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of Hong Kong Stock Exchange
Articles	the Articles of Association of the Company
A-Living	A-Living Smart City Services Co., Ltd.^ (雅生活智慧城市服務股份有限公司) (formerly known as A-Living Services Co., Ltd.^ (雅居樂雅生活服務股份有限公司)), a joint stock company incorporated in the PRC with limited liability, the H shares of which are listed on the Main Board of Hong Kong Stock Exchange (stock code: 3319), and an indirect non-wholly owned subsidiary of the Company
AGM	annual general meeting of the Company to be held on 12 May 2021
BBS	Bronze Bauhinia Star
Board	board of Directors of the Company
BVI	British Virgin Islands
Changjiang Hotel Company	Zhongshan Agile Changjiang Hotel Co., Ltd.^ (中山雅居樂長江酒店有限公司), a Company incorporated in the PRC with limited liability
Chen's Family Trust	a family trust established by Top Coast as former trustee and the beneficiaries of which are the Founding Shareholders
China or PRC	The People's Republic of China. For the purpose of this annual report, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan region
CG Code	Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
Directors	directors of the Company
Employee Share Trustee	Bank of Communications Trustee Limited
Founding Shareholders	Chen Zhuo Lin, Chan Cheuk Yin, Luk Sin Fong, Fion, Chan Cheuk Hung, Chan Cheuk Hei and Chan Cheuk Nam
Full Choice	Full Choice Investments Limited, a company incorporated in Hong Kong with limited liability on 8 August 2016, being the current trustee of Chen's Family Trust

GBS	Gold Bauhinia Star
GFA	gross floor area
Group	the Company and its subsidiaries
HK\$/HKD	Hong Kong dollar(s), the lawful currency of Hong Kong
HKAS	Hong Kong Accounting Standards
Hong Kong	Hong Kong Special Administrative Region of the PRC
Hong Kong Companies Ordinance	Companies Ordinance (Chapter 622 of the laws of Hong Kong)
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
HSBC	The Hongkong and Shanghai Banking Corporation Limited
INED(s)	Independent non-executive Director(s) of the Company
JP	Justice of the Peace
Last AGM	annual general meeting of the Company held on 11 May 2020
Listing Rules	The Rules Governing the Listing of Securities on Hong Kong Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
NED(s)	Non-executive Director(s) of the Company
OBE	Officer of British Empire
RMB	Renminbi, the lawful currency of PRC
SCB	Standard Chartered Bank (Hong Kong) Limited
Securities Dealing Code for Directors	A code for securities transactions by Directors adopted by the Company

## GLOSSARY (CONTINUED)

SFO	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
Share(s)	ordinary share(s) of HK\$0.10 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
Share Award Scheme	a share award scheme adopted by the Company on 10 December 2013
Shareholder(s)	holder(s) of Shares
SGX	Singapore Exchange Securities Trading Limited
Top Coast	Top Coast Investment Limited, a company incorporated in BVI with limited liability on 17 May 2005, being the former trustee of Chen's Family Trust
US	United States of America
US\$/USD	United States dollar(s), the lawful currency of US
%	per cent

<sup>^</sup> *for identification purposes only*



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