



Radiance Holdings (Group) Company Limited

金輝控股(集團)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 9993)

2020
Annual
Report



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Corporate Profile

ABOUT RADIANCE

Radiance Holdings (Group) Company Limited (stock code: 9993.HK) is a reputable large property developer with national presence, regional focus and leading positions in select cities, and we focus on providing quality residential properties to first-time homebuyers and first-time upgraders. With over 20 years' experience, we have expanded our operations into six regions with strong growth potential in China, namely, the Yangtze River Delta, the Bohai Economic Rim, Southern China, Central China, Southwestern China and Northwestern China.

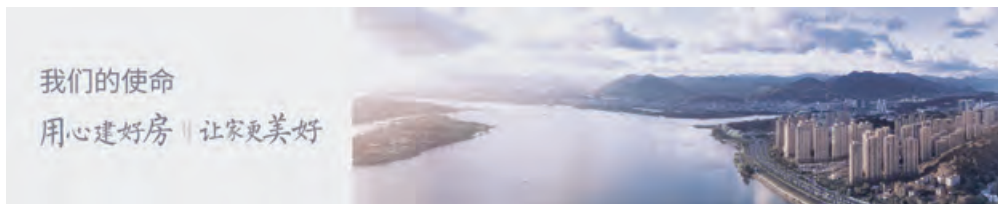
We have expanded our residential property development business into different cities across the PRC and further established four branded series: the New Block series (優步系), the Elite's Mansion series (雲著系), the King's Garden series (銘著系) and the Metropolitan series (大城系). In addition to residential property development, we started to engage in the development, operation and management of commercial properties in 1999.

In terms of comprehensive strengths, we were ranked as one of "China's Top 50 Real Estate Developers" by the China Real Estate Association and the China Real Estate Appraisal Center of E-house China Research Institute for seven consecutive years since 2014 and the 36th among "2020 China's Top 50 Real Estate Developers", and were ranked as one of "China's Top 10 Real Estate Developers of Comprehensive Strength". We were ranked 37th among "China's Top 100 Real Estate Developers" by the Enterprise Research Institute of Development Research Center of the State Council, the Center for Real Estate of Tsinghua University and the China Index Academy in 2020.

In the future, Radiance will continue to pursue quality products and services, and keep up in innovation, so as to make us a leading enterprise and trustworthy brand in the industry.

Company Mission

Build properties with craftsmanship and make homes better.



Corporate Values



Corporate Vision

Devoted to improving the quality of our products and services through continuous innovation and aim to become a trustworthy leading property developer in the PRC.



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Lam Ting Keung (*Chairman*)
Mr. Lam Yu
Mr. Chen Chaorong
Mr. Huang Junquan

Independent non-executive Directors

Mr. Zhang Huaqiao
Mr. Tse Yat Hong
Mr. Chung Chong Sun

AUDIT COMMITTEE

Mr. Chung Chong Sun (*Chairman*)
Mr. Zhang Huaqiao
Mr. Tse Yat Hong

REMUNERATION COMMITTEE

Mr. Zhang Huaqiao (*Chairman*)
Mr. Tse Yat Hong
Mr. Chen Chaorong

NOMINATION COMMITTEE

Mr. Lam Ting Keung (*Chairman*)
Mr. Zhang Huaqiao
Mr. Chung Chong Sun

COMPANY SECRETARY

Mr. Chiu Ngam (*FHKICPA, AICPA*)

AUTHORISED REPRESENTATIVES

Mr. Chen Chaorong
Mr. Chiu Ngam

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
22nd Floor, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

COMPLIANCE ADVISOR

Maxa Capital Limited

LEGAL ADVISER

Sidley Austin

REGISTERED OFFICE

PO Box 309, Uglund House
Grand Cayman, KY1-1104
Cayman Islands

HEAD OFFICE IN THE PRC

42/F, Radiance Plaza
Qiyang Road
Wangjing
Chaoyang District
Beijing
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 6701-02, 67/F
The Center
99 Queen's Road Central
Central
Hong Kong

HONG KONG BRANCH SHARE REGISTRAR

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Services (Cayman Islands) Limited
Second Floor, Century Yard,
Cricket Square P.O. Box 902
Grand Cayman
KY1-1103
Cayman Islands

PRINCIPAL BANKS

Agricultural Bank of China
Industrial and Commercial Bank of China
Bank of China
China Construction Bank
China Minsheng Bank
China Merchants Bank
China Everbright Bank
China Guangfa Bank
Industrial Bank

WEBSITE

<http://www.radiance.com.cn>

STOCK CODE

9993

Major Events of Radiance

2020 MARCH

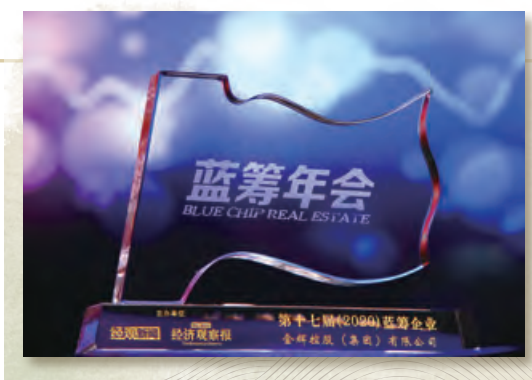
On 17 March 2020, China Index Academy issued a list of “2020 China Top 100 Real Estate Developer” where Radiance was ranked 37th. Radiance was rewarded two prizes, namely “2020 China Specialized Real Estate Company – Integrated Urban Operator” (2020中國特色地產運營優秀企業—城市綜合運營商) and “2020 China Top 100 Commercial Real Estate Developers” (2020年中國商業地產百強企業), which once again recognised Radiance’s business capability and its position in the industry, and served as a critical role in promoting the sound operation of the industry.



On 18 March 2020, China Real Estate Association and China Real Estate Appraisal Center (中國房地產測評中心) released the list of the “2020 Best 500 China Real Estate Developers” (2020中國房地產開發企業500強), where Radiance Group was ranked 36th in the “List of Top 50 Enterprise in terms of Comprehensive Strength” (綜合實力50強榜單) from its sound and steady growth in business and high-quality operation. At the same time, Radiance was also recognised as one of the “2020 Best 10 of China Real Estate Developer in terms of Comprehensive Strength” (2020中國房地產開發企業綜合發展10強) for the 5 consecutive years, reflecting that the overall strength of Radiance has been well-received and recognised by professional institutions.

APRIL

On 29 April 2020, the “Seventeenth (2020) Blue Chip Real Estate Annual Conference” (第十七屆(2020)藍籌年會), organised by Economic Observer News (經觀新聞), The Economic Observer (《經濟觀察報》) and EEO.com.cn (經濟觀察網), was held online with the theme of “Ambition, Lean, Refinement” (精進、精益、精緻), and Radiance was awarded 2 titles, namely “Blue Chip Real Estate Enterprise” (藍籌地產企業) and “Well-established Enterprise with Steady Development” (穩健發展綜合實力企業) for its consolidated capability, strong performance, high quality, continuous innovation and steady development.



Major Events of Radiance

JULY

On 31 July 2020, Radiance completed the restoration of Fuzhou's "Yijing Gucuo" (義井古厝), one of the only two historical building complexes in Gulou District apart from Sanfang Qixiang (三坊七巷), which was then opened to the public. Radiance's conservation of the ancient buildings not only demonstrated its determination to promote and protect traditional Chinese architecture and culture, but also its commitment to grow with the city and cohabitate with its heritage.



At the "2020 China Real Estate Brand Conference" (2020中國房地產品牌大會), jointly organised by China Real Estate Business and China Real Estate Thinktank on 31 July 2020, Radiance was ranked 32nd in the "2020 Top 100 Chinese Real Estate Brand Value" (2020中國房地產品牌價值TOP100) with a brand valuation of RMB55.2 billion.

AUGUST

"2020 China Real Estate Fashions Awards" were announced at the "2020 Boao Real Estate Forum" organised by the Guandian Index Academy (觀點指數研究院) on 12 August 2020, in which Radiance Group was awarded the "2020 Top 30 Real Estate Enterprises of the Year in China in terms of Investment Value" (2020中國年度投資價值地產企業TOP30) in recognition of its value attained in steadily growing sales and enhancement in capital structure.



SEPTEMBER



The 24th anniversary of Radiance Group was held on 2 September 2020 in a joyful atmosphere. At the climax of the celebration, Radiance debuted a new mascot "Jin Xiao Rui" (金小瑞) for its brand, which has become a brand new mascot in the real estate industry by virtue of its attractive look. Jin Xiao Rui will work together with Radiance in creating a happy life in Radiance-style for users.

Major Events of Radiance

At the “2020 China Real Estate Brand Value Research Findings Release Ceremony” (2020中國房地產品牌價值研究成果發佈會) organised by the China Index Academy on 10 September 2020, Radiance was listed in the “Top 21 Brand of China Real Estate Companies (All Categories)” (中國房地產公司品牌價值TOP21 (混合所有)), marking a 37% increase in brand value, as well as a consolidated brand capability. Each of its projects under the name of “Warm Light Community” (暖光社區), “Metropolitan Product Series” “大城產品系” and “Shaoxing Jinhui • Peninsula Cloud” (紹興金輝•半島雲著) were awarded the title of the “2020 Top 10 Leading Brand Value of China Residential Real Estate Company” (2020中國房地產住宅開發專業領先品牌價值TOP10), the “2020 Top 10 Brand Value of China Real Estate with Series of Products” (2020中國房地產系列項目品牌價值TOP10) and the “2020 Top 10 Brand Value of China Real Estate High-end Projects” (2020中國房地產精品項目品牌價值TOP10) respectively.



At the press conference of “China Real Estate Enterprise Brand Value” held on 17 September 2020, jointly researched and released by China Real Estate Association, Shanghai E-House China R&D Institute (上海易居房地產研究院) and China Real Estate Appraisal Center, Radiance was recognised as the “2020



Best 30 of China Real Estate Developers Brand Value” for the 3 consecutive year, marking a 35% increase in brand value, and as the “2020 Best 10 of Growth of China Real Estate Developers Brand Value”.



30 China Real Estate Enterprises in terms of Human Capital Value” (2020中國房企人力資本價值30強) and honored the title of “2020 China Real Estate Enterprise in terms of Talent Development Innovation” (2020中國房地產優秀人才發展創新企業).

On 17 September 2020, China Real Estate Association and China Real Estate Appraisal Center announced the research findings of the “Human Capital Value Assessment” (人力資本價值測評), in which Radiance Group remained the “Best Employer in China Real Estate Industry” (中國房地產企業最佳僱主) and was listed in the “2020 Top

Major Events of Radiance

At the “10th Annual Meeting of China Valuable Real Estate” organised by the National Business Daily on 26 September 2020, Radiance was honored the “Most Valuable Urban Operator of the Year” (年度價值城市運營商) under the China Valuable Real Estate Awards (中國價值地產總評榜) for its outstanding performance in construction of residential buildings, commercial operation and creation of community culture.



On 26 September 2020, Radiance joined hands with Marwei Social Work Development Centre (瑪薇社會工作發展中心) in Liangshan Prefecture to bring the first gift since the start of a school year to children with special needs in a charitable school in Zhaojue County, Liangshan Prefecture, Sichuan – a gift package full of school life necessities such as stationery, daily necessities and sports equipment, with an aim to bring warm and encouraging message to the children celebrating the start of a new school year.

OCTOBER

On 14 October 2020, Fitch Ratings, a rating agency, affirmed its rating of Radiance Group at “B” and revised its rating on outlook from “stable” to “positive”. Fitch mentioned that the upward adjustment reflected Radiance’s enhanced market position and financial leverage and stated in its report that Radiance had sufficient high quality land bank and sufficient GFA, with most of them locating in provincial capitals and municipalities, to support development needs for an extended period of time in the future. It also suggested the transparency and corporate governance of Radiance would be enhanced subsequent to the proposed IPO.

On 27 October 2020, the fifth batch of candidates for the 9th (2019-2020) “Guangsha Prize” (廣慶獎) was officially announced. Approved by the Ministry of Housing and Urban-Rural Development and jointly established by the China Real Estate Association and the Centre for Promotion of Residential Housing Industrialisation of the Ministry of Housing and Urban-Rural Development (住房和城鄉建設部住宅產業化促進中心), “Guangsha Prize” is an all-round award in recognition of real estate development projects. Only projects compliant to building up a resource-saving and environment-friendly harmonious socialist society and a civilization that cares for ecology will be awarded “Guangsha Prize”. Those prize-winning projects shall also be of advanced planning and design, environmental friendly and of excellent quality in engineering, in addition to playing an exemplary and leading role in promoting the industrialization of residential housing and the concept of “four savings and environmental protection” (四節一環保) and addressing to housing problems faced by the general public. Our project named “Xuzhou Jinhui•New Block” (徐州金輝•信步蘭庭) was shortlisted for its excellent performance in advanced planning and design, high standard on construction quality, and the extensive use of new technologies, materials and techniques.

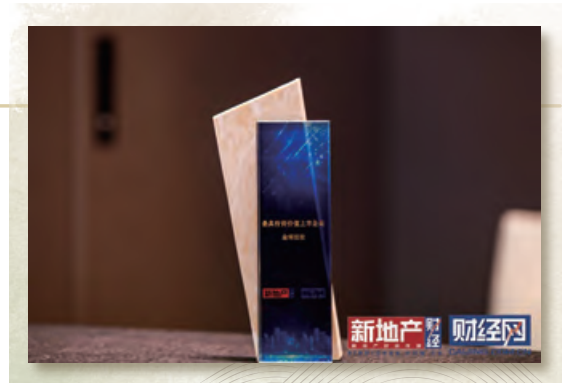
Major Events of Radiance

On 29 October 2020, Radiance Holdings was successfully listed in Hong Kong (stock code: 9993) at a final offer price of HK\$4.3 per share and has raised a gross proceed of HK\$2.69 billion. Both the Hong Kong Public Offering and the International Placing were oversubscribed, with the Hong Kong Public Offering being over-subscribed by 1.72 times with over 16,500 valid applications, reflecting that Radiance were well received by both institutional and individual investors. The successful entry into the capital market will facilitate Radiance in further diversifying its access to good financing, and improving its debt structure, which in turn paves a path to a new phase with rapid development.



NOVEMBER

At the “16th China Real Estate Finance Annual Meeting & 2nd Urban Development Forum” (第十六屆中國地產金融年會暨第二屆城市發展論壇) jointly organised by Xindichan.com.cn (新地產財經), SEEC Media Group and Caijing.com.cn on 12 November 2020, Radiance, as a newly listed enterprise, was honored the title of “Most Valuable Listed Enterprise for Investment” (最具投資價值上市企業) for its tremendous performance.



On 19 November 2020, Radiance was awarded the “2020 Jinqiao Prize – Most investment-worthy Real Estate Company of the Year” (2020年金橋獎—年度最具投資價值地產公司) at the “2020 Thinking Finance Investor Annual Meeting and Jinqiao Prize Giving Ceremony” (2020年度思維財經投資者年會暨金橋獎頒獎盛典) organised by Thinking Finance (思維財經) & investorchina.cn.

Major Events of Radiance



On 20 November 2020, Radiance Holdings announced the successful issuance of RMB1.22 billion corporate bonds with a coupon rate of 6.95% and a maturity of 2+2 years. Despite the recent turbulence in bond market, Radiance's corporate bonds were highly sought after and fully subscribed, achieving an outstanding result of low interest rate.

On 25 November 2020, at the "2020 China Urban Operation and Development Summit" organised by China Business Journal, Radiance was awarded the "2020 Outstanding Enterprise on Contribution to Social Responsibility" for its outstanding contributions in fighting the epidemic, committing charity work, aiding students and fostering social talents.

The "18th China's Financial Annual Champion Awards & 11th Real Estate & Finance Innovation Summit" (第十八屆財經風雲榜&第十一屆地產金融創新峰會) organised by Hexun.com, was held in Beijing on 26 November 2020, in which Radiance Holdings was honored three awards, namely "2020 Real Estate Enterprise IPO Top Newcomer" (2020年房地產企業IPO新銳榜樣), "2020 Outstanding Real Estate Enterprise with Excellent Product Development" (2020年房地產企業優秀產品力榜樣) and "2020 Outstanding Enterprise in Social Poverty Alleviation and Public Welfare" (2020年企業社會扶貧公益榜樣), for its outstanding performance this year and in recognition of its successful IPO listing, product development and its charitable efforts.



At the "Start afresh on the road of Charity – The Third CSR Pioneer Forum and 2020 Pioneer Award Giving Ceremony" ('益'路同行再出發 – 第三屆CSR先鋒論壇暨2020先鋒獎項頒獎典禮) organized by International Financial News of People's Daily on 27 November 2020, Radiance was awarded the "2020 Outstanding Enterprise in Social Responsibility" (2020年度社會責任貢獻企業), which once again recognised the outstanding contributions made by Radiance in social responsibility such as anti-epidemic effort as well as medical care and poverty alleviation.

DECEMBER

The "Real Estate Investment and Financing Summit and Jinling Award Giving Ceremony" (房地產投融资高峰论坛暨金翎獎頒獎盛典) organised by China Times was held in Beijing on 1 December 2020 where Radiance won the "2020 Real Estate Brand with Steady Growth" award ("2020年穩健增長地產品牌"大獎) in recognition of its excellent performance this year such as successful listing on the Hong Kong Stock Exchange, a year-on-year decrease of bond issuance rate and higher international rating.



Major Events of Radiance



On 2 December 2020, the winners list of “Tribute to 2020 • Enterprise of the Year” was announced at the “Anchoring – The 8th IFENG.COM Global Chinese Real Estate Summit” (錨定 • 第八屆鳳凰網全球華人不動產盛典), where Radiance Group was honored the title of “Top 10 Smart Habitat Enterprise Epitome” (十佳智慧人居示范企業), laying a memorable milestone for this extraordinary year and creating an image as a pioneer.

On 4 December 2020, the winners of “2020 HeRo (China Talent Management Enterprise Epitome Award)” (2020HeRo (中國人才管理典範企業獎)), jointly offered by Beisen Research of Talent Management, Renmin Business School of China and Harvard Business Review China, was officially announced. After several rounds of selection, Radiance Group was given the “2020 China Talent Management Mechanism Epitome Award” (2020中國人才管理機制典範獎) due to its advantage gained from its advanced philosophy in talent management, experienced talent management team and intensive use of talent management technology.



The “15th Annual Kinpan Award Giving Ceremony 2020” (“第十五屆2020年度金盤獎”頒獎典禮), organised by Kinpan.com and Times House Magazine, was held on 23 December 2020. In this evaluation on high-quality real estate development projects worldwide, Radiance Group was awarded the “Innovative Enterprise of the Year” under the “15th Annual Kinpan Awards” (第十五屆金盤獎年度創新企業) after an intense competition among tens of thousands of projects across the country. Radiance Group received a total of 26 awards for its 34 projects.

On 29 December 2020, the “2020 China Real Estate Industry Organisational Management Summit” (2020中國房地產產業組織管理峰會), organised by Ehconsulting (億翰智庫) & KeYan Intelligence (可研智庫) under the guidance of Corporate Research Branch of China Real Estate Chamber of Commerce (全聯房地產商會企業研究分會), was held in Shanghai as scheduled, in which several aspects, including effectiveness, overall management of an organization and employers’ influence, were examined and taken into account in evaluating the top 100 companies in the real estate industry. Thanks to its outstanding performance, Radiance Group was ranked 22nd in the “2020 Top 100 China Real Estate Enterprises in terms of Organisational Capability” (“2020中國房地產組織力百強企業”) and honored the title of “2020 Best Employer in China Real Estate Industry” (2020中國房地產最佳僱主企業).



Major Events of Radiance

2021

In the “Golden Duration (金久期)” Chinese Offshore Bonds Global Summit 2020 jointly organized by Duration Finance and Guotai Junan on 8 January 2021, Radiance Holdings was awarded the “Outstanding Issuer of Chinese Offshore Bonds – Real Estate” because it performed remarkably well among other Chinese property developers and generated considerable upside investment returns for the bonds.



On 10 January 2021, Radiance Holdings won four great landscaping awards in the “LAIAWARD Landscape Ingenuity Award International Competition – Real Estate Landscaping Award (LAIAWARD地產景觀大獎園匠杯國際競賽)”, of which Jinhui East King’s Garden in Fuzhou won the “Golden Award of Annual Outstanding Real Estate Regional Landscape Award (年度優秀地產大區景觀獎金獎)”, Suzhou Jinhui New Block Four Seasons won the “Silver Award of Annual Most Value-added Real Estate Landscape (年度最具性價比地產景觀獎銀獎)”, Xi’an Jinhui Chang’an Elite’s

Mansion won the “Annual Outstanding Prize of the Best Real Estate’s Mini Display Area (年度地產最佳迷你展示區優秀獎)” and Chongqing Jinhui Elite’s Mansion won the “Annual Outstanding Prize of the Best Real Estate’s Mini Display Area (年度地產最佳迷你展示區優秀獎)”. Once again, over capability in landscape building is recognized by the industry.

On 13 January 2021, thanks to Radiance Holdings’ excellent performance in the industry last year, the successful listing of the Company, the enhancement of product power and the improvement of various ratings, our annual performance achieved stable growth and we enjoyed improvement of our comprehensive strength in the industry. We were named as the “2020 Enterprise with Brand Influence (2020年度品牌影響力企業)” by the “12th Forum of House China and the Chinese Real Estate Ceremony 2020”.



On 20 January 2021, S&P granted a “B+” long-term issuer credit rating to Radiance Holdings for the first time with a “stable” outlook.

On 22 January 2021, Moody, one of the three major international rating agencies, granted a “B1” corporate family rating (CFR) to Radiance Holdings for the first time with a stable outlook.

Major Events of Radiance

On 1 February 2021, Fuqing Sheraton Hotel, the first international five-star hotel in Fuqing, Fujian Province, commenced operation. The opening of Fuqing Sheraton Hotel was another milestone of the Company as the city operator and our diversified industrial layout, which further consolidated our development in the hotel business.



On 5 February 2021, the All-China Federation of Returned Overseas Chinese (中國橋聯) published the “Decisions of the All-China Federation of Returned Overseas Chinese on Honoring the Advanced Groups and Advanced Individuals for Poverty Alleviation of the All-China Federation of Returned Overseas Chinese” (中國僑聯關於通報表彰全國僑聯系統助力脫貧攻堅先進集體和先進個人的決定). Such recognition aimed at concluding the working experience of the All-China Federation of Returned Overseas Chinese in relation to poverty alleviation and commended those advanced groups and advanced individuals who has made substantial contribution. Radiance Holdings was awarded the honorary title of “Advanced Groups for Poverty Alleviation of the All-China Federation of Returned Overseas Chinese” (全國僑聯系統助力脫貧攻堅先進集體).

On 26 February 2021, the official website of Hang Seng Indexes Company Limited announced a new phase of review results of Hang Seng Composite Index, Radiance Holdings was newly selected into the list of constituent stocks of the Hang Seng Composite Index. This vindicated, barring the unforeseen circumstances, that Radiance Holdings would be successfully included in the new stock list of Stock Connect. Starting from 15 March, investors from the Mainland China who meet the requirements could participate in the investments and transactions of Radiance Holdings directly through their domestic A Share accounts.

On 26 February 2021, the “Donation Ceremony of Medical Project in Fuqing” (福清市醫療專案捐贈儀式) jointly organized by the Fuqing Municipal Committee of the CPC and the People’s Government of Fuqing was successfully concluded. In the donation ceremony, Radiance Holdings officially donated RMB40 million to Fuqing’s medical project, to suggest the development of medical business in Fuqing.

On 1 March 2021, the “Promotion Month of Overseas Chinese Law” (僑法宣傳月) of Shanghai in 2021 with the slogan of “Overseas Chinese Law Goes With MeLove and Protect Overseas Chinese Around You” (僑法伴我行 愛僑護僑在身邊) initiated, and the launching ceremony of “Light up your Dream” campaign was held at Minhang District, Shanghai. Radiance Holdings was the first enterprise to make donation to the project fund of “Light up your Dream (點亮心願)” and made donations of RMB1 million, so as to support the assistance welfare projects of overseas Chinese in Shanghai.

Glossary and Definition

“2021 AGM”	the annual general meeting of the Company to be convened and held on 12 May 2021
“ABS”	asset-backed securities
“Articles”	the amended and restated articles of association of the Company adopted on 29 October 2020
“ASP”	average selling price
“Board”	the board of Directors
“BVI”	the British Virgin Islands
“China” or “PRC”	the People’s Republic of China
“Company” or “our Company” or “Radiance”	Radiance Holdings (Group) Company Limited (金輝控股(集團)有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and, unless the context requires otherwise, collectively refers to Mr. Lam, Ms. Lam, Radiance Group Holdings and Glowing Shine
“Corporate Governance Code”	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Deed of Non-competition”	the deed of non-competition dated 13 October 2020 entered into by the Controlling Shareholders with and in favor of the Company, further information of which is set out in the section headed “Relationship with Controlling Shareholders” in the Prospectus
“Directors”	director(s) of the Company
“GFA”	gross floor area
“Glowing Shine”	Glowing Shine Limited (启辉有限公司), a company incorporated in the BVI with limited liability, which is wholly owned by Radiance Group Holdings, and is one of the Controlling Shareholders
“Group,” “our Group,” “we,” “our” or “us”	the Company and its subsidiaries
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	an individual(s) or company(ies) who or which is/are to the best of our Director’s knowledge, information and belief, having made all reasonable enquiries, is/are not our connected persons as defined under the Listing Rules
“Listing”	the listing of the Shares on the main board of the Stock Exchange on 29 October 2020

Glossary and Definition

“Listing Date”	29 October 2020, the date on which dealings in the Shares on the Stock Exchange first commence
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“Mr. Lam”	Mr. Lam Ting Keung (林定強), an executive Director and one of the Controlling Shareholders
“Ms. Lam”	Ms. Lam Fung Ying (林鳳英), the spouse of Mr. Lam and one of the Controlling Shareholders
“Over-allotment Option”	the option which had been exercised on 25 November 2020 by the Joint Global Coordinators (for themselves on behalf of the International Underwriters) in respect of an aggregate of 45,227,000 Over-allotment Shares, under the International Underwriting Agreement as described in Prospectus
“Prospectus”	the prospectus of the Company dated 16 October 2020 being issued in connection with the Listing
“Radiance Group Holdings”	Radiance Group Holdings Limited (金輝集團控股有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability which is owned as to 64.97% by Mr. Lam and 35.03% by Ms. Lam, and one of the Controlling Shareholders
“Register of Members”	the register of members of the Company
“Relevant Period”	29 October 2020 to 31 December 2020
“Renminbi” or “RMB”	the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) in the capital of the Company with the nominal value of HK\$0.01 each
“Share Option Scheme”	the share option scheme adopted by the Company on 5 October 2020
“Shareholder(s)”	holder(s) of the Shares
“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$,” “USD” or “\$”	U.S. dollars, the lawful currency of the United States

Chairman's Statement

DEAR SHAREHOLDERS,

I am pleased to present to all Shareholders the annual results and business review for the year ended 31 December 2020 as well as the prospects for 2021 of Radiance Holdings (Group) Company Limited ("**Radiance Holdings**" or the "**Company**", together with its subsidiaries, the "**Group**").

ANNUAL RESULTS

For the year ended 31 December 2020, the revenue of the Group amounted to RMB34,875.2 million, representing a year-on-year increase of 34.3% as compared to the corresponding period of last year. Gross profit amounted to RMB7,712.9 million, representing a year-on-year increase of approximately 36.2% as compared to the corresponding period of last year. Net profit amounted to approximately RMB3,819.1 million, representing a year-on-year increase of 42.0% as compared to the corresponding period of last year.

BUSINESS REVIEW

Contracted Sales

For the year ended 31 December 2020, the contracted sales of the Group reached RMB97,200 million with contracted gross floor area sold of approximately 6,920,000 square meters. The contracted average selling price amounted to approximately RMB14,046 per square meter.

Officially Entered the International Capital Market

On 29 October 2020, the Group achieved another important milestone in its development history. The issued shares of Radiance Holdings were successfully listed on The Stock Exchange of Hong Kong Limited. Since then, we entered the international capital market and opened a new chapter of development. Radiance Holdings raised a gross proceed of HK\$2.69 billion from the Listing and became the first real estate development enterprise completed its Listing in the second half of 2020. The final issue price was fixed at HK\$4.3 per share which was close to the maximum price of HK\$4.5 per share. Radiance Holdings was also amongst the limited number of China real estate developers which fixed their issue prices at the higher range in Hong Kong IPO in recent years.

Invest Prudently with Quality Land Bank Supporting Stable Growth

In 2020, the Group secured 35 land parcels and the planned floor area was approximately 4.3 million sq.m., covering 15 strong second-tier key cities which mainly located at the Yangtze River Delta and the Guangdong-Hong Kong-Macau Greater Bay Area. The penetration into core regions also reflected the Group's strategic orientation of regions with high growth rates. As of 31 December 2020, the gross floor area of land bank of Radiance Holdings reached approximately 30.7 million sq.m., of which 94.7% was located at second-tier and core third-tier cities. Such land bank will provide the Group with a firm basis for sustainable growth in the future, so that the Group will possess promising growth potential.

National Presence with Regional Penetration

Against the backdrop of continuous deepening of the regulation on the property market, Radiance Holdings upheld the development strategy of "national presence, regional focus and leading positions in selected cities" and built up its operation around metropolitan circles and clusters. The deployment of six major regions, namely the Bohai Economic Rim, the Yangtze River Delta, Central China, Southern China, Southwest China and Northwest China, was completed. In 2020, the Group continued to penetrate into those first-and second-tier key cities and regional hub cities where the Group possessed established presence. Currently, the Group has established presence in 32 core cities across the country, including first-tier cities, strong second-tier cities and cities surrounding first-tier cities, such as Beijing, Shanghai, Tianjin, Chongqing, Fuzhou, Hangzhou, Nanjing, Wuhan, Xi'an, Suzhou and Shijiazhuang, etc. With the balanced national presence, Radiance Holdings was able to hedge the short-term fluctuation in regional markets to keep our performance stable. Also, the strategy of focusing on selected regions allowed Radiance Holdings to improve the quality of regional management and operation for the sake of enhancing its competitiveness in the regional market.

Chairman's Statement

Optimization of Financial Structure and Upgrade of Credit Rating

Since the third quarter of 2020, due to the tightening regulatory environment of real estate industry, various financial management authorities strengthened the supervision of financing exercises of property projects, so as to reduce the reliance of enterprises on financial leverage and prevent financial risks. Onshore and offshore financing channels for properties were tightening to different extents, and the sector was facing a generally challenging financing environment. By optimizing the financial structure continuously, the Group managed to realize the full compliance of “Three Red Lines” at the end of 2020.

Under the regulatory requirements, the Group insisted on strengthening financial security and maintaining sufficient liquidity. Boasting the stable financial management and optimized financial structure, the Group was highly recognised by credit rating institutions. S&P Global Ratings upgraded the long-term issuer credit rating of Radiance Holdings to “B+”. Moody's Investors Service Limited granted a “B1” rating to Radiance Holdings for the first time with a stable outlook. Given the outstanding corporate reputation and stable corporate development of the Group, it has also made further efforts to develop overseas financing channels, and issued senior unsecured notes of US\$300 million and US\$250 million, respectively, in January 2020 and June 2020.

Upgrade Organization and Management System to Provide a Firm Basis of Development

In face of the increasingly complicated market environment and intensifying industry competition, Radiance Holdings regarded efficiency enhancement as the key goal of organizational advancement and upgrade. Under the three-tier management and control system of “group – region – city”, the Group continued to promote the optimization of organizational structure, the operation in lower-tier cities in an orderly way and the development of autonomy, so as to unleash organizational potential, achieve organizational strategic focus and enhance efficiency. As a result, the Group continued to be awarded the “Chinese Real Estate Best Employer” issued by the China Real Estate Association in 2020.

Driven by both Products and Services and Highly Recognized by the Industry

Radiance Holdings ranked the 36th in the 2020 Overall Strength List of Property Developers (2020房企綜合實力榜單) published by the China Real Estate Association. We also received numerous honours in the first half of the year, including the Top 10 China Real Estate Developers in Comprehensive Development (中國房地產開發企業綜合發展TOP10), Top 50 of China's Commercial Real Estate Enterprise (中國商業地產TOP50), Comprehensive Strength Enterprise with Steady Development (穩健發展綜合實力企業), Blue Chip Real Estate Developer (藍籌地產企業) and Enterprise with Best Investment Value (最具投資價值企業).

While our performance maintained stable and quality growth, the product capability of Radiance Holdings also improved continuously. We were widely acclaimed by the industry in respect of planning and design, garden landscape, interior design as well as research and development for standards, etc, and received more than 50 domestic and international design awards, such as “Grand Prix du Design Paris” (法國雙面神國際設計大獎) and the “15th Golden Project Award – Annual Innovative Enterprise” (第十五屆金盤獎年度創新企業). Upholding the core value of “customers come first”, Radiance continuously launched a wide range of activities, such as Neighbour Festival (睦鄰節) and Online Video Clippings Challenge (線上短視頻挑戰賽), in 2020. Through the “Community Renewal” campaign and the building of “smart communities”, the serviceability of Radiance Holdings was enhanced continuously, thus building a community with emotional recognition for property owners and enhancing the brand recognition and reputation of Radiance Holdings.

Adhere to Original Commitments and Willing to Take Responsibilities

In 2020, Radiance Holdings spared no effort to participate in a number of charity events, including the battle against the pandemic, the promotion of teaching and learning activities, poverty alleviation campaigns and activities for culture inheritance, so as to relentlessly facilitate the sustainable development of charity activities. In the early stage of the pandemic outbreak, Radiance Holdings donated RMB10 million through the “Radiance Charity Fund” (金輝愛心基金) under the Overseas Chinese Charity Foundation of China (中國華僑公益基金會). Thereafter, Radiance Holdings also donated RMB0.5 million and RMB0.2 million through the China Industrial Trust (興業信託) and Shanghai Trust (上海信託) for the battle against the pandemic.

Chairman's Statement

2020 was a determining year for the battle against poverty and the construction of a well-off society, and it was also a year for Radiance Holdings to achieve substantial results in our efforts on poverty alleviation. The Group kept identifying new ways of poverty alleviation. We donated RMB18.75 million to Fuqing City, Fujian Province for improving hospital environment and RMB1 million to Liaoning Federation of Returned Overseas Chinese (遼寧省僑聯) for poverty alleviation, provision of grants and helping overseas Chinese and improving the living standard of the poverty.

In addition, Radiance Holdings donated HK\$3 million to the charity foundation of the Hong Kong Stock Exchange during the year for the contribution to the long-term sustainability of Hong Kong.

Walking with our initial commitments and compassion and committing to both responsibility and bravery, Radiance Holdings will continue to integrate our charitable mind with our corporate culture, so as to take the lead to give back to the community and create higher social value.

PROSPECTS FOR 2021

Looking ahead to 2021, given the unchanged keynote of control measures on the property sector and coupled with the "Three Red Lines" on financing of real estate enterprises and the tightening margin of market liquidity, the probability of investment growth in the real estate sector will face new challenges. However, along with the further recovery of economy and the strengthening support from the restoration of completed project, the annual sales of real estate enterprises will most likely maintain a steady growth.

In 2021, the Group will continue to adhere to our corporate mission of "build properties with craftsmanship and make better homes (用心建好房，讓家更美好)" and always devote to quality development and capitalize on the macro trend. We will put emphasis on the establishment of core competitiveness and continue to innovate and enhance our product capability. Also, we will continue to optimize and iterate the entire life cycle of our product mix, so as to improve the quality of our products and services, thus enlarging our market share.

In respect of financial management, the Group will continue to comply with the regulatory requirements and focus on the efficiency and effectiveness of capital utilization. Our management is "cash flows and profits" oriented, and we insist on strengthening our financial security and maintaining sufficient liquidity, so as to further innovate the financing models and broaden our financing channels. All these aim at improving our credit rating and further lowering our finance costs on an on-going basis.

In respect of capital markets, the Company was selected by Hang Seng Indexes Company Limited on 26 February 2021 for inclusion in the Hang Seng Composite Index constituents. Since its Listing, Radiance Holdings has maintained a stable stock price with active trading activities.

Radiance Holdings grows along with the development of cities and closely observes the prevailing development trend and city development dynamics, aiming at making our city and life better. Amid continuous innovation and implementation, we will use construction as a medium to listen to the stories of our city in order to provide quality products and grow together with our city.

APPRECIATION

On behalf of the Board, I would like to express the most sincere appreciation to all shareholders, investors, business partners and customers for their supports to, and trust in, the Company, and all members of the management team and all employees for their dedication and hard work in the preceding year. In 2021, we will continue to uphold the corporate mission of "build properties with craftsmanship and make better homes (用心建好房，讓家更美好)" to achieve quality and sustainable development. We will stick to our original commitment and move forward with perseverance for the purpose of creating higher value for the Shareholders and investors.

Lam Ting Keung

Chairman

Hong Kong, 19 March 2021

Performance Highlights

	As of 31 December		Change in percentage
	2020	2019	
Highlights of financial information			
Recognised revenue (RMB'000)	34,875,174	25,963,108	+34.3%
Gross profit (RMB'000)	7,712,908	5,662,220	+36.2%
Net profit (RMB'000)	3,819,073	2,689,988	+42.0%
Gross profit margin (%)	22.1%	21.8%	
Net profit margin (%)	10.9%	10.4%	
Earnings per Share (basic and diluted) (RMB cents)	89	74	
Total assets (RMB'000)	185,661,488	149,344,563	+24.3%
Cash and bank balances (RMB'000)	26,590,952	13,399,755	+98.4%
Total indebtedness (RMB'000) ⁽¹⁾	53,773,992	49,071,065	+9.6%
Net indebtedness (RMB'000) ⁽²⁾	27,183,040	35,671,310	-23.8%
Equity attributable to owners of the parent company (RMB'000)	21,562,411	16,830,242	+28.1%
Current ratio (times) ⁽³⁾	1.4	1.4	
Weighted average cost of indebtedness (%) ⁽⁴⁾	7.47%	7.76%	
Net gearing ratio (%) ⁽⁵⁾	75.3%	166.9%	
Cash to current borrowings ratio ⁽⁶⁾	1.4	0.7	
Liability asset ratio after excluding receipts in advance (%) ⁽⁷⁾	69.0%	76.9%	

Notes:

- Total indebtedness represents total interest-bearing bank and other borrowings, proceeds from asset-backed securities, corporate banks and senior notes.
- Net indebtedness is calculated by total borrowings (including current and long-term interest-bearing bank and other borrowings, current and long-term proceeds from asset-backed securities, current and long-term senior notes as well as current and long-term corporate bonds) minus cash and bank balances (including restricted cash, pledged deposits as well as cash and cash equivalents).
- Current ratio is calculated based on our total current assets divided by our total current liabilities as of the respective dates.
- Weighted average cost of indebtedness represents the weighted average of interest costs of all outstanding indebtedness.
- Net gearing ratio is calculated by dividing total borrowings (including current and long-term interest-bearing bank and other borrowings, current and long-term proceeds from asset-backed securities, current and long-term senior notes as well as current and long-term corporate bonds) minus cash and bank balances (including restricted cash, pledged deposits as well as cash and cash equivalents) by total equity.
- Cash to current borrowings ratio is calculated by dividing cash and bank balances (including restricted cash, pledged deposits as well as cash and cash equivalents) by current borrowings (including current interest-bearing bank and other borrowings, current proceeds from asset-backed securities, current senior notes and current corporate bonds).
- Liability asset ratio after excluding receipts in advance is calculated by dividing total liabilities minus contract liabilities by total assets minus contract liabilities.

Management Discussion and Analysis

CONTRACTED SALES

For the year ended 31 December 2020, the Group realised contracted sales of approximately RMB97.20 billion with contracted gross floor area sold of approximately 6,920,000 square meters. The contracted average selling price amounted to approximately RMB14,046 per square meter. It was mainly attributable to the Group's strategy of focusing on regional development, expansion of land bank and more diversified source of contracted sales.

2020 Contracted Sales Summary:

Region/City	Contracted Sales Amount (RMB'000)	Contracted GFA (sq.m)	Contracted ASP (RMB/sq.m)
Xi'an	13,995,047	1,011,206	13,840
Fuzhou	11,761,739	464,292	25,333
Chongqing	6,964,220	556,205	12,521
Hangzhou	6,931,950	337,634	20,531
Ningbo	6,434,815	304,026	21,165
Suzhou	6,387,057	313,524	20,372
Lianyungang	6,128,240	640,533	9,567
Hefei	4,160,397	338,874	12,277
Tianjin	4,109,162	295,898	13,887
Fuqing	3,908,150	234,132	16,692
Shijiazhuang	3,248,228	261,937	12,401
Huai'an	2,840,980	376,207	7,552
Changsha	2,701,762	337,069	8,015
Foshan	2,639,292	157,448	16,763
Wuhan	1,962,573	174,304	11,259
Huizhou	1,876,777	182,981	10,257
Yangzhou	1,835,544	158,742	11,563
Shanghai	1,634,001	29,624	55,158
Zhengzhou	1,493,948	119,505	12,501
Nanjing	1,180,270	72,460	16,289
Chengdu	1,093,382	131,257	8,330
Shenyang	1,022,340	64,423	15,869
Langfang	755,671	66,693	11,331
Yancheng	659,182	85,934	7,671
Zhenjiang	600,659	76,988	7,802
Xuzhou	467,400	70,072	6,670
Jingzhou	408,049	58,401	6,987
Total	97,200,835	6,920,369	14,046

Management Discussion and Analysis

Note:

Contract sales includes the contract sales of the subsidiaries, joint ventures and associates of the Group. Contracted sales data is unaudited and is prepared based on internal information of our Group. In view of various uncertainties during the collection of such sales information, such contracted sales data is provided for investors' reference only.

Property development and sales

We focus on suitable locations in selected cities in Yangtze River Delta, the Bohai Economic Rim, Southern China, Central China, Southwestern China and Northwestern China. The table below sets forth our revenue generated from each region, total GFA delivered in each region and the respective recognised ASP per sq.m. for each region for the periods indicated:

	Year ended 31 December							
	2020			2019				
	Revenue		GFA	Recognised	Revenue		GFA	Recognised
RMB'000	%	Delivered	ASP	RMB'000	%	Delivered	ASP	
		sq.m	RMB/sq.m			sq.m	RMB/sq.m	
Southern China	7,920,169	23.1	616,727	12,842	4,174,356	16.7	201,822	20,683
Central China	4,685,646	13.6	431,463	10,860	266,581	1.1	16,417	16,238
Bohai Economic Rim	6,764,200	19.7	663,873	10,189	6,498,793	26.0	739,740	8,785
Northwestern China	4,443,941	12.9	309,124	14,376	2,663,590	10.6	237,012	11,238
Southwestern China	5,714,949	16.6	359,410	15,901	4,068,529	16.2	298,197	13,644
Yangtze River Delta	4,851,619	14.1	175,948	27,574	7,365,630	29.4	287,429	25,626
Total	34,380,524	100.0	2,556,545	13,448	25,037,479	100.0	1,780,617	14,061

Investment Properties

As at 31 December 2020, the Group had 24 investment properties with a total GFA of approximately 727,200 sq.m, and one investment property held for future development with a total GFA of 69,530 sq.m. The average occupancy rate of our investment properties was 90%.

Projects under Construction

As of 31 December 2020, the total planned GFA of the Group's projects under construction was 17,988,604 sq.m, represented an increase of approximately 2.4% compared to the total planned GFA of 17,561,548 sq.m in 2019.

Land Bank

In 2020, the Group acquired a total of 35 new land projects. The planned GFA was approximately 4,301,175 sq.m and the planned GFA which the Group had effective equity interests was approximately 3,575,972 sq.m. The total contracted land premium which the Group had effective equity interests was approximately RMB18,329.0 million. Average land acquisition cost was approximately RMB5,126 per sq.m.

As of 31 December 2020, the gross floor area and total GFA attributable to the Group's land bank were approximately 30,727,368 sq.m. and 24,047,993 sq.m. respectively.

Management Discussion and Analysis

The table below sets forth the breakdown of the total land bank of the subsidiaries, joint ventures and associate companies of the Group as at 31 December 2020:

Region	Project	Main Planned Usage of Projects	Actual/ Estimated Completion Year	Site Area (sq.m)	Land Bank Area (sq.m)	Attributable Interests Held by the Group (%)
Properties developed by the Group and its subsidiaries						
Southwest						
Chongqing	Tianchen Elite's Mansion	Residential/commercial	2022	52,683	108,999	49.0%
Chongqing	Jiangshan Elite's Mansion	Residential/commercial	2021	69,489	305,529	57.6%
Chongqing	Zhongyang King's Garden	Residential/commercial	2019-2022	157,925	358,316	96.0%
Chongqing	Yujiang House	Residential/commercial	2020	77,342	104,089	96.0%
Chongqing	Boshe	Residential/commercial	2020	52,086	32,879	96.0%
Chongqing	Changjiang King's Garden	Residential/commercial	2020	59,031	96,563	96.0%
Chongqing	Jinhui City Phase IV	Residential/commercial	2018	135,452	77,284	96.0%
Chongqing	Jinhui City Phase V	Office building/commercial	2023	9,932	71,235	96.0%
Chongqing	Binjiang Complex	Commercial	2022	12,738	18,522	96.0%
Chongqing	Jinhui Plaza	Commercial	2015	28,229	123,801	96.0%
Chongqing	Jinhui Elite's Mansion	Residential	2022	25,896	77,546	96.0%
Chongqing	Caihu Yunjing	Residential	2023	44,496	130,768	96.0%
Chongqing	Hushan Elite's Mansion Phase I	Residential/commercial	2022	105,693	354,780	48.0%
Chongqing	Hushan Elite's Mansion Phase II	Residential/commercial	2024	67,358	150,713	48.0%
Chengdu	Jinhui New Block Garden	Residential/commercial	2021	41,112	121,758	96.0%
Chengdu	Fengqi Yunjing	Residential	2022	46,094	117,872	96.0%
Subtotal of southwest region					2,250,654	
Subtotal of interests in southwest region					1,749,395	
Central China						
Wuhan	Jinhui City	Residential/commercial	2026	188,736	694,117	96.0%
Wuhan	Jiangyue Elite's Mansion	Residential/commercial	2023	128,280	650,796	38.4%
Wuhan	Jiangshan Elite's Mansion	Residential/commercial	2025	151,926	965,566	62.4%
Wuhan	New Block Lakeside	Residential/commercial	2020	69,985	147,617	96.0%
Changsha	Hongtao Jade Bay Phase I	Residential	2018	22,771	4,625	96.0%
Changsha	Hongtao Jade Bay Phase II	Residential/commercial	2022	37,374	123,932	96.0%
Changsha	Xingyu Academy	Residential/commercial	2023	105,625	405,892	96.0%
Changsha	Xingyue Yundi	Residential/commercial	2023	115,142	359,708	96.0%
Changsha	Jinhui Weichu Garden	Residential/commercial	2021	60,331	122,225	96.0%
Jingzhou	Chuyue Elite's Mansion	Residential/commercial	2022	51,187	230,207	96.0%
Hefei	Land parcel 06, Hefei New Station	Residential/commercial	2023	61,928	165,937	96.0%
Hefei	New Block Academy	Residential/commercial	2021	100,289	271,047	67.2%
Hefei	Cloudworld Garden	Residential	2020	16,262	50,254	96.0%
Hefei	Xin'an Garden	Residential/commercial	2021	34,505	91,410	96.0%
Hefei	Xin'an Yayuan	Residential/commercial	2023	64,532	177,111	96.0%
Hefei	Xizi Garden	Residential	2020	104,760	53,829	22.1%
Subtotal of Central China region					4,514,273	
Subtotal of interests in Central China region					3,516,561	

Management Discussion and Analysis

Region	Project	Main Planned Usage of Projects	Actual/ Estimated Completion Year	Site Area (sq.m)	Land Bank Area (sq.m)	Attributable Interests Held by the Group (%)
Bohai Economic Rim						
Beijing	Chaoyang Port No.1 Block	Office building	2020	73,891	174,907	96.0%
Beijing	Radiance Plaza	Office building/commercial	2016	11,423	106,212	96.0%
Tianjin	Xueshi Garden	Residential/commercial	2022	80,124	198,622	96.0%
Tianjin	Yunqi Garden	Residential/commercial	2023	40,442	98,572	96.0%
Tianjin	Yunhui Garden	Residential/commercial	2022	36,586	91,460	96.0%
Tianjin	Yunque Garden	Residential/commercial	2022	42,078	95,408	96.0%
Tianjin	Hu'an Garden	Residential/commercial	2021	98,930	201,669	96.0%
Tianjin	Yuncui Garden	Residential/commercial	2021	25,236	66,671	96.0%
Langfang	New Block Riverside Garden	Residential/commercial	2024	167,549	455,718	96.0%
Shijiazhuang	New Block Star	Residential/commercial	2022	39,389	103,534	96.0%
Shijiazhuang	Jinhui Elite's Mansion	Residential/commercial	2020	65,052	50,748	52.8%
Shijiazhuang	New Block (Pinyuan)	Residential	2020	48,378	10,256	32.6%
Shijiazhuang	West District of New Block Shangfu	Residential/commercial	2022	52,543	135,081	96.0%
Shijiazhuang	East District of New Block Shangfu	Residential	2023	35,286	88,456	96.0%
Shijiazhuang	Kaiyuan House	Residential/commercial	2021	54,619	101,302	96.0%
Shijiazhuang	New Block Yayuan	Residential/commercial	2022	45,729	156,869	76.8%
Shenyang	Jiangshan Elite's Mansion	Residential/commercial	2020	127,325	66,961	96.0%
Huai'an	Jinhui City Phase III	Residential/commercial	2022	108,819	352,858	97.4%
Huai'an	Jinhui City Square	Residential/commercial/office building	2024	93,398	361,372	57.6%
Huai'an	Jinhui City Phase II	Residential/commercial	2020	86,833	22,742	96.0%
Huai'an	Jinhui Swan Bay Phase I	Residential/commercial	2016	66,440	6,642	96.0%
Huai'an	Jinhui Swan Bay Phase II	Residential/commercial	2020	63,426	16,943	96.0%
Huai'an	Jinhui Four Seasons Community Phase II	Residential/commercial	2021	72,902	119,882	96.0%
Huai'an	Jinhui Four Seasons Community Phase I	Residential/commercial	2021	70,750	69,938	96.0%
Huai'an	New Block Garden	Residential/commercial	2023	28,600	112,173	96.0%
Huai'an	New Block Dongjun	Residential/commercial	2024	56,712	147,005	96.0%
Huai'an	New Block Academy	Residential/commercial	2023	29,312	114,644	96.0%
Lianyungang	Jinhui Four Seasons	Residential/commercial	2019	223,045	106,444	96.0%
Lianyungang	Jinhui Four Seasons Guanlan	Residential	2021	49,756	140,306	96.0%
Lianyungang	Yunting Riverside	Residential	2023	97,508	167,153	96.0%
Yancheng	Jinhui City Block D	Residential/commercial	2020-2023	76,441	119,350	96.0%
Yancheng	Jinhui New Block Garden	Residential/commercial	2022	31,180	91,843	96.0%
Yancheng	Jinhui Tongyin Yunshang	Residential/commercial	2023	46,650	131,172	52.8%
Xuzhou	Xinbu Lanting	Residential/commercial	2023	55,982	174,621	96.0%
Xuzhou	New Block Riverside	Residential/commercial	2021	50,212	102,493	96.0%
Subtotal of Bohai Economic Rim region					4,560,027	
Subtotal of interests in Bohai Economic Rim region					4,128,700	

Management Discussion and Analysis

Region	Project	Main Planned Usage of Projects	Actual/ Estimated Completion Year	Site Area (sq.m)	Land Bank Area (sq.m)	Attributable Interests Held by the Group (%)
Northwest						
Xi'an	Jinghe Town	Residential/commercial	2028	697,823	2,538,640	96.0%
Xi'an	Academy Mansion	Residential/commercial	2021	46,649	116,239	96.0%
Xi'an	New Block Avenue	Residential/commercial	2023	189,256	812,326	96.0%
Xi'an	Jinhui World City Upper East Side Phase I	Residential/commercial	2018	43,653	23,483	96.0%
Xi'an	Jinhui World City Upper East Side Phase II	Residential/commercial	2020	22,884	216	96.0%
Xi'an	Gaoxin Elite's Mansion	Residential/commercial	2022	37,326	195,120	96.0%
Xi'an	Jinhui Chang'an Elite's Mansion	Residential/commercial	2023	53,859	219,831	96.0%
Xi'an	Jinhui New Block Garden	Residential/commercial	2020	39,412	2,502	96.0%
Xi'an	Jinhui East King's Garden	Residential/commercial/hotel	2022	127,015	471,918	96.0%
Xi'an	Jinhui World City Phase A1-2	Residential/commercial	2016	60,300	28,273	96.0%
Xi'an	Jinhui World City Phase A3	Residential/commercial	2019	40,774	37,293	96.0%
Xi'an	Jinhui World City Phase B1-2	Residential/commercial	2016	82,410	23,654	96.0%
Xi'an	Jinhui World City Phase B3	Residential/commercial	2020	26,000	117,070	96.0%
Xi'an	Jinhui World City Phase C1	Residential/commercial	2019	48,700	9,109	96.0%
Xi'an	Jinhui World City Phase C2	Residential/commercial	2020	38,780	193,366	96.0%
Xi'an	Jinhui World City Block D	Residential/commercial	2021	126,133	290,457	96.0%
Xi'an	Jinhui World City Block G	Residential/commercial	2020	28,399	53,758	96.0%
Xi'an	Jinhui Global Plaza Phase I	Office building/commercial	2017	14,402	64,855	96.0%
Xi'an	Jinhui Global Plaza Phase II	Office building/commercial	2020	32,247	125,722	96.0%
Xi'an	Jinhui World City Block I/J	Residential/commercial	2028	115,320	797,930	96.0%
Xi'an	Jinhui Building (International Plaza)	Office building/commercial	2015	15,908	48,685	96.0%
Xi'an	Chuangzhi Building	Office building/commercial	2019	6,035	20,497	96.0%
Xi'an	Xi'an Jinhui Tianyu Baoli Square	Commercial	2023	35,237	292,960	96.0%
Xi'an	Xi'an Jinhui Tianyu Fengxi Elite's Mansion	Residential/commercial	2023	38,775	179,442	96.0%
Zhengzhou	Jinhui New Block Garden	Residential	2023	48,549	167,249	49.0%
Subtotal of northwest region					6,830,595	
Subtotal of interests in northwest region					6,478,697	

Management Discussion and Analysis

Region	Project	Main Planned Usage of Projects	Actual/ Estimated Completion Year	Site Area (sq.m)	Land Bank Area (sq.m)	Attributable Interests Held by the Group (%)
Southern China						
Quanzhou	Shishi Jinhui City Phase I	Residential/commercial	2022	38,866	176,617	81.6%
Quanzhou	Shishi Jinhui City Phase II	Residential/commercial	2025	183,643	802,013	81.6%
Quanzhou	Jinhui New Block Academy	Residential/commercial	2023	30,865	96,467	49.0%
Fuzhou	Jinhui New Block Garden	Residential/commercial	2021	19,891	71,505	96.0%
Fuzhou	Jinhui Lanlinxuan	Residential/commercial	2021	63,518	234,216	96.0%
Fuzhou	Huai'an Phase I	Residential/commercial	2014	266,962	4,763	57.6%
Fuzhou	Huai'an Phase II	Residential/commercial	2020	357,309	200,913	57.6%
Fuzhou	Huai'an Phase III	Residential	2021	360,992	93,533	57.6%
Fuzhou	Huai'an Phase V	Residential	2016	56,873	15,609	57.6%
Fuzhou	Radiance Plaza	Commercial	1999	1,141	16,760	96.0%
Fuqing	New Block Avenue	Residential/commercial	2022	43,071	187,159	96.0%
Fuqing	Jiangshan Elite's Mansion	Residential/commercial	2021	49,504	12,890	37.4%
Fuqing	Guanlan Elite's Mansion	Residential/commercial	2020	49,440	13,761	96.0%
Fuqing	New Block Academy	Residential/commercial	2020	53,168	18,433	34.6%
Fuqing	New Block Garden	Residential/commercial	2022	45,138	173,965	49.0%
Fuqing	East Elite's Mansion	Residential	2022	16,330	54,305	49.0%
Fuqing	Zhongyang King's Garden	Residential/commercial	2022	65,225	240,315	67.2%
Foshan	New Block Avenue	Residential/commercial	2021	43,523	83,777	96.0%
Foshan	Lingnan Elite's Mansion	Residential/commercial	2021	17,165	98,943	96.0%
Foshan	New Block Academy	Residential	2020	23,275	19,457	48.0%
Foshan	Yunjing Garden	Residential/commercial	2024	44,207	168,247	96.0%
Foshan	Yunzhu Garden	Residential/commercial	2023	66,439	239,415	96.0%
Huizhou	Dongdi Huayuan	Residential/commercial	2020	19,231	18,986	96.0%
Huizhou	Jinhui Elegant Pavilion	Residential/commercial	2021-2022	49,915	161,060	96.0%
Huizhou	New Block Mansion	Residential/commercial	2022	12,415	41,812	96.0%
Huizhou	Gaoling Phase II	Residential/commercial	2023	67,841	325,596	57.6%
Huizhou	Land parcel at Kaoling Township, Qiuchang Street, Huiyang District	Residential/commercial	2023	39,344	173,414	96.0%
Huizhou	Land parcel at Jiangjun Road, Qiuchang Street, Huiyang District	Residential/commercial	2023	43,506	148,924	96.0%
Subtotal of Southern China region					3,892,855	
Subtotal of interests in Southern China region					3,100,119	

Management Discussion and Analysis

Region	Project	Main Planned Usage of Projects	Actual/ Estimated Completion Year	Site Area (sq.m)	Land Bank Area (sq.m)	Attributable Interests Held by the Group (%)
Yangtze River Delta						
Zhenjiang	Jinhui Four Seasons Guanlan	Residential/commercial/hotel	2024	37,422	149,638	96.0%
Zhenjiang	New Block Xinyuan	Residential	2024	76,715	226,857	96.0%
Zhenjiang	Yundu Shangyuan	Residential	2022	50,041	162,947	96.0%
Yangzhou	New Block Avenue	Residential/commercial	2023	128,052	326,811	96.0%
Yangzhou	Eden Garden	Residential/commercial	2021	52,581	127,309	32.0%
Yangzhou	Qihu Cloud Atrium	Residential/commercial	2023	93,813	207,657	64.3%
Yangzhou	Parcel 2020G11, Binjiang, Jiangdu District	Residential/commercial	2022	43,528	95,606	96.0%
Hangzhou	Jiushang Elite's Mansion	Residential	2020	64,505	43,934	96.0%
Hangzhou	Ziya Elite's Mansion	Residential	2020	11,349	32,948	96.0%
Shaoxing	New Block Guanlan Garden	Residential/commercial	2022	70,150	206,910	96.0%
Shaoxing	Shaoxing Mirror Lake	Residential/commercial	2022	48,883	154,388	96.0%
Shaoxing	Peninsula Elite's Mansion	Residential	2022	57,812	123,164	67.2%
Shaoxing	Jingyue Elite's Mansion	Residential	2023	63,210	173,918	96.0%
Suzhou	Sea Breeze Garden	Residential/commercial	2020	18,866	44,994	96.0%
Suzhou	New Block Four Seasons Garden Phase I	Residential	2021	25,934	53,188	96.0%
Suzhou	New Block Four Seasons Garden Phase II	Residential	2022	28,102	58,755	96.0%
Suzhou	Qianwan Commercial Center	Commercial	2019	39,428	50,819	96.0%
Suzhou	Runyuan Mansion Yayuan	Residential	2021	43,611	103,605	96.0%
Suzhou	New Block Jiang Lai	Residential/commercial	2023	85,305	214,216	96.0%
Suzhou	Taicang Block No.17	Commercial	2022	35,504	72,999	96.0%
Suzhou	Riverside Yunjing Garden	Residential/commercial	2022	41,941	98,488	67.2%
Nantong	Parcel R2020-26, West Side of Jinfu Road	Residential	2023	38,049	96,792	96.0%
Wuxi	Xidong King's Garden	Residential	2023	128,379	329,018	49.0%
Shanghai	Jinhui Tiancui Garden	Residential	2019	32,142	12,211	96.0%
Shanghai	Jingang Commercial Plaza	Commercial	2017	31,438	46,484	96.0%
Ningbo	Huiyi Yunting	Residential/commercial	2022	26,477	71,472	57.6%
Ningbo	Jiangyue Waterflow	Residential/commercial	2022	122,292	212,950	57.6%
Subtotal of Yangtze River Delta region					3,498,078	
Subtotal of interests in Yangtze River Delta region					2,883,063	
Subtotal of land bank developed by the Group and its subsidiaries					25,546,482	
Subtotal of interests in the land bank developed by the Group and its subsidiaries					21,856,536	
Properties developed by the Group's joint ventures and associates						
Southwest						
Chongqing	Luming House	Residential/commercial	2021	157,427	295,314	32.6%
Chongqing	Jinke Jinhui Meiyuan	Residential/commercial	2018-2021	177,239	86,954	47.0%
Chongqing	Jinke Jinhui Bocui Mountain	Residential/commercial	2018-2021	188,419	159,573	47.0%
Chongqing	Liyue Jiangshan	Residential/commercial	2019-2021	61,919	96,317	19.2%
Chengdu	Midea Jinhui Town	Residential	2022	41,940	87,419	48.0%
Chengdu	Peninsula Elite's Mansion Community Phase I	Residential/commercial	2019	39,038	30,437	48.0%
Chengdu	Peninsula Elite's Mansion Community Phase II	Residential/commercial	2019	71,472	113,059	48.0%
Subtotal of southwest region					869,073	
Subtotal of interests in southwest region					341,689	

Management Discussion and Analysis

Region	Project	Main Planned Usage of Projects	Actual/ Estimated Completion Year	Site Area (sq.m)	Land Bank Area (sq.m)	Attributable Interests Held by the Group (%)
Central China						
Hefei	Duhui City	Residential/commercial	2022	109,852	218,033	24.0%
Subtotal of Central China region					218,033	
Subtotal of interests in Central China region					52,328	
Bohai Economic Rim						
Tianjin	Yonghe Yayuan	Residential	2022	45,437	90,126	38.4%
Tianjin	Yunzhu Garden	Residential/commercial	2021	62,024	107,526	57.6%
Shijiazhuang	Jinke Tianyu Community	Residential	2026	56,946	161,604	33.6%
Shijiazhuang	Jinke Bocui Garden	Residential	2019	37,004	22,945	24.0%
Shenyang	Jimei Wanxiang	Residential/commercial	2020	78,517	46,745	31.7%
Lianyungang	New Block Academy	Residential	2020	51,452	143,174	49.0%
Lianyungang	High Tech Cloud	Residential	2023	79,720	220,118	48.0%
Subtotal of Bohai Economic Rim region					792,238	
Subtotal of interests in Bohai Economic Rim region					346,913	
Northwest						
Xi'an	Jinhui Mansion	Residential/commercial	2017	64,269	30,254	96.0%
Zhengzhou	Binhe Elite's Mansion	Residential/commercial	2024	88,578	292,028	49.0%
Subtotal of Northwest region					322,282	
Subtotal of interests in Northwest region					172,020	
Southern China						
Fuzhou	Lexin Garden	Residential/commercial	2022	125,737	317,109	31.7%
Fuzhou	Yuzhou Jinhui Zhongyang Garden	Residential/commercial/office building	2020	45,134	86,029	32.6%
Fuzhou	Jinhui Longyue Garden District 1	Residential	2022	86,558	317,908	57.6%
Fuzhou	Jinhui Longyue Garden District 2	Residential/commercial	2019	19,163	17,855	57.6%
Fuqing	Bright Binjiang	Residential/commercial	2021	99,992	370,949	47.0%
Fuqing	Bright Tianjing	Residential/commercial	2020	26,133	111,366	47.0%
Fuqing	Bright Tianyue	Residential/commercial	2021	36,757	158,131	15.0%
Fuqing	City Plaza	Residential/commercial	2021	75,854	39,452	48.0%
Fuqing	Boyue Mansion	Residential/commercial	2020	41,675	27,394	32.0%
Foshan	Elite's Mansion Mingyuan	Residential/commercial	2021	39,844	146,393	49.0%
Foshan	Nut Mansion	Residential/commercial	2019	7,804	1,531	32.6%
Huizhou	Baoliyue Mansion	Residential/commercial	2020	27,990	105,432	32.0%
Subtotal of Southern China region					1,699,549	
Subtotal of interests in Southern China region					706,222	

Management Discussion and Analysis

Region	Project	Main Planned Usage of Projects	Actual/ Estimated Completion Year	Site Area (sq.m)	Land Bank Area (sq.m)	Attributable Interests Held by the Group (%)
Yangtze River Delta						
Nanjing	Time Mansion	Residential/commercial	2022	131,964	333,764	47.0%
Nanjing	Mansion Yayuan	Residential/commercial	2019	28,257	3,296	57.6%
Yangzhou	Tang Yuan	Residential/commercial	2020	72,660	20,684	48.0%
Hangzhou	Zizhangtai Apartment	Residential	2020	68,263	213,914	49.0%
Hangzhou	Huiyi Elite's Mansion	Residential	2020	59,668	48,533	47.0%
Suzhou	Lanxi Bay Yuyuan	Residential	2019	66,738	28,551	30.7%
Suzhou	Shanghu King's Garden	Residential	2019	46,004	27,649	31.7%
Suzhou	Sea Time Garden	Residential	2020	69,206	73,799	15.4%
Suzhou	Huaman Seasons Garden	Residential	2020	32,044	8,324	49.0%
Suzhou	Jiangnan Elite's Mansion Garden Phase I	Residential	2020	24,583	36,382	47.0%
Suzhou	Jiangnan Elite's Mansion Garden Phase II	Residential	2021	30,760	94,636	47.0%
Suzhou	Jiangnan Elite's Mansion Garden Phase III	Commercial/office building	2022	7,239	53,459	47.0%
Suzhou	Runyuan King's Garden	Residential	2019	80,669	43,022	49.0%
Suzhou	Lake Yue Lanting	Residential	2019	59,235	9,707	15.7%
Ningbo	Jinhui & Powerlong Plaza	Residential/commercial	2022	86,528	283,991	47.0%
Subtotal of Yangtze River Delta region					1,279,711	
Subtotal of interests in Yangtze River Delta region					572,286	
Subtotal of land bank developed by the Group's joint ventures and associates					5,180,886	
Subtotal of interests in the land bank developed by the Group's joint ventures and associates					2,191,457	
Total					30,727,368	
Total interests					24,047,993	

Note:

The GFA of the Group's land bank include (i) GFA available for sale and total rentable GFA of completed projects, (ii) total GFA for properties under development; and (iii) total GFA for properties held for future development. In respect of the non-wholly owned projects, the GFA will be adjusted according to the equity interests of the Group in relevant projects.

Land Acquisition in 2020

In 2020, the Group acquired a total of 35 new land projects. The planned GFA was approximately 4,301,175 sq.m and the planned GFA which the Group had effective equity interests was approximately 3,575,972 sq.m. The total contracted land premium which the Group had effective equity interests was approximately RMB18,329.0 million. Average land acquisition cost was approximately RMB5,126 per sq.m.

Management Discussion and Analysis

Set out below are the details of the most recent acquisitions of land parcels by the Group for the year ended 31 December 2020:

City	Project	Attributable Interests Held by the Group (%)	Total Land Premium (RMB'000)	Attributable Land Premium (RMB'000)	Total Site Area (sq.m)	Estimated Planned GFA Excluding Floor and Parking Lots (sq.m)	Attributable Planned GFA Excluding Floor and Parking Lots (sq.m)
Shaoxing	Parcel A05, Keyan, Keqiao District	67.2	1,044,280	701,756	57,812	76,737	51,567
Shaoxing	Parcel A03, Keyan, Keqiao District	96.0	1,467,350	1,408,656	63,210	121,645	116,779
Ningbo	Parcel No. 8, Xincheng River	57.6	516,130	297,291	26,477	53,383	30,748
Ningbo	Parcel No. 201801, Chengnan	57.6	1,071,200	617,011	122,292	152,650	87,926
Zhangjiagang	Parcel 2018-B18	67.2	577,984	388,405	41,941	62,353	41,901
Wuxi	Parcel 2020-25	49.0	3,681,600	1,802,511	128,379	233,910	114,522
Nantong	Parcel R2020-026, West Side of Jinfu Road	96.0	508,867	488,513	37,373	71,518	68,657
Yangzhou	Parcel GZ198, Huaduhui, Shouxi Lake	64.3	1,260,378	810,675	93,813	146,284	94,090
Yangzhou	Parcel 2020G11, Binjiang, Jiangdu District	96.0	310,000	297,600	40,819	70,799	67,967
Huai'an	Land parcel on the Southern side of Jiujiang Road, Huaiyin District	96.0	187,300	179,808	28,600	88,660	85,113
Huai'an	Development Zone High Speed Railway East Station	96.0	299,900	287,904	56,712	113,423	108,886
Huai'an	Land parcel at Sundahong, Huaiyin District	96.0	253,400	243,264	29,312	87,936	84,419
Huai'an	Land parcel 11# North Sundahong, Huaiyin District ⁽¹⁾	96.0	330,700	317,472	56,913	142,233	136,543
Huai'an	Land parcel 12# North Sundahong, Huaiyin District ⁽¹⁾	96.0	331,600	318,336	56,833	142,033	136,351
Huai'an	Land parcel 13# North Sundahong, Huaiyin District ⁽¹⁾	96.0	305,900	293,664	52,215	130,488	125,268
Lianyungang	Parcel No. 19 at Lianyungang High-tech area ⁽¹⁾	48.0	626,300	300,624	34,819	69,638	33,426
Lianyungang	Parcel A at Houzui ⁽¹⁾	96.0	560,000	537,600	165,929	381,637	366,372
Lianyungang	Parcel B at Houzui ⁽¹⁾	96.0	157,400	151,104	61,705	86,387	82,932
Lianyungang	Parcel C at Houzui ⁽¹⁾	96.0	280,000	268,800	93,032	186,064	178,621
Lianyungang	Parcel D at Houzui ⁽¹⁾	96.0	196,000	188,160	59,397	130,673	125,446
Lianyungang	Parcel E at Houzui ⁽¹⁾	96.0	108,000	103,680	108,623	130,348	125,134
Yancheng	Parcel No.20 at Dafeng, Yancheng	52.8	446,400	235,699	46,650	93,300	49,262
Hefei	Land parcel 06, Hefei New Station	96.0	909,405	873,029	61,928	124,000	119,040

Management Discussion and Analysis

City	Project	Attributable Interests Held by the Group (%)	Total Land Premium (RMB'000)	Attributable Land Premium (RMB'000)	Total Site Area (sq.m)	Estimated Planned GFA Excluding Floor and Parking Lots (sq.m)	Attributable Planned GFA Excluding Floor and Parking Lots (sq.m)
Chongqing	Tianfu Cola land parcel at Jiulongpo District	96.0	632,300	607,008	25,896	51,792	49,720
Chongqing	Knitting Factory land parcel at Jiulongpo District	96.0	1,000,000	960,000	44,496	88,992	85,432
Chengdu	Rezoning industrial land parcel No. 69 at Wenjiang District	96.0	539,744	518,154	46,094	89,606	86,022
Huizhou	Land parcel at Xihu Township, Qiuchang Street, Huiyang District	57.6	865,150	498,326	67,841	240,067	138,279
Huizhou	Land parcel phase II at Linghu Township, Qiuchang Street, Huiyang District	96.0	172,750	165,840	20,300	48,720	46,771
Huizhou	Land parcel at Kaoling Township, Qiuchang Street, Huiyang District	96.0	527,273	506,182	39,344	125,800	120,768
Huizhou	Jiangjun Road land parcel at Qiuchang Street, Huiyang District	96.0	442,369	424,674	43,506	108,700	104,352
Fuqing	Land parcel No. 2020-04, Fuqing	49.0	151,000	73,930	16,330	41,509	20,323
Fuqing	Land parcel No. 2020-07, Fuqing	67.2	996,000	669,312	65,225	193,972	130,349
Quanzhou	No. LJ2020010, Shuangyang Street, Loujiang District, Quanzhou City	49.0	334,000	163,526	30,865	77,160	37,778
Foshan	Land parcel at Nanzhuang, Chancheng District (Eastern side of Zidong Road)	96.0	1,170,680	1,123,853	44,207	138,203	132,675
Foshan	Land parcel at Nanzhuang, Chancheng District (Western side of Xinkaijuqu)	96.0	1,569,340	1,506,566	66,439	200,555	192,533
Total			23,830,700	18,328,933	2,035,327	4,301,175	3,575,972

Note:

- No land transfer contract was entered in respect of the above lands as of 31 December 2020, however, land payment was prepaid or land premium was paid off for the above lands before 31 December 2020. The above lands have obtained their land transfer contracts on January 2021.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2020, the revenue of the Group was approximately RMB34,875.2 million, represented an increase of 34.3% as compared to RMB25,963.1 million of the corresponding period last year. Our revenue mainly derived from the development and sales of the Group's residential properties and commercial properties, we also derived revenue from leasing of commercial properties, and provision of management consulting services for the overall operation of property projects to our joint ventures and associates.

The table below sets forth the certain information related to our revenue:

	For the year ended 31 December			
	2020		2019	
	RMB'000	%	RMB'000	%
Property development and sales	34,380,524	98.5	25,037,479	96.4
Residential	31,652,719	90.8	24,191,695	93.2
Commercial	2,727,805	7.7	845,784	3.2
Property management services	–	–	517,219	2.0
Property leasing	336,613	1.0	352,782	1.4
Management consulting services	158,037	0.5	55,628	0.2
Total	34,875,174	100.0	25,963,108	100.0

Revenue from Property Development and Sales

As of 31 December 2020, the revenue from property development and sales was approximately RMB34,380.5 million, represented an increase of 37.3% as compared to approximately RMB25,037.5 million of the corresponding period last year. The increase in the Group's revenue from property development and sales was primarily attributable to an increase in the number of completed and delivered property projects of the Group, which resulted in an increase in the Group's total GFA delivered, especially in Southern China and Central China region which shown greater increase during the year.

Property Management Services

We provided property management services mainly to residential and commercial properties developed by the Group for the year ended 31 December 2019. In order to focus our resources primarily on property development and sales, the Group disposed of the property management service business which had been completed as of 31 December 2019. As a result, the Group did not record any revenue from property management services as at 31 December 2020.

Rental Income

Revenue from property leasing consists of recurring rental revenue from leasing our commercial properties, such as office buildings, shopping malls and shopping streets. Our rental income decreased by approximately 4.6% to RMB336.6 million for the year ended 31 December 2020 from RMB352.8 million for the year ended 31 December 2019, which was mainly due our rental reduction or waiver measures implemented in respect of our investment properties during the Covid-19 epidemic.

Management Discussion and Analysis

Management Consulting Services

The Group provides management consulting services to its joint ventures and associates, such services mainly include management consultation services provided to these entities in connection with the construction, sales and marketing of properties, and overall project management during the development and sales of properties. Our revenue from management consulting services increased by approximately 184.2% to RMB158.0 million for the year ended 31 December 2020 from RMB55.6 million for the year ended 31 December 2019, which was mainly due to we have provide management consulting services to more projects developed by our joint ventures and associates.

Cost of Sales

Cost of property development and sales mainly consists of construction costs, land acquisition costs and capitalized interest. During the year ended 31 December 2020, our cost of sales amounted to approximately RMB27,162.3 million, represented an increase of 33.8% as compared to that of RMB20,300.9 million for the year ended 31 December 2019, which was primarily attributable to increases in the scale of our operations and accordingly an increase in our corresponding total GFA delivered.

Gross Profit and Gross Profit Margin

The Group's gross profit increased to RMB7,712.9 million for the year ended 31 December 2020 from RMB5,662.2 million for the year ended 31 December 2019.

The Group's gross profit margin increased to 22.1% for the year ended 31 December 2020 from 21.8% for the year ended 31 December 2019.

Finance Income

The Group's finance income primarily consists of interest income from bank deposits, interest income from funds the Group advanced to our joint ventures and associates and interest received from third parties. The Group's finance income decreased by approximately 5.1% to RMB95.3 million for the year ended 31 December 2020 from RMB100.4 million for the year ended 31 December 2019, which was mainly due to the Group ceased to receive interest on advance from the Group's joint ventures and associates and third parties as at 31 December 2019.

Other Income and Gains

The Group's other income and gains increased to RMB436.4 million for the year ended 31 December 2020 from RMB187.6 million for the year ended 31 December 2019, which was mainly due to the increase in net exchange gain.

Selling and Distribution Expenses

The Group's selling and distribution expenses mainly consist of (i) promotion and advertising expenses, which primarily represent costs incurred in connection with advertisement in media and promotional events; (ii) employee benefit expenses, which primarily represent salaries paid to our Group's selling and marketing personnel; (iii) office and property management expenses, which primarily represent the expenses incurred in daily operation and management of the Group's sales offices; (iv) sales expenses, which primarily represent commissions paid to third-party sales agencies; (v) depreciation and amortization, which primarily represent the depreciation and amortization of equipment and devices used by the Group's selling and marketing personnel; (vi) travelling and entertainment expenses; and (vii) after-sales service expenses, which primarily represent expenses incurred during the provision of our Group's after-sales services to our customers.

Management Discussion and Analysis

The Group's selling and distribution expenses increased by approximately 49.4% to RMB1,152.8 million for the year ended 31 December 2020 from RMB771.5 million for the year ended 31 December 2019, which was primarily attributable to increase in promotion and advertising expenses.

Administrative Expenses

Our administrative expenses mainly consist of (i) employee benefit expenses, which primarily represent salaries paid to our Group's administrative personnel; (ii) tax and surcharges, which primarily represent stamp duties in relation to sales contracts the Group entered into and property tax in relation to properties our Groups leased; (iii) depreciation and amortization, which primarily represent the depreciation and amortization of the Group's offices and office equipment; (iv) office expenses, which primarily represent the expenses incurred by our Group's administrative personnel in the daily operations of our Group's offices; (v) professional consulting expenses, which primarily represent the expenses for the consulting services the Group engaged in order to increase our operational efficiency; (vi) bank service charges, which primarily represent the expenses for miscellaneous bank services; (vii) travelling and entertainment expenses; and (viii) service expenditures.

The Group's administrative expenses increased by approximately 21.1% to RMB1,196.1 million for the year ended 31 December 2020 from RMB988.1 million for the year ended 31 December 2019, which was primarily attributable to the increase in tax and office expenses as we expand our operation scale.

Finance Cost

Our finance costs mainly consist of (i) interest on bank and other borrowings, corporate bonds, asset-backed securities, senior notes and lease liabilities; and (ii) interest expense arising from revenue contracts, which represents interest expenses recognised for the significant financing components included in contract liabilities during the period from the receipt of sales proceeds to the delivery of the underlying properties, less capitalized interest directly relating to properties under development.

The Group's finance cost increased by approximately 6.1% to RMB525.2 million for the year ended 31 December 2020 from RMB494.9 million for the year ended 31 December 2019, which was primarily attributable to the increase in scale of interest-bearing debts.

The Group's weighted average cost of debt as at 31 December 2020 was approximately 7.47% (31 December 2019: 7.76%).

Other Expenses

The Group's other expenses increased by approximately 64.2% to RMB80.6 million for the year ended 31 December 2020 from RMB49.1 million for the year ended 31 December 2019, which was primarily attributable to increase in donation made for fighting against Covid-19 pandemic and other community charity.

Fair Value Gains on Investment Properties

Fair value gains on investment properties represent the changes in the fair value of our investment properties. For the year ended 31 December 2020, the Group recorded fair value gains on investment properties of RMB437.0 million, represented a decrease of 9.1% compared to that of RMB480.9 million for the year ended 31 December 2019. Such decrease was primarily because Suzhou Qianwan Commercial Center (蘇州淺灣商業中心) was added to our investment properties portfolio in 2019, and accordingly we recorded a relatively high level of appreciation in value in 2019 as compared to the corresponding period of 2020.

Management Discussion and Analysis

Share of Profits of Joint Ventures

For the year ended 31 December 2020, the Group recorded share of profits of joint ventures of RMB992.5 million, while we recorded share of profits of joint ventures of RMB510.2 million for the year ended 31 December 2019. Such change was mainly attributable to the increase in profit due to the delivery of the property projects held by the Group's joint venture during the relevant year.

Share of Losses of Associates

The Group's share of losses of associates increased to RMB182.5 million for the year ended 31 December 2020 from RMB68.8 million for the year ended 31 December 2019, which was primarily attributable to the decrease in area delivered of the property projects held by the Group's associates during the year ended 31 December 2020.

Profit before Tax

The Group's profit before tax increased by approximately 43.1% to RMB6,536.8 million for the year ended 31 December 2020 from RMB4,568.8 million for the year ended 31 December 2019.

Income Tax Expenses

The Group's income tax expenses for the year included the provision made for PRC enterprise Income tax and land appreciation tax. The Group's income tax expenses increased by approximately 44.6% to RMB2,717.7 million for the year ended 31 December 2020 from RMB1,878.8 million for the year ended 31 December 2019, which was primarily attributable to the increase in enterprise income tax and land appreciation tax as a result of the increase in our taxable profit and property sales.

The effective enterprise income tax rate (i.e. income tax divided by profit before tax) of the Group for the year ended 31 December 2020 was 41.6%, as compared to that of 41.1% for the year ended 31 December 2019.

Profit for the Year

As a result of the change in the Group's financial data mentioned above, the profit before tax of the Group increased by approximately 42.0% to RMB 3,819.1 million during the year ended 31 December 2020 from RMB2,690.0 million during the year ended 31 December 2019.

LIQUIDITY AND FINANCIAL RESOURCES

Net Current Assets

As at 31 December 2020, the Group's net current assets was RMB49,834.5 million (2019: RMB34,357.5 million). In particular, the Group's total current assets increased by approximately 25.3% to RMB162,445.3 million as at 31 December 2020 from RMB129,645.9 million as at 31 December 2019. The Group's total current liabilities increased by approximately 18.2% to RMB112,610.8 million as at 31 December 2020 from RMB95,288.4 million as at 31 December 2019. The increase of the Group's total current assets was mainly attributable to (i) increase in properties under development as we expanded our business; (ii) increase in the number of completed properties resulted in the increase in completed properties held for sale; and (iii) increase in cash and cash equivalents as a result of increase in pre-sales of properties, such increase was partly offset by (i) increase in contracted liabilities as a result of increase in sales of properties; (ii) increase in trade payables to satisfy our operation and development need.

Management Discussion and Analysis

Cash Position

As at 31 December 2020, the Group's cash and bank balances was RMB26,591.0 million (2019: RMB13,399.8 million). Excluding the restricted cash and pledged deposits, our cash and cash equivalents amounted to RMB20,732.1 million, of which RMB17,918.8 million, RMB2,548.6 million and RMB264.7 million (2019: RMB9,218.5 million, of which RMB8,845.2 million, RMB5.4 million and RMB367.9 million) were denominated in Renminbi, Hong Kong Dollars and US dollars.

Indebtedness

As at 31 December 2020, the Group's outstanding borrowings amounted to RMB53,774.0 million (2019: RMB49,071.1 million), of which RMB53,750.9 million (2019: RMB49,053.5 million) carried interests at fixed rate. Save for the RMB5,295.6 million senior notes were denominated in US dollars and the RMB12.6 million bank loans were denominated in Hong Kong dollars, all other borrowings of the Group was denominated in renminbi.

The table below sets forth the components of our borrowings as of the dates indicated:

	As of 31 December	
	2020	2019
	RMB'000	RMB'000
Current		
Bank loans – secured	12,561	8,000
Other loans – secured	–	4,219,500
Other loans – unsecured	–	818,192
Current portion of long term bank loans – secured	5,727,540	3,885,829
Current portion of other loans – secured	3,994,330	5,047,790
Corporate bonds	7,056,468	4,035,868
Senior notes	1,745,743	34,154
Proceeds from asset-backed securities	770,798	1,156,041
Total current	19,307,440	19,205,374
Non-current		
Bank loans – secured	22,612,905	13,307,054
Other loans – secured	3,255,100	6,159,200
Corporate bonds	2,358,100	5,266,794
Senior notes	3,549,874	1,706,044
Proceeds from asset-backed securities	2,690,573	3,426,599
Total non-current	34,466,552	29,865,691
Total borrowings	53,773,992	49,071,065
Secured	39,063,807	37,210,013
Unsecured	14,710,185	11,861,052
Total borrowings	53,773,992	49,071,065

Management Discussion and Analysis

The following table sets out the maturity of the Group's total borrowings as at the dates indicated:

	As of 31 December	
	2020 RMB'000	2019 RMB'000
Bank loans repayable:		
Within one year	5,740,101	3,893,829
Between one and two years	11,909,435	4,569,985
Between two and five years	10,574,470	8,737,069
More than five years	129,000	–
	28,353,006	17,200,883
Other borrowings repayable:		
Within one year	3,994,330	10,085,482
Between one and two years	3,155,100	5,192,000
Between two and five years	100,000	967,200
	7,249,430	16,244,682
Other senior notes, corporate bonds and proceeds from asset-backed securities repayable		
Within one year	9,573,009	5,226,063
Between one and four years	6,156,321	7,882,536
Over four years	2,442,226	2,516,901
	18,171,556	15,625,500
Total	53,773,992	49,071,065

Pledged of Assets

As at 31 December 2020, the Group's borrowings was secured by our assets amounted to RMB64,652.0 million (2019: RMB56,463.0 million), such assets included (i) property, plant and equipment; (ii) land use rights; (iii) investment properties; (iv) properties under development; (v) completed properties held for sale; (vi) prepayments and other receivables; (vii) pledged deposits; and (viii) right-of-use assets.

Financial Risk

The Group's businesses exposed us to various financial risks, including interest rate risk, foreign exchange risk, credit risk and liquidity risk. In order to minimize such risk exposures of the Group, we do not use any derivatives and other instruments for hedging. The Group does not hold or issue financial derivatives for trading purpose.

Interest Rate Risk

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

Management Discussion and Analysis

Foreign Exchange Risk

The Group mainly operates its business in China, and substantial all of its revenue and expenses are denominated in renminbi, while the net proceeds from listing is payable in Hong Kong dollars. As at 31 December 2020, among the Group's cash and bank balances, RMB2,548.6 million and RMB264.7 million was denominated in Hong Kong dollars and US dollars, respectively, such amount was subject to the exchange rate fluctuation. The Group does not have any policy to hedge against foreign exchange risk. However, the Group will closely monitor its foreign exchange exposure, and strive to maintain the value of the Group's cash.

Credit Risk

The Group divides financial instruments on basis of shared credit risk characteristics, such as instrument type and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment. To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the Group's counterparties. The credit quality of these customers is assessed after taking into account their financial position, past experience and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group regularly reviews the recoverable amount of trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with credit risk spread over a large number of counterparties and customers.

Liquidity Risk

The Group's objective is to maintain a balance between sustainability and flexibility of funding through the use of interest-bearing bank and other borrowings. The Group reviews our liquidity position on an ongoing basis.

Contingent Liabilities

The Group has arrangements with various banks for the provision of mortgage financing and, where required, provides our customers with guarantees as security for mortgage loans. The terms of such guarantees typically last until the issuance of the real estate ownership certificate upon the completion of guarantee registration or satisfaction of mortgage loan by the purchaser. As a guarantor, if the purchaser defaults in payment, the Group is obligated to repay all outstanding amounts owed by the purchaser to the mortgagee bank under the loan and have the right to claim such amount from the defaulting purchaser. The Group did not incur any material losses during the year in respect of the guarantees provided for mortgage facilities granted to purchasers of our completed properties held for sale. Our Directors considered that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantees measured at fair value is immaterial. As such, no provision has been made in connection with the guarantees.

As at 31 December 2020, the Group has provided guarantee to the bank amounted to RMB34,134.7 million (2019: RMB29,957.6 million) in total for the financing granted to the purchasers of our properties. As at 31 December 2020, the Group has provided guarantee to the bank amounted to RMB5,515.5 million (2019: RMB8,659.9 million) in total for the financing granted to our related parties and third parties. The balances of guarantees given to banks and other institutions in connection with facilities granted to third parties of 2019 were released in the year 2020. During the year, the Group did not have any outstanding loan capital, bank overdrafts and acceptance liabilities or other similar indebtedness, debentures, mortgages, charges or loans, or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities or any covenant. Our Directors have confirmed that there had not been any material change in the indebtedness, capital commitments and contingent liabilities of our Group up to the latest practicable date for the purpose of the indebtedness statement.

Management Discussion and Analysis

Legal Contingents

The Group may involve in lawsuits and other proceedings from time to time during the ordinary course of business. The Group believes that the liabilities resulting from these proceedings will not have a material adverse effect on our business, financial condition or operating results.

Commitment

As at 31 December 2020, the Group has capital commitment of RMB28,896.8 million (2019: RMB29,426.4 million) in respect of properties under development, merger and acquisition of equity interest and capital injection for investment in joint ventures and associates.

Off-Balance Sheet Commitment and Arrangements

Save for the contingent liabilities disclosed above, as at 31 December 2020, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, loan securities, borrowings or other similar indebtedness, acceptance liabilities (save for normal commercial notes), acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other material contingent liabilities.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the year ended 31 December 2020, the Group had undergone acquisitions and disposals of subsidiaries for the purpose of the reorganisation in preparation for the Listing. Please refer to the prospectus of the Company dated 16 October 2020 (the “**Prospectus**”) for further details.

Save as disclosed in the Prospectus, the Company has no other significant investments or significant acquisitions of subsidiaries, associates and joint ventures in 2020.

Future Plan for Significant Investment

The Group intends to utilise the net proceeds raised from the Listing according to the plans set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus. As at 31 December 2020, RMB1,135.6 million of the net proceeds have been used in a manner consistent with the proposed allocations in the prospectus of the Company dated 16 October 2020. The unutilized net proceeds would be allocated and used according to the purposes set out in the Prospectus.

Save as disclosed in this report, the Group did not have any other immediate plans for material investments and capital assets as at 31 December 2020.

Management Discussion and Analysis

Use of Proceeds from the Listing

Net proceeds from the Listing (including the partial exercise of the over-allotment options), after deducting the underwriting commission and other estimated expenses in connection with the Listing, amounted to approximately HK\$2,691.9 million (equivalent to approximately RMB2,332.3 million). As of the date of this report, the net proceeds received from the Listing have been used, and will continue to be used, in a manner consistent with the proposed allocations in the Prospectus. As at 31 December 2020, the Group has utilized the proceeds from the Listing in the amount of approximately RMB1,135.6 million, of which: (i) approximately RMB233.2 million was allocated for general business operations and working capital; and (ii) approximately RMB620.2 million was used to repay part of our existing entrusted loans for our development projects; and (iii) approximately RMB282.2 million was used to finance the Group's existing property projects. The remaining proceeds amounted to approximately RMB1,196.7 million, of which approximately RMB79.5 million will be used to repay part of our existing entrusted loans for our development projects and RMB1,117.2 million will be used to finance the Group's existing property projects, the payment of which will be made year by year according to the construction progress in the following years.

As at 31 December 2020, our planned use and actual use of net proceeds raised from IPO was as follows:

	Percentage of net proceeds	Available to utilise (RMB million)	Utilised during 2020 (RMB million)	Utilised (up to 31 December 2020) (RMB million)	Unutilised (as at 31 December 2020) (RMB million)	Expected timeline for the unutilised net proceeds
Construction costs for the development of the Group's existing property projects	60%	1,399.4	282.2	282.2	1,117.2	By 31 December 2021
Repayment of trust loans	30%	699.7	620.2	620.2	79.5	By 31 December 2021
For general business operation purposes and working capital	10%	233.2	233.2	233.2	-	N/A
	100%	2,332.3	1,135.6	1,135.6	1,196.7	

Employees

As at 31 December 2020, the Group has a total of 3,794 employees, with most of them were based in China. For the year ended 31 December 2020, staff costs (including Directors) was approximately RMB450.2 million (2019: approximately RMB681.6 million). The Group determined the salary based on the qualifications, position and experience of each employee. The Group has established a regular assessment mechanism to assess the performance of our employees, the assessment results are used as the basis for determining salary increment, bonuses and promotions.

Biographies of Director and Senior Management

DIRECTORS

Executive Directors

Mr. Lam Ting Keung (林定強), aged 54, founded our Group in September 1996. Mr. Lam was appointed as our Director on 17 October 2019 and was re-designated as our executive Director on 16 March 2020. Mr. Lam is currently the chairman of the Board and the chief executive officer of the Group as well. He is primarily responsible for the leadership, overall strategic planning, major investment and decision making of our Group. Mr. Lam also has over 26 years of experience in the PRC real estate industry.

Currently, Mr. Lam is a member of the National Committee of the Chinese People's Political Consultative Conference (全國政治協商會議全國委員會) since March 2013, a standing member of All-China Federation of Returned Overseas Chinese (中華全國歸國華僑聯合會) since July 2009, a vice president of the Overseas Chinese Charity Foundation of China (中國華僑公益基金會) since December 2015, a vice president of the Overseas Chinese Entrepreneurs Association (中國僑商聯合會) since December 2010. He is also a permanent honorary chairman of Hong Kong-Fujian Association (香港福建社團聯合會), Hong Kong Federation Overseas Chinese Association (香港僑屆社團聯合會) and Hong Kong-Fuzhou Shiyi Fellow Association (香港福州十邑同鄉會) since May 2008, December 2018 and July 2002, respectively. Mr. Lam obtained the Enthusiastic Overseas Chinese Outstanding Contribution Award (熱心海外華教人士傑出貢獻獎) granted by Overseas Chinese Affairs Office of the State Council (國務院僑務辦公室) in December 2017 and the 2018 Annual Overseas Chinese Charity Star (2018年度僑愛心慈善之星) granted by Overseas Chinese Charity Foundation of China (中國華僑公益基金會) in December 2018.

Mr. Lam is the father of Mr. Lam Yu, our executive Director.

Mr. Lam Yu (林宇), aged 30, was appointed as our Director on 17 October 2019 and was re-designated as our executive Director on 16 March 2020. Mr. Lam Yu is also an executive president of our Group and is primarily responsible for the management of Presidents' Office, human resources and Administrative Management Office of our Group. He joined our Group in March 2011 as a director of Yancheng Jinhui Juye and had been a director of our various subsidiaries.

Mr. Lam Yu participated in the Advanced Seminar for Chief Executive Officers on Real Estate Development and Investment and Finance at Tsinghua University (清華大學房地產開發與投融資總裁高級研修班) from May 2010 to March 2011.

Mr. Lam Yu is the son of Mr. Lam, our executive Director.

Mr. Chen Chaorong (陳朝榮), aged 47, was appointed as our Director on 17 October 2019 and was redesignated as our executive Director on 16 March 2020. Mr. Chen is also an executive president of our Group and is primarily responsible for the investment, financing and legal matters of our Group. Mr. Chen joined our Group as an assistant to general manager of Radiance Group in August 2006 and has held various positions in Radiance Group, including financial director, company secretary, deputy general manager and director.

From June 2000 to August 2002, Mr. Chen worked in Fuzhou branch office of China Great Wall Asset Management Corporation (中國長城資產管理公司), an asset management company in the PRC. From August 2002 to June 2006, Mr. Chen served as a project manager in Fujian Huaxing Certified Public Accountants LLP (福建華興會計師事務所), an accounting firm in the PRC.

Mr. Chen obtained a bachelor's degree in investment economics from Central University of Finance and Economics (中央財經大學) (formerly known as Central College of Finance and Banking (中央財政金融學院)) in the PRC in June 1995. He also obtained a master's degree in business administration from Tsinghua University (清華大學) in the PRC in July 2019. Mr. Chen obtained the qualification of Senior Accountant granted by Fujian Provincial Department of Human Resources and Social Security (福建省人力資源和社會保障廳) (formerly known as Fujian Provincial Department of Human Resources (福建省人事廳)) in May 2008. Currently, Mr. Chen is a member of the Eighth session of Chinese Real Estate Association (中國房地產業協會).

Biographies of Director and Senior Management

Mr. Huang Junquan (黃俊泉), aged 48, was appointed as our Director on 17 October 2019 and was redesignated as our executive Director on 16 March 2020. Mr. Huang is also a senior vice president of our Group and is primarily responsible for the project operations, architecture design and brand marketing of our Group.

He joined our Group in January 2009 as the vice president of Radiance Group and was promoted as the senior vice president and director of Radiance Group in September 2018. From September 1995 to December 2005, Mr. Huang served in 廈門中建東北設計院有限公司(Xiamen Zhongjian Northeast Architectural Design & Research Institute Co., Ltd.) with his last position as the director in a branch office, where he was primarily responsible for the design management of the Fuzhou branch. From January 2006 to December 2008, he served as a director in the Fuzhou branch of 北京中華建規劃設計研究院有限公司福建分公司(Beijing Zhonghua Jian Planning and Design Institute Co., Ltd.), where he was primarily responsible for the design business and overall operation of such company.

Mr. Huang obtained a bachelor's degree in architecture from Tianjin University (天津大學) in the PRC in July 1995. He obtained qualifications for Class 1 Registered Architect (一級註冊建築師) granted by MOHURD, Ministry of Human Resource and Social Security of the People's Republic of China (中華人民共和國人力資源和社會保障部) formerly known as Ministry of Personnel of the People's Republic of China (中華人民共和國人事部) and Fujian Provincial Department of Human Resource and Social Security in April 2001. He obtained the qualification of Senior Architect (高級建築師) granted by 中國建築東北設計研究院 (China Construction Northeast Architectural Design & Research Institute) in September 2002. He is the vice president of Fuzhou Real Estate Association (福州房地產業協會).

Independent non-executive Directors

Mr. Zhang Huaqiao (張化橋), aged 57, was appointed as the independent director of Radiance Group in June 2016. Mr. Zhang's appointment was solely to enable him to serve as an independent director of Radiance Group upon its listing on the Shanghai Stock Exchange, the application for which was still pending at the time of his appointment. As such listing has not taken place, he has not taken part in the day-to-day operations and management of Radiance Group or of the Group. Mr. Zhang was further appointed as our independent non-executive Director on 5 October 2020. Mr. Zhang is primarily responsible for providing independent advice on the operations and management of our Group.

From July 1994 to July 1995, Mr. Zhang worked as analyst in Equity Capital Markets Department of Swiss Bank Corporation Warburg. From June 1999 to April 2006, he worked in the equities department of Union Bank of Switzerland (Hong Kong branch) (瑞士銀行), a Swiss multinational investment bank and financial services company, with the last position as the co-head of the China research team. From May 2006 to September 2008, he served in Shenzhen Investment Limited (深圳控股有限公司) with his last position as chief operation officer and executive director, a real estate development company, which shares are listed on the Stock Exchange (stock code: 0604). From September 2008 to June 2011, he was employed by UBS AG with the last capacity as a deputy head of UBS China IBD with the corporate rank of managing director in the Investment Banking Department. From September 2011 to April 2012, he served as an executive director and chief executive officer of Man Sang International Limited (民生國際有限公司), a real estate development company, which shares are listed on the Stock Exchange (stock code: 0938).

In addition, Mr. Zhang currently holds or had held directorship in the following companies listed on the Stock Exchange:

Name of Entity	Stock code	Position and Period of Time
Shenzhen International Holdings Limited (深圳國際控股有限公司)	0152	non-executive director; April 2006 to September 2008
Kasen International Holdings Limited (卡森國際控股有限公司)	0496	independent non-executive director; July 2006 to October 2008
Suncity Group Holdings Limited (太陽城集團控股有限公司)	1383	non-executive director; August 2006 to September 2008
Coastal Greenland Limited (沿海綠色家園有限公司)	1124	non-executive director; January 2007 to September 2009

Biographies of Director and Senior Management

Name of Entity	Stock code	Position and Period of Time
Carrianna Group Holdings Company Limited (佳寧娜集團控股有限公司) (formerly known as Tak Sing Alliance Holdings Limited (達成集團))	0126	non-executive director; April 2007 to September 2009
OP Financial Limited (東英金融有限公司)	1140	non-executive director; November 2007 to October 2008
Yuexiu Property Company Limited (越秀地產股份有限公司)	0123	non-executive director; April 2008 to September 2008
Boer Power Holdings Limited (博耳電力控股有限公司)	1685	non-executive director; November 2011 to May 2019
China Smartpay Group Holdings Limited (中國支付通集團控股有限公司)	8325	non-executive director; September 2012 to May 2015 executive director; May 2015 to September 2017 non-executive director; September 2017 to Jan 2020
Fuguiniao Co., Ltd. (富貴鳥股份有限公司)	1819	independent non-executive director; May 2013 to June 2014
Ernest Borel Holdings Limited (依波路控股有限公司)	1856	independent non-executive director; June 2014 to November 2014
Wanda Hotel Development Company Limited (萬達酒店發展有限公司)	0169	independent non-executive director; September 2014 to May 2018
Sinopec Oilfield Service Corporation (中石化石油工程技術服務股份有限公司)	1033	independent non-executive director; February 2015 to June 2018
China Huirong Financial Holdings Limited (中國匯融金融控股有限公司)	1290	independent non-executive director; since October 2013
Fosun International Limited (復星國際有限公司)	0656	independent non-executive director; since March 2012
Logan Property Holdings Company Limited (龍光地產控股有限公司)	3380	independent non-executive director; since November 2013
Zhong An Group Limited (眾安集團有限公司)	0672	independent non-executive director; since January 2013
Luye Pharma Group Limited (綠葉製藥集團有限公司)	2186	independent non-executive director; since June 2014

Mr. Zhang also served as an independent non-executive director of Yancoal Australia Limited, which shares are listed on the Australian Securities Exchange (ASX code: YAL), from April 2014 to January 2018 and an independent non-executive director of China Rapid Finance Ltd., which shares are listed on the New York Stock Exchange (stock code: XRF), from April 2017 to March 2019.

Biographies of Director and Senior Management

Mr. Zhang obtained a bachelor's degree in financial and banking from Zhongnan University of Economics and Law (中南財經政法大學) (formerly known as Hubei Financial and Banking Institute (湖北財經學院)) in July 1983. He also obtained a master's degree in economics from both the Graduate School of the People's Bank of China (中國人民銀行研究生部) in the PRC in July 1986 and Australian National University in Australia in April 1991, respectively.

Mr. Tse Yat Hong (謝日康), aged 51, was appointed as our independent non-executive Director on 5 October 2020. Mr. Tse is primarily responsible for providing independent advice on the operations and management to our Board.

From January 1994 to May 2000, Mr. Tse worked as an audit manager in PricewaterhouseCoopers, an accounting firm. From June 2000 to May 2019, Mr. Tse worked as the chief financial officer in Shenzhen International Holdings Limited (深圳國際控股有限公司), a company engages in the investment, construction and operation of logistics infrastructure facilities, whose shares are listed on the Stock Exchange (stock code: 0152), where he was primarily responsible for the overall financial management and capital market operation of such company. From August 2000 to March 2008, Mr. Tse also worked as the company secretary of Shenzhen International Holdings Limited. From September 2004 to September 2007, Mr. Tse worked as a joint company secretary of Shenzhen Expressway Company Limited (深圳高速公路股份有限公司).

Mr. Tse is currently an independent non-executive director of China Bohai Bank Co., Ltd. (渤海銀行股份有限公司), a PRC commercial bank, whose H shares are listed on the Stock Exchange (stock code: 9668), an independent non-executive director of China Huirong Financial Holdings Limited (中國匯融金融控股有限公司), a company engages in the provision of diversified financial services in China, whose shares are listed on the Stock Exchange (stock code: 1290) and an independent non-executive director of Sky Light Holdings Limited (天彩控股有限公司), a developer and manufacturer of home surveillance cameras and other digital imaging products, whose shares are listed on the Stock Exchange (stock code: 3882) and an independent non-executive director of E-Star Commercial Management Company Limited (星盛商業管理股份有限公司), a commercial property operational service provider in the Greater Bay Area, whose shares are listed on the Stock Exchange (stock code: 6668). Mr. Tse served as a non-executive director of Shenzhen Expressway Company Limited from January 2009 to December 2017, a toll road operator in China, whose shares are listed on the Stock Exchange (stock code: 0548) and the Shanghai Stock Exchange (stock code: 600548). He was also an independent non-executive director of Casablanca Group Limited (卡撒天嬌集團有限公司) from October 2012 to April 2015, a leading branded bedding products companies in the PRC and Hong Kong, whose shares are listed on the Stock Exchange (stock code: 2223).

Mr. Tse obtained a bachelor's degree in science from Monash University in Australia in April 1992. He is a Fellow of the Hong Kong Institute of Certified Public Accountants (HKICPA) and a FCPA of CPA Australia.

Mr. Chung Chong Sun (鍾創新), aged 45 was appointed as our independent non-executive Director on 5 October 2020. Mr. Chung is primarily responsible for providing independent advice on the operations and management of our Group.

From July 1997 to May 2000, Mr. Chung worked as an associate of the investment bank department in Standard Chartered Bank (Hong Kong) as his last position, where he was primarily responsible for the projects of initial public offering, corporate finance and financial advice. From May 2000 to July 2001, Mr. Chung worked as a senior executive in Deloitte & Touche Corporate Finance Limited, where he was primarily responsible for the projects of initial public offering, corporate finance and financial advice. From August 2001 to August 2003, Mr. Chung worked as an associate director of merger and acquisition department in Cooperative Rabobank U.A. Hong Kong Branch, a Dutch multinational banking and financial services company. From August 2003 to December 2005, Mr. Chung worked as an investor support officer in InvestHK of the government of Hong Kong. From December 2005 to September 2018, Mr. Chung worked as senior vice president of Issuer Services, Market Development Department in Hong Kong Exchanges and Clearing Limited. From September 2018 to July 2019, Mr. Chung worked as a chief financial officer in Xiaoi Robot Technology (H.K.) Limited, where he was primarily responsible for financial functions, risk management, fund raising, capital market operation and investor relations. He has been the director of Resourceful Minds Limited (滙路有限公司) since September 2019, a consulting company, where he has been primarily responsible for the development strategies and daily operation of such company.

Biographies of Director and Senior Management

Mr. Chung is currently an independent non-executive director of Strawbear Entertainment Group (稻草熊娛樂集團), a drama series producer and distributor in the PRC, covering the investment, development, production and distribution of TV series and web series, whose shares are listed on the Stock Exchange (stock code: 2125)

Mr. Chung obtained a bachelor's degree in business administration from the Chinese University of Hong Kong in Hong Kong in May 1997. He is also a CPA of American Institute of Certified Public Accountants, a CPA of Washington State Board of Accountancy and a CFA of CFA Institute. Mr. Chung has been appointed as a member of the Advisory committee of IT Innovation Lab in Secondary School Initiative of Hong Kong secondary schools by the government of Hong Kong since September 2020. He had also been served as a contact convener of the artificial intelligence and high technology committee in Hong Kong Chamber of Commerce in China (Shanghai) (中國香港(地區)商會—上海) from November 2018 to November 2019. In addition, he has been the vice president of the executive committee of the listed companies council under the Hong Kong Chinese Enterprises Association.

SENIOR MANAGEMENT

Ms. Guo Yanfang (郭艷芳), was appointed as our vice president on 2 February 2021 and is primarily responsible for the cost management, procurement management, engineering management and customer services of our Group. Ms. Guo joined our Group as an assistant president of Radiance Group in April 2016.

Prior to joining our Group, from May 2000 to October 2004, Ms. Guo worked in 北京新康房地產開發有限公司 (Beijing Xinkang Properties Development Co., Ltd.), a property development company. From March 2005 to September 2006, she worked as a manager in the budget contract department of 北京當代置業有限公司 (Beijing Modern Real Estate Development Co., Ltd.), a property development company. From February 2007 to February 2010, she worked as a director in the project cost center of 北京通瑞置業有限公司 (Beijing Tongrui Real Estate Co., Ltd.), a property development company, where she was primarily responsible for the target cost, purchasing and pre-settlement management. From February 2010 to July 2014, she worked as a deputy general manager in the operation department of 青島龍湖置業拓展有限公司 (Qingdao Longfor Real Estate Development Co., Ltd.), a property development company, where she was primarily responsible for the development strategy and operation plan. From July 2014 to April 2016, she worked as the responsible officer in cost purchasing department of 龍湖集團控股有限公司 (Longfor Group Holdings Limited), a property development company, which shares are listed on the Stock Exchange (stock code: 0960), where she was primarily responsible for cost review.

Ms. Guo obtained a bachelor's degree in heating ventilation and air conditioning from Harbin University of Civil Engineering and Architecture (哈爾濱建築大學). She obtained the qualification of Senior Engineer specialized in heating ventilation granted by 中國建築第八工程局有限公司 (China Construction Eighth Engineering Division Co., Ltd.) in July 2007.

Mr. Chiu Ngam (趙岩), was appointed as our chief financial officer and company secretary in August 2019 and November 2019, respectively, and is primarily responsible for the financial management and company secretarial matters of our Group. Mr. Chiu obtained a bachelor's degree in business administration from Hong Kong University of Science and Technology in Hong Kong. He is also a FCPA of The Hong Kong Institute of Certified Public Accountants ("HKICPA"), a CPA of American Institute of Certified Public Accountants, a CPA of Washington State Board of Accountancy, a member of INSOL International, a member of taxation faculty of HKICPA and a member of restructuring and insolvency faculty of HKICPA. Mr. Chiu has over 20 years of experience in accounting, financial management, merge and acquisition, capital market financing and listing compliance. He had served in numerous companies listed on the main board of the Hong Kong Stock Exchange and has been appointed as chief financial officer for more than 10 years in China real estate industry.

COMPANY SECRETARY

Mr. Chiu Ngam was appointed as our company secretary on 19 November 2019. For further details of his qualification and experience, please refer to the paragraph headed "Senior management" in this section.

Corporate Governance Report

The Board is pleased to present the corporate governance report of the Group for the Relevant Period.

During the period from Listing date to 31 December 2020, the Company applied the principles of and fully complied with the code provisions as set out in the CG Code except for the following deviation from provision A.2.1 of the CG Code. The Company regularly reviews its corporate governance practices to ensure compliance with the CG Code.

BOARD COMPOSITION

As at 31 December 2020, the Board consists of four executive Directors, namely Mr. Lam Ting Keung (Chairman), Mr. Lam Yu, Mr. Chen Chaorong and Mr. Huang Junquan and three independent non-executive Directors, namely Mr. Zhang Huaqiao, Mr. Tse Yat Hong, and Mr. Chung Chong Sun. An updated list of the Directors and their roles and functions is published on the websites of the Stock Exchange and of the Company, respectively.

Mr. Lam Ting Keung is the father of Mr. Lam Yu. Other than that, there are no financial, business, family or other material relationships among members of the Board.

During the year ended 31 December 2020, the Board has at all times met the requirements of Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise. The three independent non-executive Directors represent more than one-third of the Board, complying with the requirement under Rule 3.10A of the Listing Rules whereby independent non-executive directors of a listed issuer must represent at least one-third of the board. The Board believes there is sufficient independence element in the Board to safeguard the interest of Shareholders. During the year, the Board performed the following corporate governance duties:

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

DIRECTORS' RESPONSIBILITIES

The Board is responsible for the leadership and control of the Company and oversees all major matters of the Company, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitor the performance of the senior executives. All Directors have carried out their duties in good faith and in compliance with the standards of applicable laws and regulations, and have acted in the interests of the Company and its shareholders at all times. As at 31 December 2020, the Board comprised seven Directors, including four executive Directors and three independent non-executive Directors. Their names and biographical details are set out in the "Biographies of Directors and senior management" section of this report. Liability insurance for Directors and senior management of the Company is maintained by the Company with appropriate coverage for certain legal liabilities which may arise in the course of performing their duties.

DELEGATION BY THE BOARD

The management, consisting of executive Directors along with other senior executives, is delegated with responsibilities for implementing the strategy and direction as adopted by the Board from time to time, and conducting the day-to-day management and operations of the Group. Executive Directors and senior executives meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back, and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

Corporate Governance Report

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the consolidated financial statements of the Group are published in a timely manner. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the consolidated financial statements of the Group on a going concern basis.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors play a significant role in the Board by virtue of their independent judgment and their views carry significant weight in the Board's decision. The functions of independent non-executive Directors include bringing an impartial view and judgement on issues of the Company's strategies, performance and control; and scrutinising the Company's performance and monitoring performance reporting.

All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have made positive contributions to the development of the Company through providing their professional advice to the Board.

All independent non-executive Directors are appointed for a term of three years.

Confirmation of independence

The independence of the independent non-executive Directors has been assessed in accordance with the applicable Listing Rules and each of the independent non-executive Directors has made an annual written confirmation of independence to the Company pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules and are independent.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on our Board. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in supporting the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy and candidates will be considered against objective criteria, having due regard to the benefits of diversity on the Board.

The Directors have a balanced mix of knowledge, skills and experience, including commercial property operation, overall business management, finance and investment. They obtained degrees in various majors including business administration, electrical engineering and automation, real estate, computerized accounting. We have three independent non-executive Directors who have different industry backgrounds, representing over one-third of our Board members. Furthermore, the Board has a wide range of age, ranging from 30 years old to 57 years old. We have taken and will continue to take steps to promote gender diversity at all levels of our Company, including but without limitation at our Board and senior management levels. As of 31 December 2020, one of the senior management members of the Company is a female. Taking into account our business model and specific needs, we consider that the composition of the Board satisfies our board diversity policy.

With regards to gender diversity on the Board, the board diversity policy further provides that the Board shall take opportunities to increase the proportion of female members over time when selecting and making recommendations on suitable candidates for Board appointments. The Board would ensure that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation and international and local recommended best practices, with the ultimate goal of bringing our Board to gender parity. Going forward and with a view to developing a pipeline of potential successors to the Board that may meet the targeted gender diversity ratio set out below, we will (i) continue to make appointments based on merits with reference to board diversity as a whole; (ii) take steps to promote gender diversity at all levels of the Group by recruiting staff of different gender; (iii) consider the possibility of nominating female management staff who has the necessary skills and experience to the Board; and (iv) provide career development opportunities and more resources in training female staff with the aim of promoting them to the senior management or board of the Company so that we will have a pipeline of female senior management and potential successors to our Board in a few years' time.

Corporate Governance Report

The nomination committee will use its best efforts to identify and recommend female candidates to the Board for consideration for appointment as Directors with an ultimate aim to achieve at least 20% female representation in the Board within five years of Listing, subject to there being suitable candidates and the Directors being satisfied with the qualification and experience of the relevant candidates after a reasonable review process based on selection criteria designed with the best interests of the Company's business in mind. The Directors will exercise fiduciary duties in the process, acting in the best interests of the Company and the Shareholders as a whole when making the relevant appointments.

The nomination committee is responsible for ensuring diversity within of the Board members and will use its best efforts to identify and recommend suitable candidates, including female candidates, for the Board's consideration. We also welcome candidates of different gender to apply for our mid to senior level positions. The ultimate decision of the appointment will be based on merits and the contribution which the selected candidates could bring to our Board and management team. The Board believes that such merit-based selection criteria will best enable the Company to serve the Shareholders and other stakeholders going forward.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the executive Directors and independent non-executive Directors has entered into a service agreement with the Company for a term of 3 years. Such term is subject to his retirement by rotation and re-election at an annual general meeting of the Company in accordance with the Company's Articles of Association. Pursuant to the Article 16.2 of the Company's Articles, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an addition to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company and shall then be eligible for re-election at that meeting.

Pursuant to the Article 16.19 of the Articles, at every annual general meeting of the Company one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Any Director required to stand for re-election pursuant to Article 16.2 shall not be taken into account in determining the number of Directors and which Directors are to retire by rotation. A retiring Director shall retain office until the close of the meeting at which he retires and shall be eligible for re-election thereat. The Company at any annual general meeting at which any Directors retire may fill the vacated office by electing a like number of persons to be Directors.

Pursuant to the Article 16.6 of the Articles, the Company may by ordinary resolution at any time remove any Director (including a Managing Director or other executive Director) before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director and may by ordinary resolution elect another person in his stead. Any person so elected shall hold office during such time only as the Director in whose place he is elected would have held the same if he had not been removed. Nothing in this Article should be taken as depriving a Director removed under any provision of this Article of compensation or damages payable to him in respect of the termination of his appointment as Director or of any other appointment or office as a result of the termination of his appointment as Director or as derogatory from any power to remove a Director which may exist apart from the provision of this Article.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

Immediately prior to the Listing, all Directors have been given a comprehensive training session covering a wide range of topics including but not limited to directors' duties and responsibilities, corporate governance and continuing obligations of a listed company.

For every newly appointed Director after the Listing, the Company would arrange a comprehensive, formal and tailored induction session on his/her appointment to ensure he/she would have a proper understanding of the Company's businesses and operations as well as his/her responsibilities under relevant statutes, laws, rules and regulations as a director of a listed company.

As part of continuous professional development of the Directors, the Company also provides briefings and other trainings to develop and refresh the Director's knowledge and skills, and continuously update Directors on the latest developments regarding the Group's business, the Listing Rules and other applicable legal and regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

Corporate Governance Report

During the year ended 31 December 2020, all the Directors attended the aforementioned comprehensive training, a training session on update on the recent Listing Rules amendments, and read relevant materials to keep themselves abreast of regulatory developments and changes.

Board meetings

During the Relevant Period, no Board meeting was held. The Company will fully comply with the requirement under the code provision A.1.1 of the CG Code to convene Board meetings at least four times a year at approximately quarterly intervals.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Since the Listing, the Company has adopted the Model Code as its code of conduct for the Directors' dealings in the securities of the Company. Upon specific enquiries of all the Directors, each of them has confirmed that he had complied with all applicable code provisions under the Model Code during the Relevant Period.

As required by the Company, relevant officers and employees of the Company are also bound by the Model Code, which prohibits them to deal in securities of the Company at any time when he/she possesses inside information of the Group. No incident of non-compliance of the Model Code by the relevant officers and employees was noted by the Company.

DIVIDEND POLICY

The determination to pay dividends will be made at the discretion of our Directors, depending on our results of operations, working capital, financial position, future prospects, and capital requirements, as well as any other factors which our Directors may consider relevant. Dividends may be paid only out of our distributable profits as permitted under the relevant laws. Any final dividend distribution shall also be subject to the approval of the Shareholders in a Shareholders' meeting.

CORPORATE GOVERNANCE PRACTICES

The Directors recognise the importance of incorporating elements of good corporate governance in the management structures and internal procedures of the Group so as to achieve effective accountability. The Company is committed to the view that the Board should include a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgment. During the Relevant Period, the Company has adopted the code provisions stated in the CG Code except for the deviation from CG Code provision A.2.1.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

CG Code provision A.2.1 stipulates that the roles of the chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Lam Ting Keung is the chairman of the Board and the chief executive officer of the Company. In view of the fact that Mr. Lam has been taking up day-to-day responsibilities in operating and managing the Group since its establishment, the Board believes that it is in the best interest of the Group to have Mr. Lam Ting Keung taking up both roles for effective management and business development. Therefore, the Directors consider that the deviation from CG Code provision A.2.1 is appropriate in such circumstance.

Notwithstanding the above, the Board view that such management structure is effective for the Group's operations and sufficient checks and balances are in place.

Corporate Governance Report

BOARD COMMITTEES

The Board has established three committees with specific written terms of reference to oversee particular aspects of the Group's affairs. All the Board committees are empowered by the Board under their own terms of reference which have been posted on Stock Exchange's website and/or the Company's website.

Audit committee

The Company established an audit committee in compliance with Rules 3.21 of the Listing Rules with written terms of reference in compliance with the Corporate Governance Code set forth in Appendix 14 to the Listing Rules on 5 October 2020. The primary duties of our audit committee are to assist our Board by providing an independent view of the effectiveness of our Group's financial reporting process, internal control and risk management system, to monitor the scope, effectiveness and results of internal audit functions, to oversee the audit process, to develop and review our policies and to perform other duties and responsibilities as assigned by our Board.

The audit committee consists of three independent non-executive Directors, namely Mr. Chung Chong Sun (being the chairman of the audit committee), Mr. Zhang Huaqiao and Mr. Tse Yat Hong.

During the Relevant Period, no audit committee meeting was held.

The Company's annual results for the year ended 31 December 2020 have been reviewed by the Audit Committee.

Remuneration committee

The Company established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules on 5 October 2020. The primary duties of the remuneration are to establish and review the policy and structure of the remuneration for our Directors and senior management and make recommendations on employee benefit arrangement.

The remuneration committee consists of three members, two of whom are independent non-executive Directors. The three members are Mr. Zhang Huaqiao (being the chairman of the remuneration committee), Mr. Chen Chaorong and Mr. Tse Yat Hong.

During the Relevant Period, no remuneration committee meeting was held.

Nomination Committee

The Company established a nomination committee with written terms of reference in compliance with Appendix 14 to the Listing Rules on 5 October 2020. The primary duties of our nomination committee are to make recommendations to the Board on the appointment of members of the Board.

The nomination committee consists of three members, two of whom are independent non-executive Directors. The three members are Mr. Lam (being the chairman of the nomination committee), Mr. Zhang Huaqiao and Mr. Chung Chong Sun.

During the Relevant Period, no nomination committee meeting was held.

Corporate Governance Report

FINANCIAL REPORTING SYSTEM, RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Financial reporting system

The Board, supported by the finance department, is responsible for the preparation of the financial statements of the Company and the Group. The directors prepared the financial statements on a going concern basis, International Financial Reporting Standards have been adopted and the appropriate accounting policies have been consistently used and applied. The Board aims to present a clear and balanced assessment of the Group's performance in the annual and interim reports to the Shareholders, and make appropriate disclosure and announcements in a timely manner. Pursuant to code provision C.1.1 of the Code, management would provide such explanation and information to the Board as will enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The work scope and reporting responsibilities of Ernst & Young, the Company's external auditor, are set out in the "Independent Auditor's Report" on pages 62 to 66 of this report.

Risk management and internal control system

The Board has established a comprehensive risk management and internal control system, which consist of an organization framework, as well as policies, procedures and risk management methods that the Board considers to be appropriate for our business operations. The system is designed to allow us to identify, report and address those risk and incidents that may significantly affect our performance or otherwise expose us to significant losses, liability or non-compliance with applicable laws and regulations. The risk management system comprises the formulation and implantation of a set of policies and procedures relating to relevant risk areas, including compliance with laws and regulations, construction quality, work safety and environmental matters. We are constantly monitoring the effectiveness of our risk management system. The Board oversees the implementation of the risk management and internal control measures and is responsible with reviewing the effectiveness of such system. The Board is responsible for approving our business and investment plans, adjusting the risk management plans and strategies in response to risks identified in our business operations. The internal control system covers various aspects of the operations, including information system control, procurement and accounts payable control, cash management, compensation management and financial reporting control. The internal audit functions have also been carried out under the leadership of the Board and the Audit Committee.

During the Relevant Period, the Group has implemented procedures and internal controls for the handling and dissemination of inside information. In particular, the Group:

- has conducted its affairs with close regard to the disclosure requirement under the Listing Rules as well as the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission in June 2012;
- has established its own disclosure obligation procedures, which set out the procedures and controls for the assessment of potential inside information and the handling and dissemination of inside information. The procedures have been communicated to the senior management and staff of the Company, and their implementation was monitored by the Company; and
- has made broad, non-exclusive disclosure of information to the public through channels such as financial reports, public announcements and its website.

The risk management and internal control systems are reviewed and assessed on an on-going basis by the audit committee and the executive Directors, and will be further reviewed and assessed at least once each year by the Board. During the year ended 31 December 2020, these systems covering all material controls, including financial, operational and compliance controls, were reviewed and considered effective and adequate.

AUDITOR'S REMUNERATION

For the year ended 31 December 2020, the remunerations paid or payable to Ernst and Young in respect of its audit services is approximately RMB 4.5 million.

Corporate Governance Report

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Company has adopted full disclosure of remunerations of Directors with disclosure in note 8 to the financial statements.

The remuneration of the members of senior management by bands in 2020 is set out below:

Remuneration bands	Number of individuals
HK\$2,500,001 to HK\$3,000,000	1
HK\$3,000,001 to HK\$3,500,000	1

COMPANY SECRETARY

In compliance with Rule 3.29 of the Listing Rules, Mr. Chiu Ngam confirmed that for the year ended 31 December 2020, he has taken no less than 15 hours of relevant professional training. The biography of Mr. Chiu is set out in the “Biographies of Directors and senior management” section on page 43 of this report.

SHAREHOLDERS’ RIGHTS

Convening an extraordinary general meeting

Pursuant to article 12.3 of the Articles, one or more Shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings 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 for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (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.

Putting forward proposals at Shareholders’ meetings

There are no provisions in the Articles or the Companies Law of the Cayman Islands for Shareholders to put forward new resolutions at general meetings. Shareholders who wish to put forward a new resolution may request the Company to convene a general meeting in accordance with the procedures set out in the above paragraph heading “Convening an extraordinary general meeting”.

Enquiries to the Board

Shareholders may at any time make enquiries to the Board in writing to the Board or its company secretary at the principal place of business in Hong Kong at Unit 6701-02, 67/F, The Center, 99 Queen’s Road Central, Central, Hong Kong or by email at irhk@radiance.com.cn or directly by raising questions at general meetings.

CONSTITUTIONAL DOCUMENTS

In preparation for the Listing, the Company has adopted the amended and restated Memorandum and Articles of Association pursuant to a special resolution passed at a general meeting on 29 October 2020, which became effective on the Listing Date. Since then, the Company has not made any changes to its Memorandum and Articles of Association. An up-to-date version of the Company’s Memorandum and Articles of Association is also available on the websites of the Company and of the Stock Exchange.

Directors' Report

The Board is pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries are principally engaged in property development. An analysis of the Group's revenue and operating results for the year ended 31 December 2020 by its principal activities is set out in note 1 to the consolidated financial statements of the Group on page 73 to 86 in this report.

RESULTS

The results of the Group for the year ended 31 December 2020 are set out in the "Chairman's Statement" section of this report and the consolidated statements of profit or loss and other comprehensive income of the Group on page 67 of this report.

BUSINESS REVIEW

General

A review of the business of the Group and a discussion on the Group's future business development during the year are set out in the sections headed "Chairman's statement" and "Management Discussion and Analysis" on pages 15 to 17 and pages 19 to 38, respectively, of this report. An analysis of the Group's performance during the year using financial key performance indicators is set out in the "Management Discussion and Analysis" on pages 19 to 38 of this report. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2020 are set out in note 47 to the consolidated financial statements on page 176 in this report.

Principal risks and uncertainties

Principal risks and uncertainties the Group faces include (i) risks related to the performance of the economic conditions in the PRC and the PRC property markets; (ii) uncertainty as to identifying desirable locations or acquiring land use rights for future property development on favorable terms; (iii) uncertainty as to obtaining sufficient funding for land acquisitions and future developments and capital resources may not be available on favorable terms; (iv) risks related to the fluctuation of profitability of property projects; (v) risks related to the government policies and regulations regarding the PRC property industry; and (vi) risks related to the increasing raw materials price and labor costs.

The Group's financial risk management objectives and policies of the Group are set out in note 46 to the consolidated financial statements.

Environmental policies and performance

It is the Group's corporate and social responsibility in promoting a sustainable and environmental friendly environment, and the Group strives to minimise its environmental impact and comply with the applicable environmental laws and regulations. The measures it takes to ensure its compliance with the applicable environmental laws and regulations include: (i) strictly selecting construction contractors and supervising the process of construction; (ii) applying for review by the relevant government authorities in a timely manner after the project is completed; and (iii) actively adopting environmentally friendly equipment and designs. The Group also takes voluntary actions with respect to environmental protection and make energy conservation and emission reduction as primary considerations when designing its property projects. None of the Group's properties had received any material fines or penalties associated with the breach of any environmental laws or regulations during the year ended 31 December 2020. The 2020 Environmental, Social and Governance Report of the Group shall be published separately.

Directors' Report

Relationship with Employees

The Group believes high-quality employees who value its corporate culture are essential elements to promote its sustainable growth. The Group intends to attract and retain skilled and talented employees from reputable universities of PRC through various initiatives, including creative trainee programs, competitive compensation packages and effective incentive system. For details regarding employees and staff costs and the emolument policy of the Group, please refer to the section headed "Management Discussion and Analysis – Employees".

Relationship with Suppliers

The Group is dedicated to develop good relationship with suppliers as long-term business partners to ensure stability of the Group's businesses. It reinforces business partnerships with suppliers by ongoing communication in a proactive and effective manner. For further details regarding the Group's major suppliers, please refer to the section headed "Directors' Report – Major Customers and Suppliers".

Relationship with Customers

Customers satisfaction with services and products has a profound effect on the profitability. The Group's dedicated sales team is in constant communication with its customers and potential customers to uncover and create customer needs and help customers make informed decisions. Identification of customers' pain points alongside grasping the market trend are critical for the Group to timely adjust our operating strategies to fit the market requirement. For details regarding the Group's major customers, please refer to the sections headed "Directors' Report – Major Customers and Suppliers".

Compliance with laws and regulations

The Company is incorporated in the Cayman Islands with the Shares listed on the Main Board of the Stock Exchange. The Group's subsidiaries are incorporated in the BVI, Hong Kong and the PRC. The Group's operations are mainly carried out by the Group's subsidiaries in China while the Group also has a corporate and administrative office in Hong Kong.

Its establishments and operations accordingly shall comply with relevant laws and regulations in the Cayman Islands, the BVI, the PRC and Hong Kong. During the year ended 31 December 2020 and up to the date of this report, the Group has complied with all the relevant laws and regulations in the Cayman Islands, the BVI, the PRC and Hong Kong that have a significant impact on the Group.

FINAL DIVIDEND

The Board recommends the payment of a final dividend for the year 2020 of HK0.32 dollars (equivalent to RMB0.27) per ordinary share (to be distributed out of the Company's share premium account) (the "2020 Proposed Final Dividend") in the form of cash. The 2020 Proposed Final Dividend shall be declared and payable in Hong Kong dollars.

Based on the total issued shares of the Company as at the date of this report, the 2020 Proposed Final Dividend amounted to approximately RMB1,092,211,290.

The 2020 Proposed Final Dividend is subject to the approval of the Shareholders at the 2021 AGM to be held on 12 May 2021 and is expected to be paid on or around 10 June 2021.

Directors' Report

PROPERTY, PLANT AND EQUIPMENT

Changes to the property, plant and equipment of the Group and the Company during the year ended 31 December 2020 are set out in note 13 to the consolidated financial statements.

BORROWINGS

Details of the Group's borrowings during the year ended 31 December 2020 are set out in note 31 to the consolidated financial statements.

SHARE CAPITAL

Save for the initial public offering as described in the Prospectus and the additional 45,227,000 Shares allotted and issued on 25 November 2020 through the partial exercise of the over-allotment option.

Details of the movements in the share capital of the Company during the year ended 31 December 2020 are set out in note 35 to the consolidated financial statements.

SENIOR NOTES

Details of senior notes of the Company during the year are set out in note 33 to the consolidated financial statements.

RESERVES

Details of the movement in the reserves of the Group and of the Company during the year ended 31 December 2020 are set out on pages 154 and pages 177 to 178 of this report. In respect of Company, the amount of reserves available for distribution under the Companies Laws of the Cayman Islands as at 31 December 2020 was RMB2,228.1 million.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save for the initial public offering as described in the Prospectus and the additional 45,227,000 Shares allotted and issued on 25 November 2020 through the partial exercise of the Over-Allotment Option, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 December 2020.

DONATIONS

Donations made by the Group during the year ended 31 December 2020 amounted to RMB38.6 million.

Directors' Report

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2020 and the state of the Group's financial position as at that date are set out in the consolidated financial statements on pages 67 to 178 in this report.

DIRECTORS

The Directors during the year ended 31 December 2020 and up to the date of this annual report were:

Name of director	Position
Mr. Lam Ting Keung	Executive Director
Mr. Lam Yu	Executive Director
Mr. Chen Chaorong	Executive Director
Mr. Huang Junquan	Executive Director
Mr. Zhang Huaqiao	Independent non-executive Director
Mr. Tse Yat Hong	Independent non-executive Director
Mr. Chung Chong Sun	Independent non-executive Director

In accordance with the Articles, at each annual general meeting one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

The Company at the general meeting at which a Director retires may fill the vacated office. Accordingly, Mr. Lam Yu, Mr. Chen Chaorong and Mr. Tse Yat Hong shall retire from office by rotation at the 2021 AGM and being eligible, will offer themselves for re-election.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company and each of the independent non-executive Directors has signed an appointment letter with the Company for a term of 3 years. None of the Directors who are proposed for election or re-election at the 2021 AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation. There is no arrangement under which a director has waived or agreed to waive any emoluments.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2020, none of the Directors nor their respective associates (as defined in the Listing Rules) had any interest in a business that competed or might compete with the business of the Group.

Directors' Report

NON-COMPETITION UNDERTAKING

Each of Mr. Lam, being the executive Director and the Controlling Shareholder, Ms. Lam, Radiance Group Holdings and Glowing Shine, all being the Controlling Shareholders, has confirmed to the Company that, since the Listing Date and up to 31 December 2020, he/she/it has complied with the Deed of Non-competition dated 13 October 2020 (the "Undertakings") as disclosed in the Prospectus.

The independent non-executive Directors had reviewed the status of compliance and the confirmation provided by the Controlling Shareholders as part of the annual review process. On the basis that: (i) the Company has received the confirmations from the Controlling Shareholders regarding the Undertakings; (ii) there was no competing business reported by the Controlling Shareholders; and (iii) there was no particular situation rendering the full compliance of the Undertakings being questionable, the independent non-executive Directors are of the view that the Undertakings have been complied with and been enforced by the Company in accordance with the terms.

SHARE OPTION SCHEME

Details of the Share Option Scheme

1) Purpose

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognise and acknowledge the contributions that the Eligible Participants (as defined in paragraph (2) below) had or may have made to our Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of our Group; and
- (ii) attract and retain or otherwise maintain an on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.

2) Participants

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "Eligible Participants") to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (6) below:

- (i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;
- (ii) any directors (including independent non-executive directors) of our Company or any of its subsidiaries; and
- (iii) any advisors, consultants, suppliers, customers, distributors and such other persons who in the sole opinion of the Board will contribute or have contributed to our Company or any of its subsidiaries.

3) Maximum number of Shares

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the aggregate of the Shares in issue on Listing Date, and such 10% limit represents 400,000,000 Shares, representing approximately 9.89% of the total Shares in issue as at the date of this report.

Directors' Report

4) Maximum number of options to any one individual

Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the Shares in issue as at the date of grant.

5) Acceptance and exercise of options

An option shall be deemed to have been granted and accepted by the grantee and to have taken effect when the duplicate offer document constituting acceptances of the options duly signed by the grantee, together with a remittance in favor of the Company of HK\$1.00 by way of consideration for the grant thereof, is received by the Company on or before the relevant acceptance date.

The exercise period of any share option granted under the Share Option Scheme shall be determined by the Board but such period must not exceed ten years from the date of grant of the relevant share option.

6) Price of Shares

The subscription price for a Share under the Share Option Scheme shall be determined by the Board in its absolute discretion, but must be at least the highest of:

- (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

(7) The duration of the Share Option Scheme

The Share Option Scheme shall be valid and effective until 4 October 2030, i.e. for the period of ten years commencing from the date of adoption of the Share Option Scheme, after which no further options shall be granted, but in all other respects the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the rules of the Share Option Scheme.

For further details of the Share Option Scheme, please refer to the section headed "Statutory and general information — D. Share incentive scheme" in Appendix V to the Prospectus.

Since the adoption of the Share Option Scheme and up to the date of this report, no option has been granted by the Company pursuant to the Share Option Scheme.

Directors' Report

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2020, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code, are set out below:

Interests in shares of the Company

Name of Director/ Chief Executive	Nature of Interest	Number of Shares or underlying Shares	Approximate percentage of shareholding
Mr. Lam	Interest in controlled corporations ^(note 1)	3,400,000,000	84.05%

Notes:

(1) Pursuant to Division 7 of Part XV of the SFO, 3,400,000,000 Shares held by Mr. Lam are deemed corporate interests through Radiance Group Holdings and Glowing Shine.

Interests in shares/debentures of associated corporations of the Company

Name of Director	Name of associated corporation	Nature of interest	Number of shares/ Amount of debentures	Approximate percentage in relevant shares/debentures
Mr. Lam	Radiance Group Holdings	Beneficial owner	6,172,150	64.97%
Lam Yu	Radiance Capital Investments Limited	Beneficial owner	USD20,000,000	2.5%

Save as disclosed above, as at 31 December 2020, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Report

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Company, as at 31 December 2020, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares:

Name of substantial shareholder	Number of Shares directly or indirectly held	Approximate percentage of Shares in issue
Radiance Group Holdings	3,400,000,000	84.05%
Glowing Shine	3,400,000,000	84.05%

Note:

- (1) Radiance Group Holdings is owned as to 64.97% and 35.03% by Mr. Lam and Ms. Lam, respectively.
- (2) Radiance Group Holdings is the beneficial owner of all the issued shares in Glowing Shine and, therefore, Radiance Group Holdings is deemed, or taken to be interested in the Shares owned by Glowing Shine for the purpose of the SFO.
- (3) Mr. Lam is the sole director of Radiance Group Holdings and Glowing Shine. Mr. Lam, by virtue of his ownership of shares in Radiance Group Holdings as to 64.97%, is deemed or taken to be interested in the Shares owned by Glowing Shine for the purpose of the SFO.

Save as disclosed above, as at 31 December 2020, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares that were recorded in the register required to be kept under section 336 of the SFO.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Scheme, at no time during the year was the Company, its holding company, or any of its subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debt securities including debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in this report and the section headed "Continuing Connected Transactions", no transactions, arrangements or contracts of significance in relation to which the Company, its holding company or subsidiaries was a party and in which a Director or his connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2020.

COMPLIANCE ADVISER'S INTEREST

As notified by the Company's compliance advisor, Maxa Capital Limited (the "Compliance Advisor"), except for the compliance adviser agreement entered into between the Company and the Compliance Advisor dated 29 October 2020, neither the Compliance Advisor nor its directors, employees or close associates had any interests in relation to the Company, which is required to be notified to the Company pursuant to the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2020, revenue attributable to the five largest customers in aggregate accounted for less than 30.0% of the Group's revenue for the year.

Directors' Report

During the year ended 31 December 2020, purchases attributable to the Group's largest supplier amounted to approximately 16.3% of the Group's total purchases and the Group five largest suppliers in aggregate accounted for approximately 41.4% of the Group's total purchase for the year.

None of the Directors, their close associates or any Shareholders, which to the knowledge of the Directors owned more than 5% of the Company's issued Shares, had an interest in the share capital of any of the five largest suppliers and customers.

CONTINUING CONNECTED TRANSACTIONS

As disclosed in the Prospectus, the following is the continuing connection transaction, as defined under Chapter 14A of the Listing Rules entered into by the Company which are subject to reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement. Save as disclosed below and in the Prospectus, the Company did not enter into any additional connected transaction during the Reporting Period.

On 13 October 2020, the Company entered into a property management related services framework agreement (the "Property Management Related Services Framework Agreement") with Radiance Lifestyle Holdings Limited ("**Radiance Lifestyle Holdings**"), pursuant to which we agreed to engage Radiance Lifestyle Holdings and/or its subsidiaries to provide property management and related services to our Group, including but not limited to (i) management services for unsold units and unsold car parking spaces; (ii) pre-delivery management and value-added services which primarily include (a) planning and design consultancy; (b) inspection, cleaning and repair of units; (c) site security; and (d) ancillary facilities management services; and (iii) sales management services which primarily include property management of display units, and off- and on-site sales offices (the "Property Management Related Services"). The Property Management Related Services Framework Agreement has a term commencing from the Listing Date to 31 December 2022.

For the year ended 31 December 2020, the total amount of service fee payable by the Company to Radiance Lifestyle Holdings and/or its subsidiaries for the Property Management Related Services amounted to RMB213 million, which is within the annual cap of RMB221 million as disclosed in the Prospectus.

The maximum transaction amounts under the Property Management Related Services Framework Agreement for the years ending 31 December 2021 and 2022 shall not exceed RMB301 million and RMB401 million, respectively.

Radiance Lifestyle Holdings is wholly owned by Radiance Group Holdings, which is in turn owned as to 64.97% by Mr. Lam and 35.03% by Ms. Lam. Radiance Lifestyle Holdings is therefore a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transaction under the Property Management Related Services Framework Agreement will constitute a continuing connected transaction for our Company under Chapter 14A of the Listing Rules upon Listing.

As each of the applicable percentage ratios (except for the profit ratio) under the Listing Rules in respect of the highest annual cap in relation to the Property Management Related Services Framework Agreement is expected to be over 0.1% but less than 5% on an annual basis, such transaction will constitute a continuing connected transaction for the Company that are exempt from the independent Shareholders' approval requirement but subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules. For further details, please refer to the Prospectus.

Pursuant to Rule 14A.55 of the Listing Rules, all independent non-executive Directors have reviewed and confirmed that the above continuing connected transactions have been entered into in (i) the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

For the purpose of Rule 14A.56 of the Listing Rules, Ernst and Young, the auditor of the Company, was engaged to report on the continuing connected transactions and has provided a letter to the Board, confirming that nothing has come to its attention that causes it to believe that the continuing connected transactions mentioned above (i) have not been approved by the Board; (ii) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (iii) have exceeded the respective annual cap.

Directors' Report

RELATED PARTY TRANSACTIONS

Details of related party transactions of the Group during the year ended 31 December 2020 are set out in note 43 to the Consolidated Financial Statements. Save as disclosed in section headed "Continuing Connected Transaction" above, certain of these transactions also constitute connected transactions/continuing connected transactions under Chapter 14A of the Listing Rules. The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

PRE-EMPTIVE RIGHTS AND TAX RELIEF

There is no provision for pre-emptive rights under the Articles or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated under which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

SPECIFIC PERFORMANCE OF CONTROLLING SHAREHOLDERS UNDER RULE 13.18 OF THE LISTING RULES

There is no specific performance of controlling shareholders under Rule 13.18 of the Listing Rules from Listing Date up to the date of this report.

PUBLIC FLOAT

The Stock Exchange has granted the Company a public float waiver under Rule 8.08(1)(a) of the Listing Rules to accept a lower public float percentage of the total issued share capital of 15.95%. Details of the waiver is set out in the section headed "Waivers from Strict Compliance with the Listing Rules — Waiver in relation to Public Float" of the Prospectus.

As at the date of this report, based on information that was public available to the Company and to the best knowledge of the Directors, the Company maintained the amount of public float as required under the public float waiver.

CORPORATE GOVERNANCE

The Board is of the opinion that the Company had adopted, applied and complied with all applicable the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the year under review. Principal corporate governance practices adopted by the Company are set out in the "Corporate Governance Report" section of this report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last four financial years is set out in the section headed "Financial summary" on pages 179 to 180 of this report.

SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2020 are set out in note 1 to the consolidated financial statements.

PERMITTED INDEMNITY

The Articles provide that every Director is entitled to be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which he may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

Directors' Report

The Group has taken out and maintained directors' liability insurance for the year ended 31 December 2020, which provides appropriate cover for the Directors. The permitted indemnity provision was in force during the year ended 31 December 2020 and remained in force as at the date of this report for the benefit of the Directors.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the above paragraph headed "Share Option Scheme" in this section, no equity-linked agreements were entered into during the year and subsisted at the end of the year.

MANAGEMENT CONTRACTS

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

AGM AND CLOSURE OF REGISTER OF MEMBERS

The 2021 AGM will be held on Wednesday, 12 May 2021. A notice convening the AGM will be published on the Company's website and the Stock Exchange's website and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course. For the purposes of determining the Shareholders' eligibility to attend, speak and vote at the 2021 AGM and the Shareholders' entitlement to the proposed final dividend, the Register of Members will be closed as appropriate as set out below:

For determining the entitlement to attend and vote at the 2021 AGM

The Register of Members will be closed from Friday, 7 May 2021 to Wednesday, 12 May 2021, both days inclusive, during which period no transfer of Shares will be effected. In order to determine the identity of members who are entitled to attend and vote at the 2021 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Thursday, 6 May 2021.

For determining the entitlement to the 2020 Proposed Final Dividend

The Register of Members will be closed from Wednesday, 26 May 2021 to Thursday, 27 May 2021, both days inclusive, during which period no transfer of Shares will be effected. In order to qualify for the 2020 Proposed Final Dividend, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 25 May 2021.

AUDITOR

The consolidated financial statements of the Group for the year ended 31 December 2020 have been audited by Ernst & Young who will retire at the 2021 AGM. Ernst & Young, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of Ernst & Young as the auditor of the Company will be proposed at the 2021 AGM.

By order of the Board

Lam Ting Keung
Chairman

Hong Kong, 19 March 2021

Independent Auditor's Report

To the shareholders of Radiance Holdings (Group) Company Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Radiance Holdings (Group) Company Limited (the "Company") and its subsidiaries (the "Group") set out on pages 67 to 178, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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 International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") 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 Hong Kong Institute of Certified Public Accountants ("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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

Independent Auditor's Report

KEY AUDIT MATTERS (Continued)

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter

How our audit addressed the key audit matter

Valuation of investment properties

The Group owned investment properties in mainland China which were measured at fair value and their aggregate carrying amount was approximately RMB10,952,600,000 as at 31 December 2020, including completed investment properties and investment properties under construction.

The Group engaged Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent professionally qualified valuer, to perform the valuations of these properties as at 31 December 2020. Significant judgement was required to determine the fair values of the investment properties, which reflected market conditions as at the end of the reporting period. The fair value of completed commercial properties was determined using the income approach by taking into account the rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. The fair value of commercial properties under construction was determined using the cost method, which has taken into account the market value of land use right plus the construction cost incurred so far and applied appropriate gross margin. Changes in these assumptions would have significant effects on the valuation of investment properties. Accordingly, the valuation of investment properties was identified as a key audit matter.

The accounting policies and disclosures of the investment properties were included in note 2.4, note 3 and note 14 to the consolidated financial statements.

We have assessed and evaluated the design and operating effectiveness of the key controls of management in the valuation of investment properties.

We have evaluated the competency, independence and objectivity of the external valuer. We obtained an understanding of the valuation approach and key assumptions used by the external valuer.

We have assessed the validity of the property related data used as inputs for the valuations and involved our internal valuation experts to assist us in evaluating the valuation methodology and the underlying assumptions. We have evaluated the source data used in the valuation by benchmarking them to relevant market information on a sampling basis.

We have assessed the disclosures related to the valuation of investment properties in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

Independent Auditor's Report

KEY AUDIT MATTERS (Continued)

Key audit matter

How our audit addressed the key audit matter

Provision for land appreciation tax

The Group is a property developer in mainland China focusing on the development of residential properties and the development, operation and management of commercial and mixed-use properties. Land appreciation tax ("LAT") in mainland China was one of the main components of the Group's taxation charge. LAT is levied on the sale of properties at progressive rates ranging from 30% to 60% based on the appreciation of land value. As at 31 December 2020, the management of the Group estimated the provision for LAT based on their understanding and interpretation of the relevant tax rules and regulations, and the estimated total sales of properties less total deductible expenditure, which includes lease charges for land use rights, property development costs, borrowing costs and development expenditure. Provision for LAT in mainland China is significant to the consolidated financial statements of the Group and involved significant management's judgement and interpretation of the relevant tax provisions. Accordingly, provision for LAT was identified as a key audit matter.

The accounting policies and disclosures of the provision for land appreciation tax were included in note 2.4, note 3 and note 10 to the consolidated financial statements.

We have assessed and evaluated the design and operating effectiveness of the key controls of management in the calculation of the provision for land appreciation tax.

We have involved internal tax specialists to assist us to perform a review on the LAT position, including the review of the estimates and assumptions used by the Group and the evaluation of tax exposure based on communications with the relevant tax authorities and applying our knowledge and experience. We have also recalculated the tax computation and compared our calculations with the amounts recorded by the Group.

We have assessed the disclosures related to the provision for land appreciation tax in the consolidated financial statements with reference to the requirements of the prevailing accounting standards.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises 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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities 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. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional 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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

We communicate with the 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 SIU FUNG TERENCE HO.

Ernst & Young

Certified Public Accountants

Hong Kong

19 March 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
REVENUE	5	34,875,174	25,963,108
Cost of sales		(27,162,266)	(20,300,888)
Gross profit		7,712,908	5,662,220
Finance income		95,302	100,431
Other income and gains	5	436,406	187,641
Selling and distribution expenses		(1,152,834)	(771,495)
Administrative expenses		(1,196,128)	(988,052)
Finance costs	7	(525,246)	(494,863)
Other expenses		(80,592)	(49,065)
Fair value gains on investment properties	14	437,006	480,869
Fair value losses on financial assets at fair value through profit or loss		(77)	(266)
Share of profits and losses of:			
Joint ventures		992,533	510,165
Associates		(182,519)	(68,769)
PROFIT BEFORE TAX	6	6,536,759	4,568,816
Income tax expense	10	(2,717,686)	(1,878,828)
PROFIT FOR THE YEAR		3,819,073	2,689,988
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,819,073	2,689,988
Attributable to:			
Owners of the parent		3,127,526	2,508,068
Non-controlling interests		691,547	181,920
		3,819,073	2,689,988
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted earnings per share	12	RMB0.89	RMB0.74

Consolidated Statement of Financial Position

31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	354,532	375,297
Right-of-use assets	15	121,185	133,728
Investment properties	14	10,952,600	10,506,200
Intangible assets	16	17,609	18,276
Investments in joint ventures	17	2,461,115	1,736,684
Investments in associates	18	4,911,875	2,341,967
Financial assets at fair value through profit or loss	26	110,300	309,951
Deferred tax assets	19	2,884,290	2,873,970
Other non-current assets	25	1,402,644	1,402,644
Total non-current assets		23,216,150	19,698,717
CURRENT ASSETS			
Properties under development	20	103,990,664	86,103,704
Completed properties held for sale	21	12,450,866	8,884,710
Trade receivables	22	24,191	25,360
Contract cost assets	23	771,064	481,756
Due from related parties	43	7,314,208	7,815,085
Prepayments, other receivables and other assets	24	10,455,096	12,243,759
Tax recoverable		814,489	685,978
Financial assets at fair value through profit or loss	26	33,808	5,739
Restricted cash	27	5,420,396	3,762,566
Pledged deposits	27	438,433	418,642
Cash and cash equivalents	27	20,732,123	9,218,547
Total current assets		162,445,338	129,645,846
CURRENT LIABILITIES			
Trade and bills payables	28	12,922,569	8,401,573
Other payables and accruals	29	2,890,303	3,300,649
Contract liabilities	30	69,086,961	56,685,129
Due to related parties	43	4,604,199	4,911,899
Tax payable	10	3,783,703	2,763,367
Interest-bearing bank and other borrowings	31	9,734,431	13,979,311
Proceeds from asset-backed securities	32	770,798	1,156,041
Senior notes	33	1,745,743	34,154
Corporate bonds	34	7,056,468	4,035,868
Lease liabilities within one year	15	15,637	20,380
Total current liabilities		112,610,812	95,288,371
NET CURRENT ASSETS		49,834,526	34,357,475
TOTAL ASSETS LESS CURRENT LIABILITIES		73,050,676	54,056,192

Consolidated Statement of Financial Position

31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	31	25,868,005	19,466,254
Proceeds from asset-backed securities	32	2,690,573	3,426,599
Senior notes	33	3,549,874	1,706,044
Corporate bonds	34	2,358,100	5,266,794
Lease liabilities	15	7,402	12,231
Deferred tax liabilities	19	2,464,316	2,799,068
Total non-current liabilities		36,938,270	32,676,990
Net assets		36,112,406	21,379,202
EQUITY			
Equity attributable to owners of the parent			
Share capital	35	35,095	–
Reserves	36	21,527,316	16,830,242
Non-controlling interests		21,562,411	16,830,242
		14,549,995	4,548,960
Total equity		36,112,406	21,379,202

Mr. Lam Ting Keung
Director

Mr. Chen Chaorong
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2020

	Attributable to owners of the parent						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory surplus reserves	Asset revaluation reserve	Retained profits			
	RMB'000 Note 35	RMB'000 Note 36(a)	RMB'000 Note 36(b)	RMB'000 Note 36(c)	RMB'000 Note 36(d)	RMB'000			
As at 1 January 2019	-	-	(144,926)	1,441,003	5,287	13,020,810	14,322,174	3,210,016	17,532,190
Profit for the year	-	-	-	-	-	2,508,068	2,508,068	181,920	2,689,988
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	2,508,068	2,508,068	181,920	2,689,988
Appropriations to statutory surplus reserves	-	-	-	303,178	-	(303,178)	-	-	-
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	1,157,024	1,157,024
As at 31 December 2019 and 1 January 2020	-	-	(144,926)*	1,744,181*	5,287*	15,225,700*	16,830,242	4,548,960	21,379,202
Profit for the year	-	-	-	-	-	3,127,526	3,127,526	691,547	3,819,073
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	3,127,526	3,127,526	691,547	3,819,073
Appropriations to statutory surplus reserves	-	-	-	344,544	-	(344,544)	-	-	-
Issuance of new shares	35,095	2,297,175	-	-	-	-	2,332,270	-	2,332,270
Acquisition of additional interest in subsidiaries	-	-	(37,315)	-	-	-	(37,315)	(91,554)	(128,869)
Capital contribution by the non-controlling shareholders of subsidiaries	-	-	16,788	-	-	-	16,788	9,401,042	9,417,830
Dividends and distributions	-	-	-	-	-	(707,100)	(707,100)	-	(707,100)
At 31 December 2020	35,095	2,297,175*	(165,453)*	2,088,725*	5,287*	17,301,582*	21,562,411	14,549,995	36,112,406

* These reserve accounts comprise the consolidated reserves of RMB21,527,316,000 (2019: RMB16,830,242,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		6,536,759	4,568,816
Adjustments for:			
Depreciation of items of property, plant and equipment	6,13	44,778	54,878
Depreciation of right-of-use assets	6,15(a)	26,702	26,395
Amortisation of intangible assets	6,16	3,260	3,767
Impairment losses recognised for properties under development	6,20	155,979	183,913
Impairment losses recognised for completed properties held for sale	6,21	147,203	265,295
Impairment losses recognised for financial assets	6,22,24	(572)	83
Exchange gain		(258,649)	–
Fair value losses from financial assets at fair value through profit or loss		77	266
Gain on disposal of subsidiaries	5,40	(21,502)	(97,589)
Remeasurement gain on investment in an associate held before business combination	5	(35,052)	–
Gain on disposal of an associate	5	(51,100)	–
Share of profits and losses of joint ventures	17	(992,533)	(510,165)
Share of profits and losses of associates	18	182,519	68,769
Fair value gains on investment properties	14	(437,006)	(480,869)
Net (gain)/loss on disposal of items of property, plant and equipment		(167)	140
Finance costs	7	525,246	494,863
Finance income		(95,302)	(100,431)
Increase in properties under development and completed properties held for sale		(19,128,872)	(19,575,326)
Decrease/(increase) in prepayments and other receivables		1,909,370	(9,214,874)
Increase in restricted cash		(1,657,830)	(484,500)
Increase in pledged deposits		(17,534)	(52,040)
Decrease in trade receivables		1,835	38,817
Increase in contract cost assets		(289,308)	(151,276)
Increase in trade and bills payables		4,515,034	2,589,745
(Increase)/decrease in amounts due from related parties		(26,415)	6,784
Increase in other payables and accruals		1,844,634	3,179,343
Increase in contract liabilities		11,921,902	15,676,127
Increase in due to related parties		8,299	–
Cash generated from/(used in) operations		4,811,755	(3,509,069)
Interest received		95,302	100,431
Tax paid		(2,257,143)	(2,288,415)
Net cash flows from/(used in) operating activities		2,649,914	(5,697,053)

Consolidated Statement of Cash Flows

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	13	(28,171)	(45,515)
Purchase of intangible assets	16	(2,624)	(1,565)
Increase in investment properties	14	(9,394)	(8,150)
Acquisition of subsidiaries	39	(337,129)	–
Disposal of subsidiaries	40	(71,649)	(45,513)
Acquisition of financial assets at fair value through profit or loss		(31,097)	(218,842)
Disposal of financial assets at fair value through profit or loss		202,602	1,228,557
Investments in joint ventures and associates		(2,965,533)	(517,890)
Dividends received from joint ventures		281,330	–
Advances to related parties	43	(5,790,402)	(11,477,734)
Receipt of advances to related parties	43	6,317,694	10,548,600
Disposal of items of property, plant and equipment		3,351	788
Net cash flows used in investing activities		(2,431,022)	(537,264)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of senior notes	33	3,811,809	1,706,044
Proceeds from issue of corporate bonds	34	2,355,919	3,959,475
Repayment of proceeds from issue of corporate bonds	34	(2,264,000)	(4,728,055)
Capital contribution from non-controlling shareholders of the subsidiaries		8,974,830	611,499
Interest paid		(3,790,743)	(2,624,436)
Advances from related parties	43	2,375,210	6,061,726
Repayment of advances from related parties	43	(2,691,209)	(4,033,640)
Proceeds from asset-backed securities	32	–	631,114
Repayment of proceeds from asset-backed securities	32	(1,125,593)	(778,274)
(Increase)/decrease in pledged deposits	27	(2,257)	623,025
Proceeds from interest-bearing bank and other borrowings		28,327,547	27,230,410
Repayment of interest-bearing bank and other borrowings		(26,044,008)	(23,111,597)
Payment of lease liabilities	15	(25,901)	(26,483)
Dividends paid	11	(707,100)	–
Acquisition of additional interest in subsidiaries		(128,869)	–
Proceeds from issue of new shares		2,332,270	–
Net cash flows from financing activities		11,397,905	5,520,808
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		11,616,797	(713,509)
Cash and cash equivalents at beginning of year		9,218,547	9,932,056
Effect of foreign exchange rate changes, net		(103,221)	–
CASH AND CASH EQUIVALENTS AT END OF YEAR		20,732,123	9,218,547
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	27	26,590,952	13,399,755
Less: Restricted cash	27	5,420,396	3,762,566
Pledged deposits	27	438,433	418,642
Cash and cash equivalents as stated in the statement of cash flows		20,732,123	9,218,547

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company incorporated in the Cayman Islands. The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 29 October 2020. The registered office address of the Company is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. During the year, the Group was involved in property development and sales, property leasing and the provision of management consulting services.

In the opinion of the directors, the holding company and the ultimate holding company of the Company is Radiance Group Holdings Limited, which is incorporated in the Cayman Islands.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
<i>Directly held:</i>					
Jubilance Properties Limited		British Virgin Islands	US\$0.003	100.00%	Investment holding
<i>Indirectly held:</i>					
金輝投資(香港)有限公司 Kam Fei Investment (Hong Kong) Limited ("Kam Fei Investment")		Hong Kong ("HK")	HK\$990	100.00%	Investment holding
金輝資本投資有限公司 Radiance Capital Investments Limited ("Radiance Capital Investments")	(1)	British Virgin Islands	US\$50	96.00%	Financing
金輝北望控股有限公司 Radiance Capital Holdings Co., Limited ("Radiance Capital Holdings")	(1)	HK	HK\$10	96.00%	Investment holding
金輝集團股份有限公司 Radiance Group Co., Ltd. ("Radiance Group")	(1)	People's Republic of China ("PRC") Mainland China	RMB1,800,000	96.00%	Property development
北京融輝置業有限公司 Beijing Ronghui Real Estate Co., Ltd. ("Beijing Ronghui Real Estate")	(1)	PRC/Mainland China	RMB300,000	96.00%	Property development

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital (‘000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
<i>Indirectly held: (Continued)</i>					
北京金輝居業投資有限公司 Beijing Jinhui Juye Investment Co., Ltd. ("Beijing Jinhui Juye Investment")	(1)	PRC/Mainland China	RMB98,000	96.00%	Investment holding
北京金輝酒店管理有限公司 Beijing Jinhui Hotel Management Co., Ltd. ("Beijing Ronghui Hotel Management")	(1)	PRC/Mainland China	RMB10,000	96.00%	Property management
福州金輝居業房地產有限公司 Fuzhou Jinhui Juye Properties Co., Ltd. ("Fuzhou Jinhui Juye Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
北京融輝茗業投資有限公司 Beijing Ronghui Mingye Investment Co., Ltd. ("Beijing Ronghui Mingye Investment")	(1)	PRC/Mainland China	RMB30,000	96.00%	Investment holding
北京金輝原山投資發展有限公司 Beijing Jinhui Yuanshan Investment Development Co., Ltd. ("Beijing Jinhui Yuanshan Investment")	(1)	PRC/Mainland China	RMB10,000	96.00%	Property management
北京居業置業有限公司 Beijing Juye Real Estate Co., Ltd. ("Beijing Juye Real Estate")	(1)	PRC/Mainland China	RMB3,309,447	96.00%	Property development and leasing
北京北建陸港國際物流有限公司 Beijing Beijian Lugang International Logistics Co., Ltd. ("Beijing Beijian Lugang International")	(1)	PRC/Mainland China	RMB124,000	96.00%	Property development
天津融輝投資有限公司 Tianjin Ronghui Investment Co., Ltd. ("Tianjin Ronghui Investment")	(1)	PRC/Mainland China	RMB200,000	96.00%	Property development
天津金輝房地產開發有限公司 Tianjin Jinhui Properties Development Co., Ltd. ("Tianjin Jinhui Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
遼寧金輝置業有限公司 Liaoning Jinhui Real Estate Co., Ltd. ("Liaoning Jinhui Real Estate")	(1)	PRC/Mainland China	RMB20,000	96.00%	Property development

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital (‘000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
<i>Indirectly held: (Continued)</i>					
瀋陽金輝居業房地產有限公司 Shenyang Jinhui Juye Properties Co., Ltd. ("Shenyang Jinhui Juye Properties")	(1)	PRC/Mainland China	RMB20,000	96.00%	Property development
重慶融輝房地產有限公司 Chongqing Ronghui Properties Co., Ltd. ("Chongqing Ronghui Properties")	(1)	PRC/Mainland China	RMB173,700	96.00%	Property development
成都融輝置業有限公司 Chengdu Ronghui Real Estate Co., Ltd. ("Chengdu Ronghui Real Estate")	(1)	PRC/Mainland China	RMB20,000	96.00%	Property development
成都金輝居業置業有限公司 Chengdu Jinhui Juye Real Estate Co., Ltd. ("Chengdu Jinhui Juye Real Estate")	(1)	PRC/Mainland China	RMB10,000	96.00%	Property development
瀋陽融輝居業房地產開發有限公司 Shenyang Ronghui Juye Properties Development Co., Ltd. ("Shenyang Ronghui Juye Properties")	(1)	PRC/Mainland China	RMB582,080	96.00%	Property development
合肥盛卓房地產開發有限公司 Hefei Shengzhuo Properties Development Co., Ltd. ("Hefei Shengzhuo")	(2)	PRC/Mainland China	RMB200,000	22.08%	Property development
瀋陽廣興房地產開發有限公司 Shenyang Guangxing Properties Development Co., Ltd. ("Shenyang Guangxing Properties")	(1)	PRC/Mainland China	RMB21,000	96.00%	Property development
石家莊融輝房地產開發有限公司 Shijiazhuang Ronghui Properties Development Co., Ltd. ("Shijiazhuang Ronghui Properties")	(1)	PRC/Mainland China	RMB10,000	96.00%	Property development
石家莊啟輝房地產開發有限公司 Shijiazhuang Qihui Properties Development Co., Ltd. ("Shijiazhuang Qihui Properties")	(1)	PRC/Mainland China	RMB10,000	64.32%	Property development

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
<i>Indirectly held: (Continued)</i>					
福州融輝房地產有限公司 Fuzhou Ronghui Properties Co., Ltd. ("Fuzhou Ronghui Properties")	(1)	PRC/Mainland China	RMB105,000	96.00%	Property development
福州金輝房地產開發有限公司 Fuzhou Jinhui Properties Development Co., Ltd. ("Fuzhou Jinhui Properties")	(1)	PRC/Mainland China	RMB17,150	97.20%	Property development
福州金輝置業有限公司 Fuzhou Jinhui Real Estate Co., Ltd. ("Fuzhou Jinhui Real Estate")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
融僑(福州)置業有限公司 Rongqiao (FuZhou) Real Estate Co., Ltd. ("Rongqiao (Fuzhou) Real Estate")	(1)	PRC/Mainland China	US\$30,000	57.60%	Property development
福州融宇房地產有限公司 Fuzhou Rongyu Properties Co., Ltd. ("Fuzhou Rongyu Properties")	(1)	PRC/Mainland China	RMB10,000	96.00%	Property development
福清金輝房地產開發有限公司 Fuqing Jinhui Properties Development Co., Ltd. ("Fuqing Jinhui Properties")	(1)	PRC/Mainland China	RMB150,000	96.00%	Property development
福清融輝置業有限公司 Fuqing Ronghui Real Estate Co., Ltd. ("Fuqing Ronghui Real Estate")	(1)	PRC/Mainland China	RMB80,000	96.00%	Property development
福清金利方園房地產有限公司 Fuqing Jinli Fangyuan Properties Co., Ltd. ("Fuqing Jinli Fangyuan Properties")	(2)	PRC/Mainland China	RMB50,000	34.56%	Property development
福清金福新茂房地產有限公司 Fuqing Jinfu Xinmao Properties Co., Ltd. ("Fuqing Jinfu Xinmao Properties")	(2)	PRC/Mainland China	RMB200,000	37.44%	Property development
福清金輝居業房地產有限公司 Fuqing Jinhui Juye Properties Co., Ltd. ("Fuqing Jinhui Juye Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
<i>Indirectly held: (Continued)</i>					
福建省平潭居業貿易有限公司 Fujian Pingtan Juye Trading Co., Ltd. ("Fujian Pingtan Juye Trading")	(1)	PRC/Mainland China	RMB510,000	96.00%	Trading
福建省平潭築嘉居業建築裝飾有限責任公司 Fujian Pingtan Zhujiia Juye Construction Decoration Co., Ltd. ("Fujian Pingtan Zhujiia Juye Construction")	(1)	PRC/Mainland China	RMB5,000	96.00%	Construction decoration
佛山市金輝房地產有限公司 Foshan Jinhui Properties Co., Ltd. ("Foshan Jinhui Properties")	(1)	PRC/Mainland China	RMB10,000	96.00%	Property development
佛山市鵬輝房地產有限公司 Foshan Penghui Properties Co., Ltd. ("Foshan Penghui Properties")	(1)	PRC/Mainland China	RMB10,000	96.00%	Property development
佛山市高明區龍光景駿房地產有限公司 Foshan Gaoming Longguang Jingjun Properties Co., Ltd. ("Foshan Longguang Jingjun")	(3)	PRC/Mainland China	RMB20,000	48.00%	Property development
重慶金輝長江房地產有限公司 Chongqing Jinhui Changjiang Properties Co., Ltd. ("Chongqing Jinhui Changjiang")	(1)	PRC/Mainland China	RMB741,701	96.00%	Property development
惠州市恆盛泰房地產開發有限公司 Huizhou Hengshengtai Properties Development Co., Ltd. ("Huizhou Hengshengtai Properties")	(1)	PRC/Mainland China	RMB120,000	96.00%	Property development
仁壽金輝耀城房地產有限公司 Renshou Jinhui Yaocheng Properties Co., Ltd. ("Renshou Jinhui Yaocheng Properties")	(1)	PRC/Mainland China	RMB20,000	96.00%	Property development
武漢金輝融宇房地產開發有限公司 Wuhan Jinhui Rongyu Properties Development Co., Ltd. ("Wuhan Jinhui Rongyu Properties")	(1)	PRC/Mainland China	RMB102,041	96.00%	Property development

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of companies	Notes	Place of incorporation/ registration/ business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
<i>Indirectly held: (Continued)</i>					
武漢金輝置業有限公司 Wuhan Jinhui Real Estate Co., Ltd. ("Wuhan Jinhui Real Estate")	(1)	PRC/Mainland China	RMB10,000	96.00%	Property development
湖南錦達發房地產有限公司 Hunan Jindafa Properties Co., Ltd. ("Hunan Jindafa Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
長沙鴻濤房地產開發有限公司 Changsha Hongtao Properties Development Co., Ltd. ("Changsha Hongtao Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
荊州金輝融宇房地產開發有限公司 Jingzhou Jinhui Rongyu Properties Development Co., Ltd. ("Jingzhou Jinhui Rongyu Properties")	(1)	PRC/Mainland China	RMB110,000	96.00%	Property development
西安金輝房地產開發有限公司 Xi'an Jinhui Properties Development Co., Ltd. ("Xi'an Jinhui Properties")	(1)	PRC/Mainland China	RMB746,424	96.00%	Property development
陝西金輝居業房地產有限公司 Shaanxi Jinhui Juye Properties Co., Ltd. ("Shaanxi Jinhui Juye Properties")	(1)	PRC/Mainland China	RMB10,000	96.00%	Property development
西安金輝居業房地產開發有限公司 Xi'an Jinhui Juye Properties Development Co., Ltd. ("Xi'an Jinhui Juye Properties")	(1)	PRC/Mainland China	RMB392,157	96.00%	Property development
西安融輝房地產開發有限公司 Xi'an Ronghui Properties Development Co., Ltd. ("Xi'an Ronghui Properties")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
西安興茂房地產開發有限公司 Xi'an Xingmao Properties Development Co., Ltd. ("Xi'an Xingmao Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
西安金輝興業房地產開發有限公司 Xi'an Jinhui Xingye Properties Development Co., Ltd. ("Xi'an Jinhui Xingye Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
<i>Indirectly held: (Continued)</i>					
西安曲江原山置業有限公司 Xi'an Qujiang Yuanshan Real Estate Co., Ltd. ("Xi'an Qujiang Yuanshan Real Estate")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
西安曲江合創房地產開發有限公司 Xi'an Qujiang Hechuang Properties Development Co., Ltd. ("Xi'an Qujiang Hechuang Properties")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
西安博朗房地產開發有限公司 Xi'an Bolang Properties Development Co., Ltd. ("Xi'an Bolang Properties Development")	(1)	PRC/Mainland China	RMB20,000	96.00%	Property development
西安金輝融宇房地產開發有限公司 Xi'an Jinhui Rongyu Properties Development Co., Ltd. ("Xi'an Jinhui Rongyu Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
西安輝耀房地產開發有限公司 Xi'an Huiyao Properties Development Co., Ltd. ("Xi'an Huiyao Properties")	(1)	PRC/Mainland China	RMB20,000	96.00%	Property development
西安輝盛房地產開發有限公司 Xi'an Huisheng Properties Development Co., Ltd. ("Xi'an Huisheng Properties")	(1)	PRC/Mainland China	RMB10,000	96.00%	Property development
陝西楓泓房地產開發有限公司 Shaanxi Fenghong Properties Development Co., Ltd. ("Shaanxi Fenghong Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
惠州市順翔房地產開發有限公司 Huizhou Shunxiang Properties Development Co., Ltd. ("Huizhou Shunxiang Properties")	(1)	PRC/Mainland China	RMB10,000	96.00%	Property development
西咸新區輝盛融宇房地產開發有限公司 Xixian New District Huisheng Rongyu Properties Development Co., Ltd. ("Xixian New District Huisheng Rongyu Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
<i>Indirectly held: (Continued)</i>					
上海天萃房地產開發有限公司 Shanghai Tiancui Properties Development Co., Ltd. ("Shanghai Tiancui Properties")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
蘇州輝耀房地產開發有限公司 Suzhou Huiyao Properties Development Co., Ltd. ("Suzhou Huiyao Properties")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
蘇州融輝房地產開發有限公司 Suzhou Ronghui Properties Development Co., Ltd. ("Suzhou Ronghui Properties")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
太倉金輝房地產開發有限公司 Taicang Jinhui Properties Development Co., Ltd. ("Taicang Jinhui Properties")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
蘇州金輝華園置業有限公司 Suzhou Jinhui Huayuan Real Estate Co., Ltd. ("Jinhui Huayuan")	(1)	PRC/Mainland China	RMB20,000	96.00%	Property development
蘇州金輝新園置業有限公司 Suzhou Jinhui Xinyuan Real Estate Co., Ltd. ("Jinhui Xinyuan")	(1)	PRC/Mainland China	RMB20,000	96.00%	Property development
杭州融輝置業有限公司 Hangzhou Ronghui Real Estate Co., Ltd. ("Hangzhou Ronghui Real Estate")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
杭州京輝置業有限公司 Hangzhou Jinghui Real Estate Co., Ltd. ("Hangzhou Jinghui Real Estate")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
杭州融輝銘著實業有限公司 Hangzhou Ronghui Mingzhu Industrial Co., Ltd. ("Hangzhou Ronghui Mingzhu Industrial")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
句容恭華房地產開發有限公司 Jurong Gonghua Properties Development Co., Ltd. ("Jurong Gonghua Properties")	(1)	PRC/Mainland China	RMB20,000	96.00%	Property development

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
<i>Indirectly held: (Continued)</i>					
揚州金輝置業有限公司 Yangzhou Jinhui Real Estate Co., Ltd. ("Yangzhou Jinhui Real Estate")	(1)	PRC/Mainland China	RMB386,098	96.00%	Property development
揚州融輝置業有限公司 Yangzhou Ronghui Real Estate Co., Ltd. ("Yangzhou Ronghui Real Estate")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
揚州萬景置業有限公司 Yangzhou Wanjing Real Estate Co., Ltd. ("Yangzhou Wanjing Real Estate")	(2)	PRC/Mainland China	RMB555,000	32.00%	Property development
淮安金輝置業有限公司 Huai'an Jinhui Real Estate Co., Ltd. ("Huai'an Jinhui Real Estate")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
淮安融輝房地產有限公司 Huai'an Ronghui Properties Co., Ltd. ("Huai'an Ronghui Properties")	(1)	PRC/Mainland China	RMB200,000	97.43%	Property development
淮安融輝居業房地產有限公司 Huai'an Ronghui Juye Properties Co., Ltd. ("Huai'an Ronghui Juye Properties")	(1)	PRC/Mainland China	RMB392,749	96.00%	Property development
淮安金輝房地產有限公司 Huai'an Jinhui Properties Co., Ltd. ("Huai'an Jinhui Properties")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
連雲港融輝置業有限公司 Lianyungang Ronghui Real Estate Co., Ltd. ("Lianyungang Ronghui Real Estate")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
鹽城金輝居業房地產開發有限公司 Yancheng Jinhui Juye Properties Development Co., Ltd. ("Yancheng Jinhui Juye Properties")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
福建金輝安徽房地產有限公司 Fujian Jinhui Anhui Properties Co., Ltd. ("Fujian Jinhui Anhui Properties")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
<i>Indirectly held: (Continued)</i>					
安徽融輝置業有限公司 Anhui Ronghui Real Estate Co., Ltd. ("Anhui Ronghui Real Estate")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
安徽啟輝置業有限公司 Anhui Qihui Real Estate Co., Ltd. ("Anhui Qihui Real Estate")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
安徽皖輝置業有限公司 Anhui Wanhui Real Estate Co., Ltd. ("Anhui Wanhui Real Estate")	(1)	PRC/Mainland China	RMB100,000	67.20%	Property development
鎮江融輝置業有限公司 Zhenjiang Ronghui Real Estate Co., Ltd. ("Zhenjiang Ronghui Real Estate")	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development
徐州輝耀房地產開發有限公司 Xuzhou Huiyao Properties Development Co., Ltd. ("Xuzhou Huiyao Properties")	(1)	PRC/Mainland China	RMB20,000	96.00%	Property development
揚州融宇房地產開發有限公司 Yangzhou Rongyu Properties Development Co., Ltd. ("Yangzhou Rongyu Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
蘇州啟輝置業有限公司 Suzhou Qihui Real Estate Co., Ltd. ("Suzhou Qihui Real Estate")	(1)	PRC/Mainland China	RMB300,000	96.00%	Property development
鹽城啟輝置業有限公司 Yancheng Qihui Real Estate Co., Ltd. ("Yancheng Qihui Real Estate")	(1)	PRC/Mainland China	RMB150,000	96.00%	Property development
惠州市恆興業房地產開發有限公司 Huizhou Hengxingye Properties Development Co., Ltd. ("Huizhou Hengxingye Properties")	(1)	PRC/Mainland China	RMB37,500	96.00%	Property development

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital (‘000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
<i>Indirectly held: (Continued)</i>					
句容弘源房地產開發有限公司 Jurong Hongyuan Properties Development Co., Ltd. (“Jurong Hongyuan Properties”)	(1)	PRC/Mainland China	RMB466,100	96.00%	Property development
武漢耀星房地產開發有限責任公司 Wuhan Yaoxing Properties Development Co., Ltd. (“Wuhan Yaoxing Properties”)	(1)	PRC/Mainland China	RMB1,000,000	62.40%	Property development
鎮江融宇房地產開發有限公司 Zhenjiang Rongyu Properties Development Co., Ltd. (“Zhenjiang Rongyu Properties Development”)	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
重慶金永禾房地產開發有限公司 Chongqing Jinyonghe Real Estate Development Co., Ltd. (“Chongqing Jinyonghe Real Estate”)	(4)	PRC/Mainland China	RMB200,000	48.96%	Property development
安徽金輝房地產開發有限公司 Anhui Jinhui Real Estate Development Co., Ltd. (“Anhui Jinhui Real Estate”)	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
福建鑫聯輝房地產開發有限公司 Fujian Xinlianhui Properties Development Co., Ltd. (“Fujian Xinlianhui Properties”)	(1)	PRC/Mainland China	RMB10,000	81.60%	Property development
武漢三江匯物流投資有限公司 Wuhan Sanjianghui Logistics Investment Co., Ltd. (“Wuhan Sanjianghui”)	(2)	PRC/Mainland China	RMB500,000	38.40%	Property development
紹興啟輝置業有限公司 Shaoxing Qihui Real Estate Co., Ltd. (“Shaoxing Qihui Real Estate”)	(1)	PRC/Mainland China	RMB50,000	67.20%	Property development
西安耀葳置業有限公司 Xi’an Yaowei Real Estate Limited (“Xi’an Yaowei Real Estate”)	(1,5)	PRC/Mainland China	RMB550,000	96.00%	Property development
無錫金輝房地產開發有限公司 Wuxi Jinhui Properties Development Co., Ltd. (“Wuxi Jinhui Properties”)	(1)	PRC/Mainland China	RMB100,000	96.00%	Property development

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
<i>Indirectly held: (Continued)</i>					
南京輝耀房地產開發有限公司 Nanjing Huiyao Properties Development Co., Ltd. ("Nanjing Huiyao Properties")	(1)	PRC/Mainland China	RMB110,000	96.00%	Property development
鄭州金輝合創房地產開發有限公司 Zhengzhou Jinhui Hechuang Properties Development Co., Ltd ("Zhengzhou Jinhui Hechuang")	(4,6)	PRC/Mainland China	RMB612,245	48.96%	Property development
深圳市京輝投資有限公司 Shenzhen Jinghui Investment Co., Ltd. ("Shenzhen Jinghui Investment")	(1,6)	PRC/Mainland China	RMB644,000	57.60%	Investment holding
惠州市升捷房地產開發有限公司 Huizhou Shengjie Properties Development Co., Ltd ("Huizhou Shengjie Properties")	(1,6)	PRC/Mainland China	RMB260,000	57.60%	Property development
蘇州金輝置業有限公司 Suzhou Jinhui Real Estate Limited ("Suzhou Jinhui Real Estate")	(1,6)	PRC/Mainland China	RMB80,000	67.20%	Property development
張家港融輝房地產開發有限公司 Zhangjiagang Ronghui Properties Development Co., Ltd ("Zhangjiagang Ronghui Properties")	(1,6)	PRC/Mainland China	RMB50,000	67.20%	Property development
淮安輝耀房地產有限公司 Huai'an Huiyao Properties Co., Ltd ("Huai'an Huiyao Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
連雲港金輝房地產開發有限公司 Lianyungang Jinhui Properties Development Co., Ltd ("Lianyungang Jinhui Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development
福清金宸房地產開發有限公司 Fuqing Jinchen Properties Development Co., Ltd ("Fuqing Jinchen Properties")	(4,6)	PRC/Mainland China	RMB200,000	48.96%	Property development
福清京海房地產開發有限公司 Fuqing Jinghai Properties Development Co., Ltd ("Fuqing Jinghai Properties")	(4,6)	PRC/Mainland China	RMB200,000	48.96%	Property development

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Name of companies	Notes	Place of incorporation/ registration and business	Nominal value of registered share capital ('000)	Effective percentage of the controlling equity interest attributable to the Company	Principal activities
<i>Indirectly held: (Continued)</i>					
重慶渝輝耀城房地產開發有限責任公司 Chongqing Yuhui Yaocheng Properties Development Co., Ltd ("Chongqing Yuhui Yaocheng")	(1)	PRC/Mainland China	RMB30,000	96.00%	Property development
無錫雲輝房地產開發有限公司 Wuxi Yunhui Properties Development Co., Ltd ("Wuxi Yunhui Properties")	(4,6)	PRC/Mainland China	RMB200,000	48.96%	Property development
福清金海房地產開發有限公司 Fuqing Jinhai Properties Development Co., Ltd ("Fuqing Jinhai Properties")	(1,6)	PRC/Mainland China	RMB500,000	67.20%	Property development
佛山市禪輝房地產有限公司 Foshan Chanhui Properties Co., Ltd ("Foshan Chanhui Properties")	(1)	PRC/Mainland China	RMB10,000	96.00%	Property development
泉州啟輝房地產開發有限公司 Quanzhou Qihui Properties Development Co., Ltd ("Quanzhou Qihui Properties")	(4,6)	PRC/Mainland China	RMB50,000	48.96%	Property development
重慶啟輝耀城房地產開發有限公司 Chongqing Qihui Yaocheng Properties Development Co., Ltd ("Chongqing Qihui Yaocheng")	(1)	PRC/Mainland China	RMB30,000	96.00%	Property development
揚州京輝房地產開發有限公司 Yangzhou Jinghui Properties Development Co., Ltd ("Yangzhou Jinghui Properties")	(1,6)	PRC/Mainland China	US\$193,705	64.32%	Property development
淮安祥輝房地產有限公司 Huai'an Xianghui Properties Co., Ltd ("Huai'an Xianghui Properties")	(4,6)	PRC/Mainland China	RMB50,000	48.96%	Property development
淮安信耀房地產有限公司 Huai'an Xinyao Properties Co., Ltd ("Huai'an Xinyao Properties")	(1)	PRC/Mainland China	RMB50,000	96.00%	Property development

The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to translate their Chinese names as they do not have an official English name. The legal form of all the principal subsidiaries disclosed above are limited liability companies.

Notes to Financial Statements

31 December 2020

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Particulars of the Company's principal subsidiaries are as follows: (Continued)

Notes:

- (1) These entities are subsidiaries of a non-wholly-owned subsidiary of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over it.
- (2) Pursuant to the articles of association, the Group has been entitled with enough voting right to control and operate these entities. Thus, these entities are accounted for as subsidiaries of the Group by holding less than 50% of equity interests in them, such as the Group has a 51% voting right in Hefei Shengzhuo to control and operate it.
- (3) Foshan Longguang Jingjun is accounted for as a subsidiary of the Group by holding 48% of equity interests because the Group has been delegated 50% of the equity holder's right from the other equity holder to control and operate Foshan Longguang Jingjun.
- (4) Chongqing Jinyonghe Real Estate, Zhengzhou Jinhui Hechuang, Fuqing Jincheng Properties, Fuqing Jinghai Properties, Wuxi Yunhui Properties, Huai'an Xianghui Properties and Quanzhou Qihui Properties are accounted for as subsidiaries of the Group by holding 48.96% of equity interests in them because the non-wholly owned subsidiaries of the Company, holds its 51% equity interest to control and operate it.
- (5) During the year, one subsidiary of the Group, Xi'an Jinhui Properties has further acquired a 49% equity interest in Xi'an Yaowei Real Estate from a third party, and had a 100% equity interests in Xi'an Yaowei Real Estate upon completion of the acquisition. Further details of the acquisition are included in note 39 to the financial statements.
- (6) During the year, the Group has partially disposed of its equity interests in these entities without losing control.
- (7) The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all standards and interpretations, International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations) approved by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

Notes to Financial Statements

31 December 2020

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

Notes to Financial Statements

31 December 2020

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has early adopted the amendments to IFRS 9, IAS 39 and IFRS 7 *Interest Rate Benchmark Reform*, amendments to IFRS 3 *Definition of a Business* and amendments to IAS 1 and IAS 8 *Definition of Material* for the comparative year's financial statements.

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRS for the first time for the current year's financial statements.

Amendment to IFRS 16

Covid-19-Related Rent Concessions (early adopted)

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

- (a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
- (b) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors as a result of the pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the covid-19 pandemic during the year ended 31 December 2020. The reduction in the lease payments arising from the rent concessions accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the period ended 31 December 2020 was insignificant.

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2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework²</i>
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
IFRS 17	<i>Insurance Contracts³</i>
Amendments to IFRS 17	<i>Insurance Contracts^{3,5}</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current³</i>
Amendments to IAS 1	<i>Disclosure of Accounting Policies³</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates³</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use²</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract²</i>
<i>Annual Improvements to IFRS Standards 2018-2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41 ²

¹ Effective for annual periods beginning on or after 1 January 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for annual periods beginning on or after 1 January 2023

⁴ No mandatory effective date yet determined but available for adoption

⁵ As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The Phase 2 amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component.

Notes to Financial Statements

31 December 2020

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (Continued)

The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 and shall be applied retrospectively, but entities are not required to restate the comparative information.

The Group had certain interest-bearing bank and other borrowings denominated in RMB and foreign currencies based on the exchange rates quoted by the People's Bank of China as at 31 December 2020. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply this practical expedient upon the modification of these borrowings when the "economically equivalent" criterion is met and expects that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB in December 2015 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to IAS 1 clarify the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Notes to Financial Statements

31 December 2020

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs (Continued)

Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied to contracts for which an entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments. Earlier application is permitted. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening equity at the date of initial application without restating the comparative information. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Standards 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.
- IFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures are included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, derivative financial instruments and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets, investment properties and non-current assets/a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

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

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation (Continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal estimated useful lives and the annual depreciation rates are as follows:

Buildings	2.25-4.75%
Motor vehicles	11.25-31.67%
Office equipment and electronic devices	18.00-32.33%
Leasehold improvements	Over the shorter of the lease terms and benefit period

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold property held as a right-of-use asset which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties (Continued)

Transfers to or from investment property

Transfers to or from investment property shall be made when and only when there is a change in use evidenced by:

- (a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- (b) commencement of development with a view to sale, for a transfer from investment property to inventories;
- (c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or
- (d) commencement of an operating lease to another party, for a transfer from inventories to investment property.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realisable value.

Properties under development are classified as current assets unless those will not be realised in the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statement of financial position at the lower of cost and net realisable value. Cost comprises development costs attributable to the unsold properties. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

Allocation of property development cost

Land costs are allocated to each unit according to their respective saleable gross floor area ("GFA") to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land costs.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible assets (other than goodwill) (Continued)

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 2 to 10 years. The Group usually classifies the internet software with higher turnover rate and lower cost like application based on WeChat to a shorter useful life as 2 years and the system software with high compatibility and stable service output which satisfies the operation well and has no need for frequent technological updates and maintenance, like ERP system to a longer useful life as 10 years.

Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land use rights	40 to 50 years
Office buildings	3 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "properties under development" or "completed properties held for sale". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and electronic devices that are considered to be of low value.

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Notes to Financial Statements

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessor (Continued)

At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs) and presented as a receivable at an amount equal to the net investment in the lease. The finance income of such leases is recognised in profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially 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. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on equity investments classified as financial assets at fair value through profit or loss are also recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

In certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has evaluated the expected loss rate that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include interest-bearing bank and other borrowings, corporate bonds proceeds from asset-backed securities and senior notes (collectively called "loans and borrowings"), lease liabilities, trade and bills payables, other payables, and amounts due to related parties.

Subsequent measurement

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

Financial liabilities at amortised cost (loans and borrowings)

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

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

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents

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

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss and other comprehensive income.

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

a. Sale of properties

Revenues are recognised when or as the control of the asset is transferred to the customer.

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

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

b. Management consulting services

Consulting services income derived from the provision of support services in connection with development of property projects is recognised when the relevant services are rendered, and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Revenue from other sources

Rental income

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from other sources (Continued)

Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract cost assets

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract cost assets are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset related. Other contract costs are expensed as incurred.

Employee retirement benefits

Pension scheme

The employees of the Company and its subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of these payroll costs to the central pension scheme. The only obligation of the Company with respect to the central pension scheme is to make the required contributions. No forfeited contribution under the central pension scheme is available to reduce the contribution payable in future years. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong, which is a defined contribution retirement scheme. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. No forfeited contribution under the MPF Scheme is available to reduce the contribution payable in future years. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale.

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

All other borrowing costs are expensed in the period in which they are incurred.

Notes to Financial Statements

31 December 2020

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs (Continued)

Borrowing costs include interest expense, finance charges 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 adjustments to interest costs include the interest rate differences 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 is 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.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

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

Foreign currencies

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional currency because the Group's principal operations are carried out in the PRC. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

Notes to Financial Statements

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of this property and accounts for the contracts as operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Classification of subsidiaries, joint ventures and associates

The classification of an investment as a subsidiary, a joint venture or an associate is based on whether the Group is determined to have control, joint control or significant influence over the investee, which involves judgements through the analysis of various factors, including the Group's representation on the chief decision-making authorities of an investee, such as the board of directors' meetings and shareholders' meetings, as well as other facts and circumstances.

Subsidiaries are consolidated, which means each of their assets, liabilities and transactions are included line-by-line in the Group's consolidated financial statements, whereas the interests in joint ventures and associates are equity accounted for as investments in the consolidated statement of financial position.

Notes to Financial Statements

31 December 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 19 to the financial statements.

Significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed by the parties to the contract provides the Group with a significant benefit of financing.

Certain advance payments received from customers provide a significant financing benefit to the Group. Although the Group is required by the government to place all deposits and periodic payments received from the pre-completion sales in a stakeholder account, the Group is able to benefit from those advance payments as it can withdraw money from that account to pay for expended construction costs on the project. The advance payments received in effect reduce the Group's need to rely on other sources of financing.

The amount of the financing component is estimated at the inception of the contract. After contract inception, the discount rate is not updated for changes in interest rates or other circumstances, such as a change in credit risk. The period of financing is from the time that the payment is received until the transfer of goods to the customers is completed.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision for properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

PRC corporate income tax ("CIT")

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

Notes to Financial Statements

31 December 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each year. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimate of fair value of investment properties

Investment properties carried at fair value were revalued at each reporting date based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each year.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development, property leasing, and the provision of management consulting services. Property leasing and the provision of management consulting services are not significant in revenue contribution. Thus, property development is the only reportable operating segment of the Group, and no further operating segment analysis thereof is presented.

Notes to Financial Statements

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4. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue at the end of the reporting period.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2020 RMB'000	2019 RMB'000
Revenue from contracts with customers	34,538,561	25,610,326
Revenue from other sources		
Property lease income	336,613	352,782
	34,875,174	25,963,108

Revenue from contracts with customers

(a) Disaggregated revenue information

	2020 RMB'000	2019 RMB'000
Types of goods or services:		
Sale of properties	34,380,524	25,037,479
Property management services	–	517,219
Management consulting services	158,037	55,628
Total revenue from contracts with customers	34,538,561	25,610,326
Timing of revenue recognition:		
Properties transferred at a point in time	34,380,524	25,037,479
Services transferred over time	158,037	572,847
Total revenue from contracts with customers	34,538,561	25,610,326

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31 December 2020

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(a) Disaggregated revenue information (Continued)

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

	2020 RMB'000	2019 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	26,381,422	20,091,303

(b) Performance obligations

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

Sale of properties

The performance obligation is satisfied upon delivery of the properties and the Group has already received the payment or has the right to receive the payment probably.

Management consulting services

For management consulting services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date. The Group has elected the practical expedient not to disclose the remaining performance obligations for these types of contracts. The majority of the management consulting service contracts do not have a fixed term. The term of the contracts for pre-delivery and consulting services is generally set to expire when the counterparties notify the Group that the services are no longer required.

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

Amounts expected to be recognised as revenue:

	2020 RMB'000	2019 RMB'000
Within one year	42,795,431	33,250,619
After one year	35,366,277	33,207,634
	78,161,708	66,458,253

Notes to Financial Statements

31 December 2020

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(b) Performance obligations (Continued)

An analysis of other income and gains is as follows:

	2020 RMB'000	2019 RMB'000
Other income and gains		
Gain on disposal of subsidiaries (note 40)	21,502	97,589
Gain on disposal of an associate	51,100	–
Remeasurement gain on investment in an associate held before business combination	35,052	–
Subsidy income	1,587	8,419
Deposit forfeiture	10,573	14,247
Investment income from financial assets at fair value through profit or loss	16,907	63,330
Gain on disposal of items of property, plant and equipment	167	16
Exchange gain	293,569	–
Others	5,949	4,040
	436,406	187,641

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6. PROFIT BEFORE TAX

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

	2020 RMB'000	2019 RMB'000
Cost of inventories sold (excluding impairment losses recognised for properties under development and properties held for sale)	26,796,159	19,407,407
Cost of services provided	62,925	444,273
Impairment losses recognised for properties under development	155,979	183,913
Impairment losses recognised for properties held for sale	147,203	265,295
Impairment of financial assets	(572)	83
Depreciation of items of property, plant and equipment	44,778	54,878
Amortisation of intangible assets	3,260	3,767
Depreciation of right-of-use assets	26,702	26,395
Rental expenses	3,768	4,653
Auditors' remuneration	9,225	5,413
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	419,137	583,756
Pension scheme contributions and social welfare	31,034	97,893

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 RMB'000	2019 RMB'000
Interest on loans and borrowings	3,869,507	3,644,387
Interest on lease liabilities	2,170	3,018
Interest expense arising from revenue contracts	600,536	553,127
Total interest expense on financial liabilities not at fair value through profit or loss	4,472,213	4,200,532
Less: Interest capitalised	(3,946,967)	(3,705,669)
	525,246	494,863

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8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2020 RMB'000	2019 RMB'000
Fees	376	250
Other emoluments:		
Salaries, allowances and benefits in kind	4,099	3,516
Performance related bonus	5,070	–
Pension scheme contributions and social welfare	156	246
	9,325	3,762
	9,701	4,012

(a) Independent non-executive directors

Mr. Tse Yat Hong, Mr. Chung Chong Sun and Mr. Zhang Huaqiao were appointed as independent non-executive directors of the Company on 5 October 2020.

The fees paid to independent non-executive directors during the year were as follows:

	2020 RMB'000	2019 RMB'000
Mr. Tse Yat Hong	63	–
Mr. Chung Chong Sun	63	–
Mr. Zhang Huaqiao	250	250
	376	250

There was no other emolument payable to the independent non-executive directors during the year (2019: nil).

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8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors and the chief executive

Mr. Lam Ting Keung is the chairman and an executive director of the Company. Mr. Lam Yu was appointed as an executive director and executive president on 17 October 2019. Mr. Chen Chaorong was appointed as an executive director on 17 October 2019. Mr. Huang Junquan was appointed as an executive director and senior vice president on 17 October 2019.

	Salaries, allowances and benefits in kind RMB'000	Performance- related bonus RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
2020				
Executive directors:				
– Mr. Lam Ting Keung	361	–	–	361
– Mr. Lam Yu	361	2,200	–	2,561
– Mr. Chen Chaorong	1,751	1,470	78	3,299
– Mr. Huang Junquan	1,626	1,400	78	3,104
	4,099	5,070	156	9,325
2019				
Executive directors:				
– Mr. Lam Ting Keung	361	–	–	361
– Mr. Lam Yu	361	–	–	361
– Mr. Chen Chaorong	1,622	–	123	1,745
– Mr. Huang Junquan	1,172	–	123	1,295
	3,516	–	246	3,762

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2019: one director), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the three (2019: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2020 RMB'000	2019 RMB'000
Salaries, allowances, bonus and benefits in kind	3,445	9,437
Performance related bonus	4,600	–
Pension scheme contributions and social	204	555
	8,249	9,992

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

	Number of employees	
	2020	2019
Nil to HK\$2,000,000	–	–
HK\$2,000,001 to HK\$2,500,000	–	3
HK\$2,500,001 to HK\$3,000,000	–	1
HK\$3,000,001 to HK\$3,500,000	2	–
HK\$3,500,001 to HK\$4,000,000	1	–
	3	4

No emoluments were paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

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10. INCOME TAX

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

Subsidiaries of the Group operating in Mainland China were subject to PRC corporate income tax with a tax rate of 25% for the year except for the following subsidiary:

Company name	Corporate income tax rate
Chongqing Jinhui Changjiang*	15%

* According to the Announcement on Further Implementation of Corporate Income Tax Policy for the development of the Western Regions (2012 No.12) issued by the State Taxation Administration and the extension of the Corporate Income Tax Policy for the development of the Western Regions (2020 No.23) jointly issued by the Ministry of Finance, State Taxation Administration and National Development and Reform Commission, Chongqing Jinhui Changjiang, a subsidiary of the Group, is qualified to enjoy the preferential tax policy of western regions enterprise income tax of 15% from 2011 to 2030.

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

	2020 RMB'000	2019 RMB'000
Current tax:		
CIT	1,528,152	1,375,919
LAT	1,609,553	1,107,069
Deferred tax (note 19)	(420,019)	(604,160)
Total tax charge for the year	2,717,686	1,878,828

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10. INCOME TAX (Continued)

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective income tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate are as follows:

	2020 RMB'000	2019 RMB'000
Profit before tax	6,536,759	4,568,816
At the statutory income tax rate	1,634,190	1,142,204
Lower tax rates for specific provinces or enacted by local authority	(124,092)	(40,271)
Expenses not deductible for tax	28,614	12,863
Profits and losses attributable to joint ventures and associates	(202,504)	(110,349)
Deductible temporary differences and tax losses utilised from previous years	(108,169)	(88,539)
Unrecognised deductible temporary differences and tax losses	283,532	130,863
Adjustment of current tax for previous years	(1,050)	1,755
Provision for LAT	1,609,553	1,107,069
Tax effect on LAT	(402,388)	(276,767)
Tax charge at the Group's effective rate	2,717,686	1,878,828

The share of tax charge attributable to joint ventures and associates amounted to RMB394,199,000 for the year (2019: RMB212,078,000). The share of tax credit attributable to joint ventures and associates amounting to RMB124,194,000 for the year (2019: RMB64,946,000). Both are included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss and other comprehensive income.

Tax payable in the consolidated statement of financial position represents:

	2020 RMB'000	2019 RMB'000
Tax payables:		
CIT	1,176,820	660,586
LAT	2,606,883	2,102,781
Total tax payable	3,783,703	2,763,367

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11. DIVIDENDS

On 2 July 2020, the Company declared dividends in the amount of US\$100.00 million, of which US\$50.00 million and US\$50.00 million had been paid in July and September 2020, respectively.

Subsequent to the end of the reporting period, a final dividend for the year 2020 of HK0.32 dollars (equivalent to RMB0.27 yuan) per ordinary share (to be distributed out of the Company's share premium account), amounting to a total of approximately RMB1,092,211,290 has been proposed by the Directors and is subject to approval by the shareholders of the Company at the forthcoming annual general meeting. The final dividend has been proposed after the end of the reporting period and therefore has not been recognised as a liability at the end of the reporting period.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,509,790,134 (2019: 3,399,999,998) in issue during the year.

The weighted average number of ordinary shares used to calculate the basic earnings per share amounts for the years ended 31 December 2020 and 2019 was based on 1 share of the Company as at 17 October 2019, and 1 share of the Company issued on 6 March 2020, and 3,399,999,998 ordinary shares of the Company issued under the capitalisation issue occurred on 29 October 2020, as if these additional shares issued under the capitalisation issue had been in issue throughout the years ended 31 December 2020 and 2019. On 29 October 2020, the Company issued 600,000,000 new ordinary shares. On 25 November 2020, the over-allotment option has been partially exercised and the Company allotted and issued 45,227,000 additional shares.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2020 and 2019 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019.

The calculations of the basic and diluted earnings per share amounts are based on:

	2020 RMB'000	2019 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent	3,127,526	2,508,068
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year	3,509,790,134	3,399,999,998
Earnings per share		
Basic and diluted	RMB0.89	RMB0.74

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13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Motor vehicles RMB'000	Office equipment and electronic devices RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2020					
At 31 December 2019 and 1 January 2020:					
Cost	429,909	147,161	69,802	61,861	708,733
Accumulated depreciation	(108,223)	(127,919)	(53,454)	(43,840)	(333,436)
Net carrying amount	321,686	19,242	16,348	18,021	375,297
At 1 January 2020, net of accumulated depreciation	321,686	19,242	16,348	18,021	375,297
Additions	–	2,541	9,954	15,676	28,171
Disposals	–	(2,922)	(262)	–	(3,184)
Acquisition of subsidiaries (note 39)	–	–	20	–	20
Disposal of subsidiaries (note 40)	–	–	(36)	(958)	(994)
Depreciation provided during the year (note 6)	(16,804)	(3,841)	(6,826)	(17,307)	(44,778)
At 31 December 2020, net of accumulated depreciation	304,882	15,020	19,198	15,432	354,532
At 31 December 2020:					
Cost	429,909	143,640	77,478	73,564	724,591
Accumulated depreciation	(125,027)	(128,620)	(58,280)	(58,132)	(370,059)
Net carrying amount	304,882	15,020	19,198	15,432	354,532

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13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings RMB'000	Motor vehicles RMB'000	Office equipment and electronic devices RMB'000	Leasehold improvements RMB'000	Total RMB'000
31 December 2019					
At 31 December 2018 and 1 January 2019:					
Cost	414,502	147,438	78,239	47,108	687,287
Accumulated depreciation	(87,956)	(127,089)	(54,277)	(25,253)	(294,575)
Net carrying amount	326,546	20,349	23,962	21,855	392,712
At 1 January 2019, net of accumulated depreciation					
Additions	15,407	6,050	7,507	16,551	45,515
Disposals	–	(732)	(196)	–	(928)
Disposal of subsidiaries	–	(813)	(4,877)	(1,434)	(7,124)
Depreciation provided during the year (note 6)	(20,267)	(5,612)	(10,048)	(18,951)	(54,878)
At 31 December 2019, net of accumulated depreciation	321,686	19,242	16,348	18,021	375,297
At 31 December 2019:					
Cost	429,909	147,161	69,802	61,861	708,733
Accumulated depreciation	(108,223)	(127,919)	(53,454)	(43,840)	(333,436)
Net carrying amount	321,686	19,242	16,348	18,021	375,297

As at 31 December 2020, the Group's property, plant and equipment with an aggregate carrying amount of RMB24,049,000 (2019: RMB28,088,000) have been pledged to secure bank and other borrowings granted to the Group (note 31).

As at 31 December 2020, the Group's property, plant and equipment with an aggregate carrying amount of RMB23,468,000 (2019: RMB24,071,000) have been pledged to secure asset-backed securities granted to the Group (note 32).

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14. INVESTMENT PROPERTIES

	Under construction RMB'000	Completed RMB'000	Total RMB'000
Carrying amount at 1 January 2019	865,076	8,870,188	9,735,264
Additions	8,150	–	8,150
Transfer from			
properties under development (note 20)	93,652	–	93,652
completed properties held for sale (note 21)	–	188,265	188,265
Transferred	(254,118)	254,118	–
Net gain from a fair value adjustment	60,240	420,629	480,869
Carrying amount at 31 December 2019 and 1 January 2020	773,000	9,733,200	10,506,200
Additions	9,394	–	9,394
Transferred	(140,394)	140,394	–
Net gain from a fair value adjustment	22,100	414,906	437,006
Carrying amount at 31 December 2020	664,100	10,288,500	10,952,600

The Group's investment properties are situated in Mainland China. The Group's investment properties were revalued on 31 December 2020 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited (JLL), an independent professionally qualified valuer, at RMB10,952,600,000 (2019: RMB10,506,200,000). The Group's senior finance manager and the Group's financial controller decide, after approval from the board of directors of the Company, to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior finance manager has discussions with the valuer on the valuation assumptions and valuation results when the valuations are performed for financial reporting.

As at 31 December 2020, the Group's investment properties with an aggregate carrying amount of approximately RMB3,091,386,000 (2019: RMB2,092,171,000) were pledged to secure bank and other borrowings granted to the Group (note 31).

As at 31 December 2020, the Group's investment properties with an aggregate carrying amount of approximately RMB5,064,000,000 (2019: RMB4,811,200,000) were pledged to asset-backed securities granted to the Group (note 32).

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14. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2020 using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Recurring fair value measurement for:				
Commercial properties under construction	–	–	664,100	664,100
completed	–	–	10,288,500	10,288,500
	–	–	10,952,600	10,952,600

	Fair value measurement as at 31 December 2019 using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Recurring fair value measurement for:				
Commercial properties under construction	–	–	773,000	773,000
completed	–	–	9,733,200	9,733,200
	–	–	10,506,200	10,506,200

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2019: Nil).

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14. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range or weighted average 31 December	
			2020	2019
Completed commercial properties	Income approach	Expected rental value (per square metre and per day)	RMB0.6-14.3	RMB0.6-13.5
		Capitalisation rate	3%-6%	3%-6%
Commercial properties under construction	Residual method	Expected rental value (per square metre and per day)	N/A	RMB1.7-5.6
		Capitalisation rate	N/A	3.5%-5.5%
		Expected profit margin	N/A	10%-20%
	Asset based approach	Expected selling price (per square metre)	RMB9,559-9,852	RMB8,306-9,102

The fair value of completed commercial properties is determined using the income approach by taking into account the rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. Where appropriate, reference to the comparable sales transactions as available in the relevant market has also been considered.

A significant increase/decrease in the estimated rental value would result in a significant increase/decrease in the fair value of the investment properties. A significant increase/decrease in the capitalisation rate would result in a significant decrease/increase in the fair value of the investment properties.

The fair value of commercial properties under construction which are at the initial construction stage is determined using the asset-based method. The asset-based method is to use the market comparison method to evaluate the fair value of the land use right and consider the book value of the construction and installation costs incurred to obtain the fair value of the project under construction.

A higher expected value would result in a higher fair value of these investment properties under construction at the initial construction stage.

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15. LEASES

The Group as a lessee

The Group has lease contracts for office buildings. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 to 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of office buildings generally have lease terms between 3 and 5 years. Office equipment generally has lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Land use rights RMB'000	Office buildings RMB'000	Total RMB'000
As at 1 January 2019	105,254	36,637	141,891
Additions	–	19,427	19,427
Disposal	(395)	–	(395)
Disposal of subsidiaries	(800)	–	(800)
Depreciation charge (note 6)	(3,680)	(22,715)	(26,395)
As at 31 December 2019 and 1 January 2020	100,379	33,349	133,728
Additions	–	14,159	14,159
Depreciation charge (note 6)	(3,170)	(23,532)	(26,702)
As at 31 December 2020	97,209	23,976	121,185

As at 31 December 2020, the Group's land use rights with an aggregate carrying amount of approximately RMB4,624,000 (2019: RMB4,902,000) were pledged to secure bank and other borrowings granted to the Group (note 31).

As at 31 December 2020, the Group's land use rights with an aggregate carrying amount of approximately RMB20,302,000 (2019: RMB20,854,000) were pledged to asset-backed securities granted to the Group (note 32).

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15. LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2020 RMB'000	2019 RMB'000
Carrying amount at 1 January	32,611	36,649
New leases	14,159	19,427
Accretion of interest recognised during the year	2,170	3,018
Payments	(25,901)	(26,483)
Carrying amount at 31 December	23,039	32,611
Analysed into:		
Current portion	15,637	20,380
Non-current portion	7,402	12,231

The maturity analysis of lease liabilities is disclosed in note 46 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2020 RMB'000	2019 RMB'000
Interest on lease liabilities	2,170	3,018
Depreciation charge of right-of-use assets	26,702	26,395
Expense relating to short-term leases (note 6)	3,241	4,257
Expense relating to leases of low-value assets (note 6)	527	396
Total amount recognised in profit or loss	32,640	34,066

(d) The total cash outflow for leases are disclosed in notes 37(c) to the financial statements.

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15. LEASES (Continued)

The Group as a lessor

The Group leases its investment properties (note 14) under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB336,613,000 (2019: RMB352,782,000), details of which are included in note 5 to the financial statements.

At 31 December 2020, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2020 RMB'000	2019 RMB'000
Within one year	373,354	415,328
After one year but within two years	337,388	279,154
After two years but within three years	276,198	232,987
After three years but within four years	319,172	164,437
After four years but within five years	184,218	119,570
After five years	407,146	180,599
	1,897,476	1,392,075

16. INTANGIBLE ASSETS

	2020 RMB'000	2019 RMB'000
Software		
At 1 January		
Cost	34,021	32,456
Accumulated amortisation	(15,745)	(11,978)
Cost at 1 January, net of accumulated amortisation	18,276	20,478
Additions	2,624	1,565
Disposal of subsidiaries (note 40)	(31)	–
Amortisation provided during the year (note 6)	(3,260)	(3,767)
At 31 December	17,609	18,276
Cost	36,582	34,021
Accumulated amortisation	(18,973)	(15,745)
Net carrying amount	17,609	18,276

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17. INVESTMENTS IN JOINT VENTURES

	2020 RMB'000	2019 RMB'000
Share of net assets	2,461,115	1,736,684

The Group's receivable and payable balances with joint ventures are disclosed in note 43 to the financial statements.

(a) Particulars of the Group's material joint ventures are as follows:

Name of companies	Place and year of registration	Nominal value of registered share capital (RMB'000)	Statutory percentage of ownership interest attributable to the Group	Principal activity
揚州啟輝置業有限公司* Yangzhou Qihui Real Estate Co., Ltd. ("Yangzhou Qihui")	Yangzhou, PRC 2017	100,000	18.98%	Property development
連雲港金輝置業公司 Lianyungang Jinhui Real Estate Co., Ltd. ("Lianyungang Jinhui")	Lianyungang, PRC 2017	50,000	51.00%	Property development
南京乾景房地產開發有限公司 Nanjing Qianjing Properties Development Co., Ltd. ("Nanjing Qianjing Properties")	Nanjing, PRC 2015	170,000	60.00%	Property development
福清金輝置業有限公司 Fuqing Jinhui Real Estate Co., Ltd. ("Fuqing Jinhui")	Fuqing, PRC 2014	50,000	50.00%	Property development
佛山市啟輝房地產開發有限公司 Foshan Qihui Properties Development Co., Ltd. ("Foshan Qihui Properties")	Foshan, PRC 2017	110,000	51.00%	Property development
太倉輝盛房地產開發有限公司 Taicang Huisheng Properties Development Co., Ltd. ("Taicang Huisheng Properties")	Taicang, PRC 2017	300,000	16.00%	Property development
重慶金佳禾房地產開發有限公司 Chongqing Jinjiahe Properties Development Co., Ltd. ("Chongqing Jinjiahe Properties")	Chongqing, PRC 2017	1,300,000	49.00%	Property development
重慶金碧雅居房地產開發有限公司 Chongqing Jinbi Yaju Properties Development Co., Ltd. ("Chongqing Jinbi Yaju Properties")	Chongqing, PRC 2017	400,000	34.00%	Property development

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17. INVESTMENTS IN JOINT VENTURES (Continued)

- (a) Particulars of the Group's material joint ventures are as follows: (Continued)

Pursuant to the investment framework agreement and the articles of association of these companies, all shareholder resolutions of these companies shall be resolved by all shareholders on a unanimous basis. Therefore, these companies were accounted for as joint ventures of the Group during the year.

* Pursuant to the investment framework agreement and the articles of association of this company, all shareholder resolutions of Yangzhou Qihui shall be resolved by all shareholders on a unanimous basis. Therefore, this entity was accounted for as a joint venture of the Group by holding an 18.98% equity interest in it during the reporting period. Meanwhile, according to the contract between the Group and the other equity interest holders of Yangzhou Qihui ("Contract A") and the profit sharing arrangement stated in Contract A, the Group is entitled to 50% returns from some specified assets, and according to IAS 28, the Group recognised its share of profit or loss of Yangzhou Qihui under the equity method.

- (b) Chongqing Jinjiahe Properties, Fuqing Jinhui and Yangzhou Qihui, which are considered as material joint ventures of the Group, co-develop a property development project with the other joint venture partners in Mainland China and the joint venture is accounted for using the equity method.

The following table illustrates the summarised financial information of Chongqing Jinjiahe Properties:

	2020 RMB'000	2019 RMB'000
Cash and cash equivalents	36,859	343,100
Other current assets	6,280,812	6,987,951
Current assets	6,317,671	7,331,051
Non-current assets	74,702	107,902
Current liabilities	(3,289,276)	(4,595,488)
Non-current financial liabilities, excluding trade and other payables and provisions	(508,348)	(709,345)
Net asset	2,594,749	2,134,120
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	49%	49%
Group's share of net assets of the joint venture	1,271,427	1,045,719
Revenue	2,485,235	3,110,268
Expenses	(1,041,675)	(2,197,686)
Tax	(408,787)	(170,416)
Profit for the year	1,034,773	742,166
Total comprehensive income for the year	1,034,773	742,166

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17. INVESTMENTS IN JOINT VENTURES (Continued)

(b) (Continued)

The following table illustrates the summarised financial information of Fuqing Jinhui and Yangzhou Qihui for the year ended 31 December 2020:

	Fuqing Jinhui RMB'000	Yangzhou Qihui RMB'000
Cash and cash equivalents	280,515	63,801
Other current assets	548,597	415,761
Current assets	829,112	479,562
Non-current assets	254,545	79
Current liabilities	(276,957)	(300,963)
Non-current financial liabilities, excluding trade and other payables and provisions	(271,600)	–
Net asset	535,100	178,678
Reconciliation to the Group's interest in the joint venture:		
Proportion of the Group's ownership	50%	50%
Group's share of net assets of the joint venture	267,550	89,339
Revenue	2,110,401	885,632
Expenses	(1,084,062)	(600,234)
Tax	(488,908)	(109,925)
Profit for the year	537,431	175,473
Total comprehensive income for the year	537,431	175,473

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17. INVESTMENTS IN JOINT VENTURES (Continued)

- (c) The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2020 RMB'000	2019 RMB'000
Share of the joint ventures' profits and losses for the year	129,042	146,504
Share of the joint ventures' total comprehensive income	129,042	146,504
Aggregate carrying amount of the Group's investments in the joint ventures	832,799	690,965

The directors of the Company are of the opinion that no provision for impairment is necessary as at 31 December 2020 as the investments in joint ventures are considered fully recoverable (2019: Nil). The joint ventures have been accounted for using the equity method in these financial statements.

18. INVESTMENTS IN ASSOCIATES

	2020 RMB'000	2019 RMB'000
Share of net assets	4,911,875	2,341,967

The Group's receivable and payable balances with associates are disclosed in note 43 to the financial statements.

- (a) Particulars of the Group's material associates are as follows:

Name of companies	Place and year of registration	Nominal value of registered share capital (RMB'000)	Statutory percentage of ownership interest attributable to the Group	Principal activity
杭州鑫建輝實業有限公司*1 Hangzhou Xinjianhui Industrial Co., Ltd. ("Hangzhou Xinjianhui")	Hangzhou, PRC 2017	1,500,000	51.00%	Investment management
成都融輝橋宇置業有限公司*2 Chengdu Ronghui Qiaoyu Real Estate Co., Ltd. ("Chengdu Ronghui Qiaoyu")	Chengdu, PRC 2017	900,000	50.00%	Property development
南京弘潤房地產開發有限公司 Nanjing Hongrun Properties Development Co., Ltd. ("Nanjing Hongrun Properties")	Nanjing, PRC 2019	280,000	49.00%	Property development
太倉輝耀房地產開發有限公司 Taicang Huiyao Properties Development Co., Ltd. ("Taicang Huiyao Properties")	Taicang, PRC 2017	700,000	49.00%	Property development

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18. INVESTMENTS IN ASSOCIATES (Continued)

(a) Particulars of the Group's material associates are as follows: (Continued)

*1 Pursuant to the articles of association, the other shareholder of Hangzhou Xinjianhui has been entitled to 51% of the voting power by holding 49% of equity interests in it, which was negotiated and agreed by all shareholders. The Group only has significant influence on this entity as the other shareholder of Hangzhou Xinjianhui has the enough voting power to control and operate this entity. Thus, Hangzhou Xinjianhui is accounted for as an associate by the Group by holding 51% of equity interests in it.

*2 Pursuant to the articles of association, the other shareholder of Chengdu Ronghui Qiaoyu has been entitled to 51% of the voting power by holding 50% of equity interests in it, which was negotiated and agreed by all shareholders. The Group only has significant influence on this entity as the other shareholder of Chengdu Ronghui Qiaoyu has the enough voting power to control and operate this entity. Thus, Chengdu Ronghui Qiaoyu is accounted for as an associate by the Group by holding 50% of equity interests in it.

(b) Hangzhou Xinjianhui is considered as a material associate of the Group for the year ended 31 December 2020, which co-develops a property development project with other associate partners in Mainland China and the associate is accounted for using the equity method.

The following table illustrates the summarised financial information of Hangzhou Xinjianhui:

	2020 RMB'000
Cash and cash equivalents	17,253
Other current assets	5,321,027
Current assets	5,338,280
Non-current assets	64
Current liabilities	(491,337)
Non-current financial liabilities, excluding trade and other payables and provisions	(2,898,000)
Net assets	1,949,007
Reconciliation to the Group's interest in the associate:	
Proportion of the Group's ownership	51%
Group's share of net assets of the associate	993,994
Carrying amount of the investment	
Revenue	567
Expenses	(288,122)
Tax	-
Loss for the year	(287,555)
Total comprehensive loss for the year	(287,555)

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18. INVESTMENTS IN ASSOCIATES (Continued)

- (c) The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2020 RMB'000	2019 RMB'000
Share of the associates' profits and losses for the year	(35,866)	(68,769)
Share of the associates' total comprehensive income or losses	(35,866)	(68,769)
Aggregate carrying amount of the Group's investments in the associates	3,917,881	2,341,967

The directors of the Company are of the opinion that no provision for impairment is necessary as at 31 December 2020 as the investments in associates are considered fully recoverable (2019: Nil). The associates have been accounted for using equity method in these financial statements.

19. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits RMB'000	Expenses for offsetting against future taxable profits RMB'000	Impairment of assets RMB'000	Unrealised revenue in contract liabilities RMB'000	Accrued LAT RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2019	210,927	313,370	121,522	1,255,915	366,504	9,162	2,277,400
Disposal of subsidiaries	(1,106)	-	(1,281)	(28,373)	-	-	(30,760)
Deferred tax (charged)/credited to profit or loss during the year (note 10)	(22,090)	128,081	12,165	421,127	96,913	(1,010)	635,186
At 31 December 2019 and 1 January 2020	187,731	441,451	132,406	1,648,669	463,417	8,152	2,881,826
Acquisition of subsidiaries (note 39)	-	-	-	23,590	-	-	23,590
Disposal of subsidiaries (note 40)	-	-	-	(37,693)	-	-	(37,693)
Deferred tax credited/(charged) to profit or loss during the year (note 10)	14,800	(203,470)	(10,545)	430,483	153,549	(2,393)	382,424
At 31 December 2020	202,531	237,981	121,861	2,065,049	616,966	5,759	3,250,147

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19. DEFERRED TAX (Continued)

The movements in deferred tax assets and liabilities during the year are as follows (continued):

Deferred tax liabilities

	Accrued financial income RMB'000	Fair value adjustments arising from financial assets at FVTPL RMB'000	Fair value adjustments arising from investment properties RMB'000	Fair value adjustments arising from business combinations and costs to obtain contracts RMB'000	Depreciation of investment properties RMB'000	Right-of- use assets RMB'000	Total RMB'000
At 1 January 2019	119,728	458	1,359,496	1,222,051	65,031	9,134	2,775,898
Deferred tax (credited)/charged to profit or loss during the year (note 10)	(70,427)	297	148,613	(66,717)	20,417	(1,157)	31,026
At 31 December 2019 and 1 January 2020	49,301	755	1,508,109	1,155,334	85,448	7,977	2,806,924
Acquisition of subsidiaries (note 39)	-	-	-	67,190	-	-	67,190
Disposal of subsidiaries (note 40)	-	-	-	(6,346)	-	-	(6,346)
Deferred tax (credited)/charged to profit or loss during the year (note 10)	(4,950)	(19)	101,201	(140,213)	8,385	(1,999)	(37,595)
At 31 December 2020	44,351	736	1,609,310	1,075,965	93,833	5,978	2,830,173

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position amounting to RMB365,857,000 (2019: RMB7,856,000). The following is an analysis of the deferred tax balances for financial reporting purposes:

	2020 RMB'000	2019 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	2,884,290	2,873,970
Net deferred tax liabilities recognised in the consolidated statement of financial position	(2,464,316)	(2,799,068)

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19. DEFERRED TAX (Continued)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2020, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB1,002,393,000 (2019: RMB747,362,000).

Deferred tax assets have not been recognised in respect of the following items:

	2020 RMB'000	2019 RMB'000
Tax losses	2,102,503	1,290,168
Deductible temporary differences	87,872	198,755
	2,190,375	1,488,923

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. As at 31 December 2020, the Group did not recognise deferred tax assets of approximately RMB525,626,000 (2019: RMB3,222,542,000) in respect of losses amounting to approximately RMB2,102,503,000 (2019: RMB1,290,168,000), that can be carried forward to offset against future taxable income. These tax losses will expire up to and including years 2021, 2022, 2023, 2024 and 2025.

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20. PROPERTIES UNDER DEVELOPMENT

	2020 RMB'000	2019 RMB'000
At the beginning of the year	86,103,704	66,993,973
Additions	49,544,769	43,566,323
Acquisition of subsidiaries (note 39)	1,673,716	–
Disposal of subsidiaries (note 40)	(2,993,257)	(1,273,831)
Transferred to investment properties (note 14)	–	(93,652)
Transferred to completed properties held for sale (note 21)	(30,384,891)	(23,247,505)
Impairment losses (note 6)	(155,979)	(183,913)
Impairment losses transferred to complete properties held for sale (note 21)	202,602	342,309
At the end of the year	103,990,664	86,103,704

The movements in provision for impairment of properties under development are as follows:

	2020 RMB'000	2019 RMB'000
At the beginning of the year	(269,411)	(427,807)
Impairment losses recognised (note 6)	(155,979)	(183,913)
Impairment losses transferred to complete properties held for sale (note 21)	202,602	342,309
At the end of the year	(222,788)	(269,411)

The Group's properties under development are situated on leasehold lands in Mainland China.

At 31 December 2020, the Group's properties under development with an aggregate carrying amount of approximately RMB56,091,133,000 (2019: RMB47,785,794,000) were pledged to secure bank and other borrowings granted to the Group (note 31).

	2020 RMB'000	2019 RMB'000
At the beginning of the year	8,884,710	5,504,494
Transferred from properties under development (note 20)	30,384,891	23,247,505
Transferred to investment properties (note 14)	–	(188,265)
Transferred to cost of inventories sold (note 6)	(26,796,159)	(19,407,407)
Impairment losses transferred from properties under development (note 20)	(202,602)	(342,309)
Impairment losses (note 6)	(147,203)	(265,295)
Impairment losses transferred to cost of sales	327,229	335,987
At the end of the year	12,450,866	8,884,710

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21. COMPLETED PROPERTIES HELD FOR SALE

The movements in provision for impairment of completed properties held for sale are as follows:

	2020 RMB'000	2019 RMB'000
At the beginning of the year	(523,781)	(252,164)
Impairment losses transferred to cost of sales	327,229	335,987
Impairment losses transferred from properties under development (note 20)	(202,602)	(342,309)
Impairment losses recognised	(147,203)	(265,295)
At the end of the year	(546,357)	(523,781)

As at 31 December 2020, the Group's completed properties held for sale with an aggregate carrying amount of approximately RMB118,586,000 (2019: RMB686,870,000) were pledged to secure bank and other borrowings granted to the Group (note 31).

The value of completed properties held for sale was assessed at the end of each reporting period. An impairment exists when the carrying value exceeds its net realisable value. The net realisable value is determined by reference to the selling price based on the prevailing market price less applicable selling expenses.

22. TRADE RECEIVABLES

	2020 RMB'000	2019 RMB'000
Trade receivables	24,890	26,725
Impairment	(699)	(1,365)
	24,191	25,360

The Group's trade receivables primarily consist of receivables from its property sales and property lease. Proceeds from property sales and property lease are generally received in accordance with the terms stipulated in the sale and purchase agreements. Trade receivables are settled based on the progress payment schedule stipulated in the contract. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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22. TRADE RECEIVABLES (Continued)

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2020 RMB'000	2019 RMB'000
Within 1 year	13,826	19,092
1 to 3 years	9,655	3,551
Over 3 years	710	2,717
	24,191	25,360

The movements in the loss allowance for impairment of trade receivables are as follows:

	2020 RMB'000	2019 RMB'000
At the beginning of the year	1,365	3,217
Impairment losses	(666)	(1,120)
Amount written off as uncollectible	–	(732)
At the end of the year	699	1,365

An impairment analysis is performed at the end of each of the reporting period using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2020:

	Ageing			Total
	Less than 1 year	1 to 3 years	Over 3 years	
Expected credit loss rate	1.6%	1.8%	29.6%	2.8%
Gross carrying amount	14,051	9,830	1,009	24,890
Expected credit losses	225	175	299	699

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22. TRADE RECEIVABLES (Continued)

As at 31 December 2019:

	Ageing			Total
	Less than 1 year	1 to 3 years	Over 3 years	
Expected credit loss rate	0.4%	5.0%	28.8%	5.1%
Gross carrying amount	19,172	3,739	3,814	26,725
Expected credit losses	80	187	1,098	1,365

23. CONTRACT COST ASSETS

	2020 RMB'000	2019 RMB'000
Contract costs arising from the sale of properties	771,064	481,756

Management expected that the contract acquisition costs, which represented primarily sales commission for obtaining property sale contracts, are recoverable. The Group has deferred the amounts paid and will charge them to profit or loss when the related revenue is recognised. As at 31 December 2020, the amounts charged to profit or loss were RMB414,152,000 (2019: RMB308,834,000), and there was no impairment loss in relation to the remaining balance.

24. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2020 RMB'000	2019 RMB'000
Prepayments for acquisition of land use rights	1,961,855	5,593,922
Deposits for land auction	1,197,192	254,453
Deposits related to land use rights to be jointly acquired with third parties	564,137	702,435
Prepaid taxes and other tax recoverables	2,924,383	2,690,222
Other deposits	767,352	565,820
Prepayments for construction cost	256,546	216,700
Due from non-controlling shareholders of the subsidiaries	2,318,792	1,926,002
Other receivables	467,925	297,197
	10,458,182	12,246,751
Impairment	(3,086)	(2,992)
	10,455,096	12,243,759

Other receivables are unsecured, non-interest-bearing and have no fixed terms of repayment.

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24. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS (Continued)

The movements in provision for impairment of receivables are as follows:

	2020 RMB'000	2019 RMB'000
At the beginning of the year	2,992	1,789
Impairment losses recognised (note 6)	94	1,203
At the end of the year	3,086	2,992

The internal credit rating of amounts due from non-controlling shareholders of subsidiaries, amounts due from third parties and other deposits were regarded as the grade of performing. The Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition. The expected loss rate of these receivables is assessed to be 0.1%. The Group has evaluated the expected loss rate and gross carrying amount, measured the impairment based on the 12-month expected credit losses, and assessed that the expected credit losses were RMB3,086,000 as at 31 December 2020 (2019: RMB2,992,000).

As at 31 December 2020, the Group's prepayments and other receivables with an aggregate carrying amount of approximately nil (2019: RMB796,850,000) have been pledged to secure the Group's interest-bearing bank and other borrowings (note 31).

25. OTHER NON-CURRENT ASSETS

	2020 RMB'000	2019 RMB'000
Prepayments for equity investments	1,402,644	1,402,644

Fuzhou Jinhui Real Estate Co., Ltd. signed an agreement with 泉州市億民建設發展有限公司 ("Quanzhou Yimin Construction Development Co., Ltd.", "Quanzhou Yimin") on 25 February 2016 with the purpose of acquiring land parcels through the purchase of the equity interest in project companies. The total agreed purchase price was RMB2,295,000,000. According to the agreement, the Group has already partly paid the payments to bring the balance to RMB940,000,000 as at 31 December 2020. The equity transaction has not been completed as at 31 December 2020.

Xi'an Jinhui Properties signed an property development cooperation agreement with 陝西世紀春天房地產有限公司 ("Shaanxi Shiji Chuntian Real Estate Co., Ltd.") on 25 January 2017 with the purpose of acquiring land parcels through the purchase of the equity interest in a project company, namely Xi'an Zhencui Properties Co., Ltd. ("Xi'an Zhencui Properties"). The total transfer price was RMB966,944,000. According to the agreement, the Group has already partly paid the payments to bring the balance to RMB462,643,500 as at 31 December 2020. The equity transaction has not been completed as at 31 December 2020.

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26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 RMB'000	2019 RMB'000
Listed equity investments, at fair value	25,837	–
Other unlisted investments, at fair value	118,271	315,690
	144,108	315,690
Analysed into		
Current portion	33,808	5,739
Non-current portion	110,300	309,951

The above equity investments at the end of the reporting period were classified as financial assets at fair value through profit or loss as they were held for trading.

The above unlisted investments at the end of the reporting period were wealth management products issued by financial institutions in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

27. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

	2020 RMB'000	2019 RMB'000
Cash and bank balances	26,590,952	13,399,755
Less: Restricted cash	5,420,396	3,762,566
Pledged deposits	438,433	418,642
Cash and cash equivalents	20,732,123	9,218,547

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of cash in designated bank accounts for specified use. As at 31 December 2020, such restricted cash amounted to RMB4,953,540,000 (2019: RMB3,696,258,000). As at 31 December 2020, the restricted cash included construction loan mortgages amounting to RMB136,847,000 (2019: RMB64,967,000). As at 31 December 2020, restricted cash included time deposits amounting to RMB300,000,000 (2019: Nil), which would mature in more than three months when acquired by the Group and earn interest at the time deposit rates. As at 31 December 2020, the restricted cash amounting to RMB30,009,000 (2019: RMB1,341,000) was frozen by the People's Court due to lawsuits.

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27. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS (Continued)

As at 31 December 2020, bank deposits of RMB214,130,000 (2019:RMB211,873,000) was pledged as security for bank and other borrowings. As at 31 December 2020, bank deposits of RMB224,303,000 (2019: RMB206,769,000) were pledged as security for purchasers' mortgage loans and construction of projects.

	2020 RMB'000	2019 RMB'000
Cash and cash equivalents:		
Denominated in RMB	17,918,844	8,845,189
Denominated in US\$	264,737	367,932
Denominated in HK\$	2,548,542	5,426
	20,732,123	9,218,547

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

As at 31 December 2020, the internal credit rating of restricted cash, pledged deposits and cash and cash equivalents were regarded as the grade of performing. The Group has assessed that the credit risk of the restricted cash, pledged deposits and cash and cash equivalents has not increased significantly since initial recognition and measured the impairment based on 12-month expected credit losses, and has assessed that the expected credit losses are immaterial.

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28. TRADE AND BILLS PAYABLES

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

	2020 RMB'000	2019 RMB'000
Within 1 year	12,266,813	7,936,020
Over 1 year	655,756	465,553
	12,922,569	8,401,573

Trade and bills payables are unsecured and are normally settled based on the progress of construction.

The fair values of trade and bills payables as at the end of the reporting period approximated to their corresponding carrying amounts due to their relatively short maturity terms.

29. OTHER PAYABLES AND ACCRUALS

	2020 RMB'000	2019 RMB'000
Outstanding payables arising from the acquisition of equity interests	48,162	486,492
Due to non-controlling shareholders of subsidiaries	1,011,769	1,274,563
Deposits	664,219	569,790
Payroll and welfare payable	260,498	263,144
Retention deposits related to construction	142,391	120,950
Other tax and surcharges	304,861	138,828
Accrued expenses	114,048	145,032
Others	344,355	301,850
	2,890,303	3,300,649

Other payables and advances from non-controlling shareholders of subsidiaries are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables as at the end of year approximated to their corresponding carrying amounts.

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30. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

	2020 RMB'000	2019 RMB'000
Contract liabilities	69,086,961	56,685,129

Included in the Group's contract liabilities are amounts due to the Group's related parties of nil as at 31 December 2020 (2019: RMB150,792,000) (note 43(4)).

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

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2020			2019		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans – secured	5.00	2021	12,561	4.96	2020	8,000
Other loans – secured	–	–	–	9.80-10.70	2020	4,219,500
Other loans – unsecured	–	–	–	6.50	2020	818,192
Current portion of long term bank loans – secured	4.51-8.50	2021	5,727,540	4.99-8.08	2020	3,885,829
Current portion of long term other loans – secured	6.20-10.90	2021	3,994,330	7.03-11.30	2020	5,047,790
			<u>9,734,431</u>			<u>13,979,311</u>
Non-current						
Bank loans – secured	4.35-8.50	2022-35	22,612,905	5.30-8.20	2021-24	13,307,054
Other loans – secured	6.20-11.00	2022-23	3,255,100	8.74-11.50	2021-22	6,159,200
			<u>25,868,005</u>			<u>19,466,254</u>
			<u>35,602,436</u>			<u>33,445,565</u>

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31. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

	2020 RMB'000	2019 RMB'000
Analysed into:		
Bank loans repayable		
Within one year	5,740,101	3,893,829
In the second year	11,909,435	4,569,985
In the third to fifth years, inclusive	10,574,470	8,737,069
Over five year	129,000	–
	28,353,006	17,200,883
Other borrowings repayable		
Within one year	3,994,330	10,085,482
In the second year	3,155,100	5,192,000
In the third to fifth years, inclusive	100,000	967,200
	7,249,430	16,244,682
	35,602,436	33,445,565

The Group's borrowings are denominated in RMB as at 31 December 2020.

Certain of the Group's bank and other borrowings are secured by the pledges of the following assets with carrying values at the end of the reporting period as follows:

	2020 RMB'000	2019 RMB'000
Property, plant and equipment (note 13)	24,049	28,088
Land use rights (note 15)	4,624	4,902
Investment properties (note 14)	3,091,386	2,092,171
Properties under development (note 20)	56,091,133	47,785,794
Completed properties held for sale (note 21)	118,586	686,870
Prepayments and other receivables (note 24)	–	796,850
Pledged deposits (note 27)	214,130	211,873

The management of the Company has assessed that the fair values of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the fact that such borrowings were made between the Group and independent third party financial institutions based on prevailing market interest rates.

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31. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

As at 31 December 2019, a controlling shareholder, Ms. Lam Fung Ying, has guaranteed certain of Group's bank and other borrowings of up to RMB669,000,000, which have been settled in the year of 2020.

As at 31 December 2019, a third party 碧桂園地產集團有限公司 (Country Garden Real Estate Group Co., Ltd.) has guaranteed certain of Group's bank and other borrowings of up to RMB62,400,000, which have been settled in the year of 2020.

As at 31 December 2019, a third party 深圳市龍光控股有限公司 (Shenzhen Longguang Holdings Limited) has guaranteed certain of Group's bank and other borrowings of up to RMB70,000,000, which have been settled in the year of 2020.

As at 31 December 2020, a third party 金科地產集團股份有限公司 (Jinke Real Estate Group Co., Ltd.) have guaranteed certain of the Group's bank and other borrowings up to RMB169,224,650 (2019: RMB52,204,000).

As at 31 December 2020, a third party 上海中梁地產集團有限公司 (Shanghai Zhongliang Real Estate Group Co., Ltd.) have guaranteed certain of the Group's bank and other borrowings up to RMB42,000,000 (2019: RMB330,000,000).

As at 31 December 2020, third parties 湖北三峽華翔集團有限公司 (Hubei Sanxia Hua Xiang Group Co., Ltd.) and 福建友興投資有限公司 (Fujian Youxing Investment Co., Ltd.) have guaranteed certain of the Group's bank and other borrowings up to RMB782,000,000 (2019: RMB984,000,000).

As at 31 December 2020, a third party 重慶置盛泓熠企業管理有限公司 (Chongqing Zhisheng Hongyi Corporate Management Co., Ltd.) has guaranteed certain of the Group's bank and other borrowings up to RMB545,820,000 (2019: RMB715,500,000).

As at 31 December 2020, a third party 重慶德睿輝實業有限公司 (Chongqing Deruihui Co., Ltd.) has guaranteed certain of the Group's bank and other borrowings up to RMB800,000,000 (2019: Nil).

As at 31 December 2020, a third party 新力地產集團有限公司 (Sinic Real Estate Group Co., Ltd.) has guaranteed certain of the Group's bank and other borrowings up to RMB240,000,000 (2019: Nil).

Notes to Financial Statements

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32. PROCEEDS FROM ASSET-BACKED SECURITIES (“ABS”)

Name of ABSs	Principal RMB'000	Contractual interest rate per annum (%)	Maturity	31 December 2020 Closing balance RMB'000
Jinhui Group Jinhui Building	2,805,907	6	2018-2036	2,817,894
Dongxing Mingzhu	650,000	7.5-8.5	2021	643,477
				3,461,371
Less: Current portion				770,798
Non-current portion				2,690,573

Name of ABSs	Principal RMB'000	Contractual interest rate per annum (%)	Maturity	31 December 2019 Closing balance RMB'000
Jinhui Group Housing Residual Payment	1,020,000	7.2-8.2	2020	1,030,824
Jinhui Group Jinhui Building	2,911,500	6	2018-2036	2,917,482
Dongxing Mingzhu	650,000	7.5-8.5	2021	634,334
				4,582,640
Less: Current portion				1,156,041
Non-current portion				3,426,599

The balance represented proceeds received from special purpose entities (“SPE”) set up by financial institutions in the PRC for issuance of asset-backed securities, to which the Group has collateralised certain future trade receivables for the remaining receipts from the provision of property management services, the sale of properties and property lease income. Under an assignment arrangement between the Group and the SPE, as and when the Group receives the sales proceeds from customers, the Group would remit any cash flows it collects on behalf of the SPE.

As at 31 December 2020, certain of the Group’s asset-backed securities are secured by the pledges of property, plant and equipment of RMB23,468,000 (2019: RMB24,071,000) (note 13), right-of-use assets of RMB20,302,000 (2019: RMB20,854,000) (note 15), and investment properties of RMB5,064,000,000 (2019: RMB4,811,200,000) (note 14).

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33. SENIOR NOTES

Name of senior notes	1 January 2020	Issued in 2020	Interest expense	The effect of foreign currency effect	Payment	31 December 2020
	Opening balance					Closing balance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2021 Notes	1,740,198	-	202,608	(94,241)	(202,608)	1,645,957
2022 Notes (note 1)	-	2,066,340	208,212	(135,914)	(108,633)	2,030,005
2023 Notes (note 2)	-	1,745,469	81,771	(131,715)	(75,870)	1,619,655
						5,295,617
Analysed into:						
Non-current portion						3,549,874
Current portion						1,745,743

Name of senior notes	1 January 2019	Issued in 2019	Interest expense	The effect of foreign currency effect	Payment	31 December 2019
	Opening balance					Closing balance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2021 Notes	-	1,706,044	34,343	(189)	-	1,740,198
Analysed into:						
Non-current portion						1,706,044
Current portion						34,154

Note 1: On 16 January 2020, Radiance Capital Investments, a subsidiary of the Group has completed to issue senior notes due in 2022 (the "2022 Notes"), which were publicly listed on the Singapore Exchange Securities Trading Limited. The 2022 Notes are denominated in US\$ amounting to US\$300,000,000 and bear interest at a rate of 10.50% per annum, and the interest is payable every six months in arrears on 16 January and 16 July or on the business day nearest hereto every half year, beginning on 17 January 2020.

At any time prior to 16 January 2022, Radiance Capital Investments may at its option redeem the 2022 Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2022 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. The directors of the Company are of the opinion that they have no plan to redeem the 2022 Notes prior to 31 December 2021.

Notes to Financial Statements

31 December 2020

33. SENIOR NOTES (Continued)

Note 2: On 17 June 2020, Radiance Capital Investments has completed to issue senior notes due in 2023 (the "2023 Notes"), which were publicly listed on the Singapore Exchange Securities Trading Limited. The 2023 Notes are denominated in US\$ amounting to US\$250,000,000 and bear interest at a rate of 8.80% per annum, and the interest is payable every six months in arrears on 17 June and 17 December or on the business day nearest hereto every half year, beginning on 18 June 2020, except that the last payment of interest will be made on 17 September 2023.

At any time prior to 16 June 2023, Radiance Capital Investments may at its option redeem the 2023 Notes, in whole but not in part, at a redemption price equal to 102.50% of the principal amount of the 2023 Notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. The directors of the Company are of the opinion that they have no plan to redeem the 2023 Notes prior to 31 December 2021.

34. CORPORATE BONDS

Name of bonds	1 January 2020		Interest expense RMB'000	Payment RMB'000	31 December 2020	
	Opening balance RMB'000	Issued in 2020 RMB'000			Closing balance RMB'000	
16 Jinhui 01	500,394	–	34,102	(34,102)	500,394	
16 Jinhui 02	1,511,192	–	104,390	(104,390)	1,511,192	
16 Jinhui 03	262,521	–	18,250	(18,250)	262,521	
18 Jinhui 01	1,052,898	–	61,144	(375,000)	739,042	
18 Jinhui 02	1,496,092	–	95,659	(822,780)	768,971	
18 Jinhui 03	404,382	–	25,618	(430,000)	–	
19 Jinhui 01	2,084,945	–	154,453	(150,000)	2,089,398	
19 Jinhui 02	856,751	–	57,014	(913,765)	–	
19 Jinhui 03	1,133,487	–	85,673	(84,750)	1,134,410	
20 Jinhui 01 (note 1)	–	645,919	25,648	–	671,567	
20 Jinhui 02 (note 2)	–	496,000	15,676	–	511,676	
20 Jinhui 03 (note 3)	–	1,214,000	11,397	–	1,225,397	
	9,302,662	2,355,919	689,024	(2,933,037)	9,414,568	

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34. CORPORATE BONDS (Continued)

Name of bonds	1 January 2019		Interest expense RMB'000	Payment RMB'000	31 December 2019	
	Opening balance RMB'000	Issued in 2019 RMB'000			Closing balance RMB'000	
16 Jinhui 01	535,119	–	34,630	(69,355)	500,394	
16 Jinhui 02	1,574,333	–	104,359	(167,500)	1,511,192	
16 Jinhui 03	1,043,655	–	33,866	(815,000)	262,521	
16 Jinhui 04	628,189	–	16,811	(645,000)	–	
16 Jinhui 05	1,555,192	–	55,808	(1,611,000)	–	
16 Jinhui 06	919,305	–	40,095	(959,400)	–	
18 Jinhui 01	1,049,575	–	78,323	(75,000)	1,052,898	
18 Jinhui 02	1,729,203	–	122,689	(355,800)	1,496,092	
18 Jinhui 03	404,267	–	30,115	(30,000)	404,382	
19 Jinhui 01	–	1,991,150	93,795	–	2,084,945	
19 Jinhui 02	–	842,450	14,301	–	856,751	
19 Jinhui 03	–	1,125,875	7,612	–	1,133,487	
	9,438,838	3,959,475	632,404	(4,728,055)	9,302,662	

At the end of the reporting period, the Group's corporate bonds were repayable as follows:

	2020 RMB'000	2019 RMB'000
Repayable within one year	7,056,468	4,035,868
Repayable within two to four years	2,358,100	5,266,794
	9,414,568	9,302,662

Note 1: On 16 June 2020, Radiance Group, a subsidiary of the Group completed to issue four-year corporate bonds with a principal amount of RMB650,000,000 ("20 Jinhui 01"), which were publicly listed on the Shanghai Stock Exchange on 23 June 2020. 20 Jinhui 01 is denominated in RMB and bears interest at a rate of 6.95% per annum, and is payable annually in arrears on 16 June or on the business day nearest hereto each year, beginning on 16 June 2020. Radiance Group is entitled to adjust upwards to the interest rate on the date which is 15 days of trading prior to the second interest repayment date for 20 Jinhui 01. Upon the adjustment, bond holders may at their options ("Put Options") sell back 20 Jinhui 01 to Radiance Group on the second interest repayment date.

Note 2: On 29 July 2020, Radiance Group issued three-year corporate bonds with a principal amount of RMB500,000,000 ("20 Jinhui 02"), which were privately issued on the Shanghai Stock Exchange. 20 Jinhui 02 is denominated in RMB and bears interest at a rate of 7.00% per annum, payable annually in arrears on 29 July or on the business day nearest hereto each year, beginning on 29 July 2020. Radiance Group is entitled to adjust upwards to the interest rate on the date which is 15 days of trading prior to the second interest repayment date for the 20 Jinhui 02. Upon the adjustment, bond holders may at their options ("Put Options") sell back 20 Jinhui 02 to Radiance Group on the second interest repayment date.

Note 3: On 19 November 2020, Radiance Group has completed to issue four-year corporate bonds with a principal amount of RMB1,220,000,000 ("20 Jinhui 03"), which were publicly listed on the Shanghai Stock Exchange on 30 November 2020. 20 Jinhui 03 is denominated in RMB and bears interest at a rate of 6.95% per annum, payable annually in arrears on 19 November or on the business day nearest hereto each year, beginning on 19 November 2020. Radiance Group is entitled to adjust upwards to the interest rate on the date 15 days of trading prior to the second interest repayment date for 20 Jinhui 03. Upon the adjustment, bond holders may at their options ("Put Options") sell back 20 Jinhui 03 to Radiance Group on the second interest repayment date.

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35. SHARE CAPITAL

Shares

	2020 HK\$	2019 HK\$
Issued and fully paid:		
4,045,227,000 (2019: 1) ordinary shares of HK\$0.01 each (2019: HK\$0.01 each)	40,452,270	1

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
At 1 January 2019	–	–
Issue of ordinary shares	1	–
At 31 December 2019 and 1 January 2020	1	–
Issue of ordinary shares	1	–
Issue of ordinary shares upon listing	600,000,000	5,207
Issue of ordinary shares on capitalisation	3,399,999,998	29,504
Issue of ordinary shares on an over-allotment option	45,227,000	384
At 31 December 2020	4,045,227,000	35,095

The Company was incorporated in the Cayman Islands with limited liability on 17 October 2019 with authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each at par value.

On the date of incorporation, 1 ordinary share of HK\$0.01 was allotted by the Company to a subscriber, and was transferred to Glowing Shine Limited, a company controlled by Mr. Lam Ting Keung and Ms. Lam Fung Ying, on 17 October 2019.

On 6 March 2020, the Company acquired the entire issued shares of Jubilance Properties from Radiance Group Holdings at a consideration of US\$3.00, which was settled by the Company by allotting and issuing 1 ordinary share to Glowing Shine, being the direct wholly-owned subsidiary of Radiance Group Holdings, on 5 March 2020.

On 5 October 2020, the Company increased its authorised share capital to HK\$100,000,000 by the creation of 9,962,000,000 additional shares of nominal value of HK\$0.01 each.

On 29 October 2020, upon its listing on the Hong Kong Stock Exchange, the Company issued 600,000,000 new ordinary shares with par value of HK\$0.01 each at HK\$4.30 per share for a total cash consideration of HK\$2,580,000,000 (equivalent to approximately RMB2,238,872,000).

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35. SHARE CAPITAL (Continued)

Shares (Continued)

On 29 October 2020, 3,399,999,998 shares were issued by way of capitalisation with par value of HK\$0.01 each, the respective share capital amount was approximately RMB29,504,000.

On 25 November 2020, upon its listing on the Hong Kong Stock Exchange, the over-allotment option has been partially exercised and the Company allotted and issued 45,227,000 additional shares at HK\$4.30 per share for a total cash consideration of HK\$194,476,000 (equivalent to approximately RMB164,955,000).

36. RESERVES

The amounts of the Group's reserves and the movements therein for the year ended 31 December 2020 are presented in the consolidated statement of changes in equity.

(a) Share premium

The share premium represents the difference between the par value of the shares issued and the consideration received.

(b) Capital reserve

The capital reserve represents any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid for acquisition of non-controlling interests in subsidiaries. Details of the movements in the capital reserve are set out in the consolidated statement of changes in equity.

(c) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under PRC GAAP, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(d) Asset revaluation reserve

The asset revaluation reserve arises from change in use from an owner-occupied property to an investment property.

Notes to Financial Statements

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37. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the year, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB14,159,000 (2019: RMB19,427,000) in respect of lease arrangements for office buildings.

The non-controlling shareholders of subsidiaries of the Group, namely 深圳市龍光房地產有限公司 (“Shenzhen Longguang Properties Co., Ltd.”), 杭州力珀房地產有限公司 (“Hangzhou Lippo Real Estate Co. Ltd”) and 鹽城晉兆企業管理有限公司 (“Yancheng Jinzhao Enterprise Management Co. Ltd”) have made a debt-for-equity swap to contribute RMB50,000,000, RMB40,000,000 and RMB100,000,000 to capital in 2020.

(b) Changes in liabilities arising from financing activities

	Proceeds from asset-based securities RMB'000	Interest- bearing bank and other borrowings RMB'000	Senior notes and corporate bonds RMB'000	Due to related parties RMB'000	Lease liabilities RMB'000	Total liabilities from financing activities RMB'000
At 1 January 2019	4,443,953	29,285,010	9,438,838	2,883,813	36,649	46,088,263
Cash flows (used in)/from financing activities	(147,160)	4,118,813	937,464	2,028,086	(26,483)	6,910,720
New operating leases	-	-	-	-	19,427	19,427
Accrual of interest	285,847	-	666,558	-	3,018	955,423
Cash flows from non-financing activities	-	41,742	-	-	-	41,742
At 31 December 2019	4,582,640	33,445,565	11,042,860	4,911,899	32,611	54,015,575
Cash flows (used in)/from financing activities	(1,121,269)	2,283,539	2,847,580	3,914	(25,901)	3,987,863
New operating leases	-	-	-	-	14,159	14,159
Accrual of interest	-	118,268	1,181,615	-	2,170	1,302,053
The effect of foreign currency exchange	-	-	(361,870)	-	-	(361,870)
Cash flows from non-financing activities	-	(244,936)	-	-	-	(244,936)
At 31 December 2020	3,461,371	35,602,436	14,710,185	4,915,813	23,039	58,712,844

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2020 RMB'000	2019 RMB'000
Within operating activities	5,938	7,670
Within financing activities	23,532	22,715
	29,470	30,385

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38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests were set out below:

	Percentage of equity interest held by non-controlling interests %	Profit/(loss) for the year allocated to non-controlling interests RMB'000	Accumulated balances of non-controlling interests RMB'000
31 December 2020			
Rongqiao (FuZhou) Real Estate*	40%	49,544	1,141,392
Radiance Group	4%	123,837	820,019
Hefei Shengzhuo*	77%	366,179	482,216
Fuqing Jinfu Xinmao Properties*	61%	216,399	331,808
31 December 2019			
Rongqiao (FuZhou) Real Estate*	40%	138,809	1,180,950
Radiance Group	4%	104,827	697,037

* Rongqiao (FuZhou) Real Estate, Hefei Shengzhuo and Fuqing Jinfu Xinmao Properties are subsidiaries of Radiance Group, and the financial information set out below only reflects the direct non-controlling interests in these entities, and the indirect non-controlling interests have not been included.

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31 December 2020

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

Rongqiao (FuZhou) Real Estate

	2020 RMB'000	2019 RMB'000
Revenue	2,718,097	1,985,082
Total expenses	(2,594,236)	(1,638,059)
Profit for the year	123,861	347,023
Total comprehensive income for the year	123,861	347,023
Attributable to:		
Owners of the parent	123,861	347,023
Non-controlling interests	-	-
	123,861	347,023
Current assets	6,476,197	5,860,849
Non-current assets	254,740	224,609
Current liabilities	(3,813,457)	(1,304,405)
Non-current liabilities	(64,000)	(1,828,677)
	2,853,480	2,952,376
Attributable to:		
Owners of the parent	2,853,480	2,952,376
Non-controlling interests	-	-
	2,853,480	2,952,376
Net cash flows generated from operating activities	2,163,562	117,117
Net cash flows used in investing activities	(3,408)	(10)
Net cash flows used in financing activities	(2,202,513)	(33,633)
Net (decrease)/increase in cash and cash equivalents	(42,359)	83,474

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38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

Radiance Group

	2020 RMB'000	2019 RMB'000
Revenue	34,893,248	25,963,108
Total expenses	(31,201,141)	(23,267,238)
Profit for the year	3,692,107	2,695,870
Total comprehensive income for the year	3,692,107	2,695,870
Attributable to:		
Owners of the parent	3,095,932	2,620,669
Non-controlling interests	596,175	75,201
	3,692,107	2,695,870
Current assets	162,400,237	129,624,403
Non-current assets	23,214,935	19,698,112
Current liabilities	(112,654,588)	(95,287,682)
Non-current liabilities	(36,938,270)	(32,676,867)
	36,022,314	21,357,966
Attributable to:		
Owners of the parent	20,500,467	17,425,916
Non-controlling interests	15,521,847	3,932,050
	36,022,314	21,357,966
Net cash flows generated from/(used in) operating activities	1,992,080	(7,899,463)
Net cash flows (used in)/generated from investing activities	(2,544,934)	389,930
Net cash flows generated from financing activities	12,460,210	6,802,127
Net increase/(decrease) in cash and cash equivalents	11,907,356	(707,406)

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38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

For the year ended 31 December 2020

	Hefei Shengzhuo RMB'000	Fuqing Jinfu Xinmao Properties RMB'000
Revenue	2,649,597	1,414,525
Total expenses	(2,174,040)	(1,059,773)
Profit for the year	475,557	354,752
Total comprehensive income for the year	475,557	354,752
Attributable to:		
Owners of the parent	475,557	354,752
Non-controlling interests	–	–
	475,557	354,752
Current assets	629,259	1,144,348
Non-current assets	7,987	9,911
Current liabilities	(10,992)	(610,312)
	626,254	543,947
Attributable to:		
Owners of the parent	626,254	543,947
Non-controlling interests	–	–
	626,254	543,947
Net cash flows used in operating activities	(92,455)	(48,194)
Net cash flows used in investing activities	–	–
Net cash flows generated from financing activities	–	–
Net decrease in cash and cash equivalents	(92,455)	(48,194)

39. BUSINESS COMBINATIONS

On 8 September 2020, one subsidiary of the Group, Xi'an Jinhui Properties, further acquired a 49% equity interest in Xi'an Yaowei Real Estate from Shaanxi Tianyu Industrial Investment Co., Ltd, and had a 100% equity interest in Xi'an Yaowei Real Estate upon completion of the acquisition. The acquisition was part of the Group's strategy to expand its market share of property development and operation. Prior to the share transfer, Xi'an Yaowei Real Estate is an associate of the Group. Xi'an Yaowei Real Estate is mainly engaged in real estate development and operation. The purchase consideration for the acquisition was in the form of cash, with RMB384,500,000 paid and the remaining RMB40,000,000 was payable at 31 December 2020.

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39. BUSINESS COMBINATIONS (Continued)

Since the acquisition, Xi'an Yaowei Real Estate has contributed an amount of nil to the Group's revenue and a loss of RMB11,370,000 to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2020. Had the combination taken place at 1 January 2020, the revenue and net profit of the Group would have been RMB34,893,248,000 and RMB3,812,336,000, respectively.

The fair values of the identifiable assets and liabilities of Xi'an Yaowei Real Estate as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Property, plant and equipment (note 13)	20
Deferred tax assets (note 19)	23,590
Properties under development (note 20)	1,673,716
Prepayments and other receivables	930,172
Cash and cash equivalents	47,371
Trade and bills payables	(86,497)
Other payables and accruals	(387,930)
Contract liabilities	(691,355)
Tax payable	(3,749)
Interest-bearing bank and other borrowings	(704,006)
Deferred tax liabilities (note 19)	(67,190)
Total identifiable net assets at fair value	734,142
Satisfied by	
Cash	384,500
Acquisition consideration outstanding and included in other payables	40,000
Fair value of investments in the associate held before business combinations	309,642
	734,142

An analysis of the cash flows in respect of the acquisition of the subsidiary is as follows:

	RMB'000
Cash considerations	(384,500)
Cash and cash equivalents acquired	47,371
Net outflow of cash and cash equivalents included in cash flows from investing activities	(337,129)

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40. DISPOSAL A SUBSIDIARY

Pursuant to the resolutions of a shareholders' meeting of 鄭州金輝興業公司房地產開發有限公司 ("Zhengzhou Jinhui Xingye") dated 27 October 2020, one subsidiary of the Group resolved to transfer 49% of its equity interests in Zhengzhou Jinhui Xingye to a third party for a consideration of RMB50,000,000. There after, the Group's interest in Zhengzhou Jinhui Xingye was decreased to 51%, and pursuant to the amended articles of association, all shareholder resolutions shall be resolved by all shareholders on a unanimous basis, thus the Group lost its control over Zhengzhou Jinhui Xingye thereafter.

The carrying values of the assets and liabilities of Zhengzhou Jinhui Xingye on the date of disposal were as follows:

	RMB'000
Net assets disposed of:	
Property, plant and equipment (note 13)	994
Intangible assets (note 16)	31
Deferred tax assets (note 19)	37,693
Properties under development (note 20)	2,993,257
Prepayments and other receivables	1,068,420
Tax recoverable	7,515
Cash and cash equivalents	121,649
Trade and bills payables	(80,536)
Other payables and accruals	(2,323,615)
Contract liabilities	(811,961)
Interest-bearing bank and other borrowings	(948,942)
Deferred tax liabilities (note 19)	(6,346)
	58,159
Retained a 51% equity interest in a joint venture	29,661
Gain on disposal of Zhengzhou Jinhui Xingye	21,502
Satisfied by cash consideration	50,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	RMB'000
Cash consideration	50,000
Cash and bank balances disposed of	(121,649)
Net outflow of cash and cash equivalents in respect of the disposal of Zhengzhou Jinhui Xingye	(71,649)

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41. CONTINGENT LIABILITIES

At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

		2020 RMB'000	2019 RMB'000
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	(1)	34,134,745	29,957,604
Guarantees given to banks and other institutions in connection with facilities granted to related companies and third parties	(2)	5,515,450	8,659,883

- (1) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in the case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The Group did not incur any material losses during the year in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The directors of the Company considered that in the case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

- (2) The Group provided guarantees to banks and other institutions in connection with financial facilities granted to the related companies. The directors of the Company consider that no provision is needed in respect of the guarantees since the fair value is not significant. Further details are included in note 43.

Except as disclosed above, during the year and up to the end of the year, neither the Group nor the Company were involved in any litigation, arbitration or administrative proceedings, claims or disputes which had a material adverse effect on the Group's financial condition or results of operation.

The balances of guarantees given to banks and other institutions in connection with facilities granted to third parties of 2019 were released in the year 2020.

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42. COMMITMENTS

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

	2020 RMB'000	2019 RMB'000
Contracted, but no provided for:		
– Properties under development	25,459,665	23,806,693
– Acquisition of land use right	1,111,306	2,611,510
– Capital contribution for acquisition of equity interests	2,274,644	2,274,644
– Capital contributions payable to joint ventures and associates	51,171	733,554
	28,896,786	29,426,401

43. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

The following transactions were carried out with related parties during the reporting period:

	2020 RMB'000	2019 RMB'000
Advances from related companies:		
Joint ventures	1,327,461	3,535,412
Associates	1,047,749	2,526,314
Repayment of advances from related companies:		
Joint ventures	2,363,933	1,991,425
Associates	327,276	2,042,215
Property management services provided to:		
Joint ventures	–	10,137
Associates	–	4,773
Management consulting services provided to:		
Joint ventures	68,383	52,074
Associates	89,654	3,554
Sales of properties to family members of certain directors and/or a controlling shareholder	150,599	9,080
Financial income from:		
Joint ventures	–	332
Associates	–	18,891

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43. RELATED PARTY TRANSACTIONS (Continued)

(1) Significant related party transactions (Continued)

	2020 RMB'000	2019 RMB'000
Advances to related parties:		
Joint ventures	4,354,242	5,910,142
Associates	1,436,160	5,567,592
Receipt of advances to related parties:		
Joint ventures	3,186,087	5,611,591
Associates	3,131,607	4,943,793
Property management services provided by companies controlled by the ultimate controlling shareholders	213,437	–
Property lease income from a company controlled by the ultimate controlling shareholders	1,133	–

These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(2) Disposal of subsidiaries

	2020 RMB'000	2019 RMB'000
Consideration of disposal of subsidiaries	–	27,000

(3) Other transactions with related parties:

	2020 RMB'000	2019 RMB'000
Guarantees provided to related parties:		
Joint ventures	2,986,137	4,028,292
Associates	2,529,313	3,971,591
Guarantees provided by related parties:		
Controlling shareholders	–	669,000
An associate*	–	300,000

* The interest-bearing bank and other borrowings amounting to RMB300,000,000 as at 31 December 2019 were guaranteed by Xi'an Yaowei Real Estate, which is an associate by then and has become a subsidiary of the Group, refer to note 39 for more details.

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43. RELATED PARTY TRANSACTIONS (Continued)

(4) Outstanding balances with related parties

	2020 RMB'000	2019 RMB'000
Due from related parties:		
Trade-related:		
Joint ventures	6,790	641
Associates	20,796	530
Due from related parties:		
Non-trade-related:		
Joint ventures	5,623,858	4,455,703
Associates	1,662,764	3,358,211
Due to related parties:		
Trade-related:		
Family members of certain directors and/or controlling shareholders (included in the Group's contract liabilities) (note 30)	–	150,792
Companies controlled by the ultimate shareholders	8,299	–
Due to related parties:		
Non-trade-related:		
Joint ventures	3,095,708	4,132,180
Associates	1,500,192	779,719

Balances with the above related parties were unsecured and repayable on demand.

(5) Compensation of key management personnel of the Group

	2020 RMB'000	2019 RMB'000
Short-term employee benefits	17,590	11,580
Pension scheme contributions	360	679
Total compensation paid to key management personnel	17,950	12,259

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44. FINANCIAL INSTRUMENTS BY CATEGORY

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

31 December 2020

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at FVTPL RMB'000	Total RMB'000
Trade receivables (note 22)	24,191	–	24,191
Financial assets included in prepayments, other receivables and other assets (note 24)	3,086,144	–	3,086,144
Financial assets at fair value through profit or loss (note 26)	–	144,108	144,108
Due from related parties (note 43)	7,314,208	–	7,314,208
Restricted cash (note 27)	5,420,396	–	5,420,396
Pledged deposits (note 27)	438,433	–	438,433
Cash and cash equivalents (note 27)	20,732,123	–	20,732,123
	37,015,495	144,108	37,159,603

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables (note 28)	12,922,569
Financial liabilities included in other payables and accruals (note 29)	2,515,757
Due to related parties (note 43)	4,604,199
Interest-bearing bank and other borrowings (note 31)	35,602,436
Lease liabilities (note 15)	23,039
Proceeds from asset-backed securities (note 32)	3,461,371
Senior notes (note 33)	5,295,617
Corporate bonds (note 34)	9,414,568
	73,839,556

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44. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

31 December 2019

Financial assets

	Financial assets at amortised cost RMB'000	Financial assets at FVTPL RMB'000	Total RMB'000
Trade receivables (note 22)	25,360	–	25,360
Financial assets included in prepayments, other receivables and other assets (note 24)	2,541,322	–	2,541,322
Financial assets at fair value through profit or loss (note 26)	–	315,690	315,690
Due from related parties (note 43)	7,815,085	–	7,815,085
Restricted cash (note 27)	3,762,566	–	3,762,566
Pledged deposits (note 27)	418,642	–	418,642
Cash and cash equivalents (note 27)	9,218,547	–	9,218,547
	23,781,522	315,690	24,097,212

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade and bills payables (note 28)	8,401,573
Financial liabilities included in other payables and accruals (note 29)	2,892,473
Due to related parties (note 43)	4,911,899
Interest-bearing bank and other borrowings (note 31)	33,445,565
Lease liabilities (note 15)	32,611
Proceeds from asset-backed securities (note 32)	4,582,640
Senior notes (note 33)	1,740,198
Corporate bonds (note 34)	9,302,662
	65,309,621

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45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Financial assets				
Financial assets at fair value through profit or loss	144,108	315,690	144,108	315,690
Financial liabilities				
Interest-bearing bank and other borrowings (note 31)	35,602,436	33,445,565	35,532,022	33,458,978
Proceeds from asset-backed securities (note 32)	3,461,371	4,582,640	3,685,557	4,750,003
Senior notes (note 33)	5,295,617	1,740,198	5,409,713	1,744,050
Corporate bonds (note 34)	9,414,568	9,302,662	9,003,493	9,207,522
	53,773,992	49,071,065	53,630,785	49,160,553

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, and amounts due from/to related companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation results are discussed with the audit committee twice a year for interim and annual financial reporting.

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

The Group invests in unlisted investments, which represent wealth management products issued by financial institutions in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

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45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS
(Continued)

The fair values of interest-bearing bank and other borrowings and certain proceeds from asset-backed securities have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2020 was assessed to be insignificant.

The fair values of certain proceeds from asset-backed securities, corporate bonds and senior notes are based on quoted market prices.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
As at 31 December 2020				
Financial assets at fair value through profit or loss	25,837	118,271	–	144,108
As at 31 December 2019				
Financial assets at fair value through profit or loss	–	315,690	–	315,690

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45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments: (Continued)

Liabilities for which fair values are disclosed:

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
As at 31 December 2020				
Interest-bearing bank and other borrowings	–	35,532,022	–	35,532,022
Proceeds from asset-backed securities	648,577	3,036,980	–	3,685,557
Senior notes	5,409,713	–	–	5,409,713
Corporate bonds	9,003,493	–	–	9,003,493
	15,061,783	38,569,002	–	53,630,785
As at 31 December 2019				
Interest-bearing bank and other borrowings	–	33,458,978	–	33,458,978
Proceeds from asset-backed securities	1,663,194	3,086,809	–	4,750,003
Senior notes	1,744,050	–	–	1,744,050
Corporate bonds	9,207,522	–	–	9,207,522
	12,614,766	36,545,787	–	49,160,553

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46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and bank balances, restricted cash, trade receivables, and trade and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as interest-bearing bank and other borrowings, senior notes, corporate notes, financial instruments at fair value through profit or loss, amounts with related companies and other receivables. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's bank and other borrowings set out in note 31. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using variable rate bank borrowings.

As at 31 December 2020, if the interest rate of bank borrowings had increased/decreased by 1% and all other variables held constant, profit before tax for the year of the Group would have decreased/increased by approximately RMB25,380,000 (2019: RMB22,682,000).

(b) Foreign currency risk

The Group has transactional currency exposures. Such exposures mainly arise from the Group's cash and cash equivalents and senior notes. The currency in which they are denominated is US\$. There is no significant impact on foreign currency risk.

	Increase/ (decrease) in US\$ or HK\$/RMB %	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity RMB'000
31 December 2020			
If the RMB weakens against US\$	(5)%	(251,544)	(251,544)
If the RMB strengthens against US\$	5%	251,544	251,544
If the RMB weakens against HK\$	(5)%	127,427	(127,427)
If the RMB strengthens against HK\$	5%	(127,427)	127,427
31 December 2019			
If the RMB weakens against US\$	(5)%	(68,613)	(68,613)
If the RMB strengthens against US\$	5%	68,613	68,613

Notes to Financial Statements

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46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk

The Group divides financial instruments on the basis of shared credit risk characteristics, such as instrument type and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment. To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the Group's counterparties. The credit quality of these customers is assessed, taking into account their financial position, past experience and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews regularly the recoverable amount of trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

Management makes periodic collective assessments for financial assets included in prepayments, other receivables and other assets and amounts due from related parties as well as individual assessments on the recoverability of other receivables and amounts due from related parties based on historical settlement records and past experience. The Group classified financial assets included in prepayments, other receivables and other assets and amounts due from related parties in Stage 1 and continuously monitored their credit risk. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of financial assets included in prepayments, other receivables and other assets and amounts due from related parties.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2020. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

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46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk (Continued)

As at 31 December 2020

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	-	-	-	24,191	24,191
Financial assets included in prepayments and other receivables					
- Normal**	3,086,144	-	-	-	3,086,144
Due from related parties	7,314,208	-	-	-	7,314,208
Financial assets at fair value through profit or loss	144,108	-	-	-	144,108
Restricted cash					
- Not yet past due	5,420,396	-	-	-	5,420,396
Pledged deposits					
- Not yet past due	438,433	-	-	-	438,433
Cash and cash equivalents					
- Not yet past due	20,732,123	-	-	-	20,732,123
	37,135,412	-	-	24,191	37,159,603

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46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Credit risk (Continued)

As at 31 December 2019

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	–	–	–	25,360	25,360
Financial assets included in prepayments and other receivables					
– Normal**	2,541,322	–	–	–	2,541,322
Due from related parties	7,815,085	–	–	–	7,815,085
Financial assets at fair value through profit or loss	315,690	–	–	–	315,690
Restricted cash					
– Not yet past due	3,762,566	–	–	–	3,762,566
Pledged deposits					
– Not yet past due	418,642	–	–	–	418,642
Cash and cash equivalents					
– Not yet past due	9,218,547	–	–	–	9,218,547
	24,071,852	–	–	25,360	24,097,212

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the expected credit losses is disclosed in note 22 to the financial statements. There is no significant concentration of credit risk.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

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46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(d) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings, corporate bonds, senior notes and proceeds from asset-backed securities. Cash flows are being closely monitored on an ongoing basis.

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

	On demand RMB'000	Less than 3 months RMB'000	3 to 12 months RMB'000	Over 1 year RMB'000	Total RMB'000
31 December 2020:					
Trade and bills payables	12,922,569	–	–	–	12,922,569
Other payables	2,515,757	–	–	–	2,515,757
Due to related parties	4,604,199	–	–	–	4,604,199
Lease liabilities	–	5,138	12,096	9,644	26,878
Interest-bearing bank and other borrowings	–	1,354,355	5,704,655	32,953,931	40,012,941
Proceeds from asset-backed securities	–	101,645	859,698	4,408,748	5,370,091
Senior notes	–	181,474	2,001,105	3,819,921	6,002,500
Corporate bonds	–	469,987	4,681,600	6,813,465	11,965,052
	20,042,525	2,112,599	13,259,154	48,005,709	83,419,987
31 December 2019:					
Trade and bills payables	8,423,085	–	–	–	8,423,085
Other payables	3,300,649	–	–	–	3,300,649
Due to related parties	4,900,333	–	–	–	4,900,333
Lease liabilities	–	7,481	16,041	16,119	39,641
Interest-bearing bank and other borrowings	–	2,111,120	13,858,555	21,259,178	37,228,853
Proceeds from asset-backed securities	–	112,798	1,295,073	2,628,619	4,036,490
Senior notes	–	–	204,926	1,948,976	2,153,902
Corporate bonds	–	138,492	4,497,550	5,668,637	10,304,679
	16,624,067	2,369,891	19,872,145	31,521,529	70,387,632

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46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a net gearing ratio, which is based on total indebtedness less cash and bank balances divided by total equity at the end of the year and multiplied by 100%. Total indebtedness represents total interest-bearing bank and other borrowings, corporate bonds and senior notes. The net gearing ratios as at the end of the reporting periods were as follows:

	2020 RMB'000	2019 RMB'000
Interest-bearing bank and other borrowings	35,602,436	33,445,565
Proceeds from asset-backed securities	3,461,371	4,582,640
Corporate bonds	9,414,568	9,302,662
Senior notes	5,295,617	1,740,198
Less: Cash and cash equivalents	(20,732,123)	(9,218,547)
Restricted cash	(5,420,396)	(3,762,566)
Pledged deposits	(438,433)	(418,642)
Net debt	27,183,040	35,671,310
Total equity	36,112,406	21,379,202
Net gearing ratio	75%	167%

47. EVENTS AFTER THE REPORTING PERIOD

No information is received after the reporting period about conditions that existed at the end of the reporting period.

Notes to Financial Statements

31 December 2020

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2020 RMB'000	2019 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	1	–
Total non-current assets	1	–
CURRENT ASSETS		
Cash and cash equivalents	12,484	–
Due from subsidiaries	2,254,319	–
Total current assets	2,266,803	–
CURRENT LIABILITIES		
Other payables and accruals	3,622	17
Total current liabilities	3,622	17
NET CURRENT ASSETS/(LIABILITIES)	2,263,181	(17)
TOTAL ASSETS LESS CURRENT LIABILITIES	2,263,182	(17)
Net assets	2,263,182	(17)
EQUITY		
Share capital	35,095	–
Reserves	2,228,087	(17)
Total equity	2,263,182	(17)

Notes to Financial Statements

31 December 2020

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

A summary of the Company's reserves is as follows:

	Share capital RMB'000	Share premium RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 17 October 2019 (date of incorporation), 31 December 2019 and 1 January 2020	–	–	(17)	(17)
Total comprehensive income for the year	–	–	638,029	638,029
Issuance of new shares	35,095	2,297,175	–	2,332,270
Dividends and distributions	–	–	(707,100)	(707,100)
Balance at 31 December 2020	35,095	2,297,175	(69,088)	2,263,182

49. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 19 March 2021.

Financial Summary

CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December			
	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
Revenue	34,875,174	25,963,108	15,971,183	11,776,599
Cost of sales	(27,162,266)	(20,300,888)	(11,145,666)	(7,984,939)
Gross profit	7,712,908	5,662,220	4,825,517	3,791,660
Finance Income	95,302	100,431	213,893	268,686
Other income and gains	436,406	187,641	68,577	19,721
Selling and distribution expenses	(1,152,834)	(771,495)	(519,332)	(434,319)
Administrative expenses	(1,196,128)	(988,052)	(795,006)	(596,821)
Finance costs	(525,246)	(494,863)	(571,509)	(344,564)
Other expenses	(80,592)	(49,065)	(101,646)	(34,655)
Fair value gains on investment properties	437,006	480,869	616,536	317,755
Fair value gains or loss from financial assets at fair value through profit or loss	(77)	(266)	3,102	268
Share of profits and losses of:				
Joint ventures	992,533	510,165	(24,121)	426,721
Associates	(182,519)	(68,769)	(65,674)	54,329
Profit before tax	6,536,759	4,568,816	3,650,337	3,468,781
Income tax expense	(2,717,686)	(1,878,828)	(1,350,460)	(1,247,438)
Profit for the year	3,819,073	2,689,988	2,299,877	2,221,343
Attributable to:				
Owners of the parent	3,127,526	2,508,068	2,007,939	2,030,835
Non-controlling interests	691,547	181,920	291,938	190,508
	3,819,073	2,689,988	2,299,877	2,221,343

Financial Summary

CONSOLIDATED ASSETS, LIABILITIES AND EQUITY

	As at 31 December			
	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
Assets				
Non-current assets	23,216,150	19,698,717	18,381,164	15,501,726
Current assets	162,445,338	129,645,846	102,231,219	71,257,908
Total assets	185,661,488	149,344,563	120,612,383	86,759,634
Equity and liabilities				
Total equity	36,112,406	21,379,202	17,532,190	14,596,775
Non-current liabilities	36,938,270	32,676,990	22,600,859	23,283,154
Current liabilities	112,610,812	95,288,371	80,479,334	48,879,705
Total liabilities	149,549,082	127,965,361	103,080,193	72,162,859
Total equity and liabilities	185,661,488	149,344,563	120,612,383	86,759,634