JINMAO 中国金茂

CHINA JINMAO HOLDINGS GROUP LIMITED

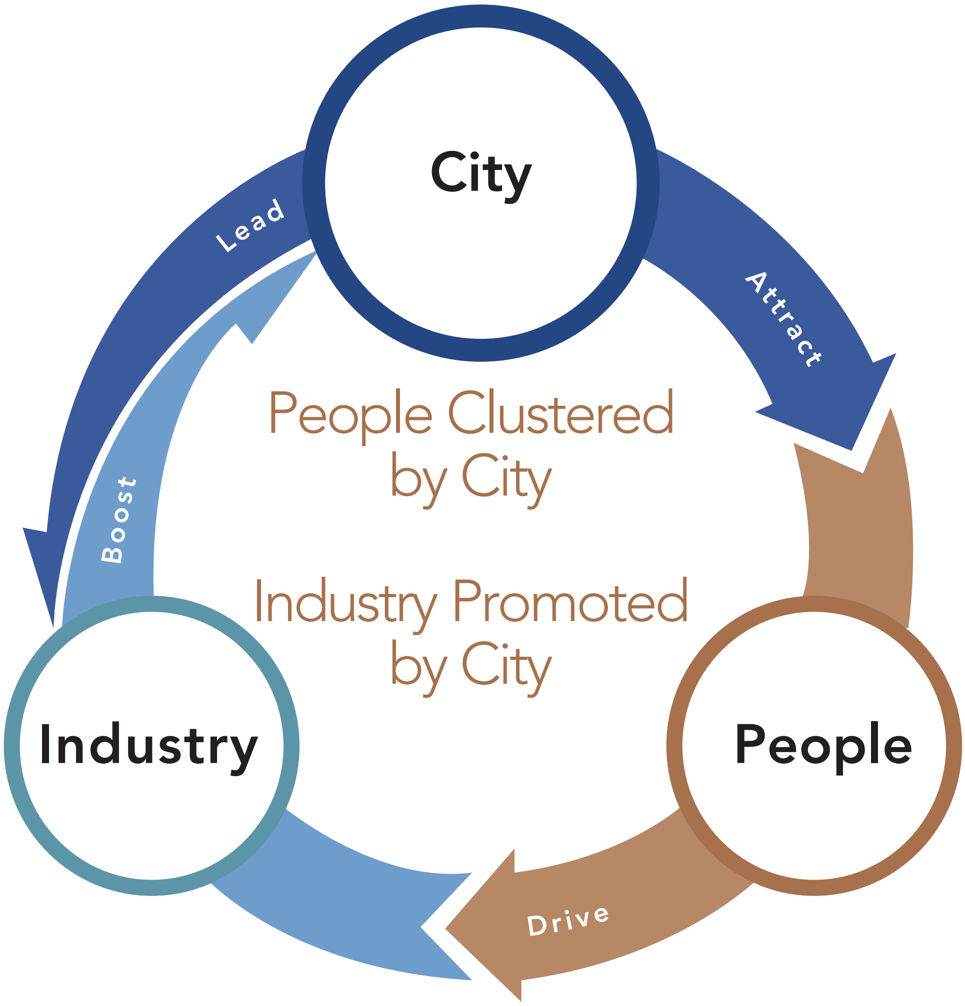
(Incorporated in Hong Kong with limited liability)

Stock Code: 00817

Unleashing Future Vitality of the City

ANNUAL REPORT 2020

A SINOCHEM Company



City

High Quality
Good Environment
Sound Facilities
Strong Vitality

People

High Caliber
Extensive Knowledge
Broad Vision
High Demand

Industry

Leading Technology
Active Innovation
Intensive Knowledge
Frequent Collaboration

JINMAO 中国金茂

Contents

Company Overview

China Jinmao Holdings Group Limited ("China Jinmao" or the "Company") is a platform enterprise under the real estate and hotel segments of Sinochem Group Co., Ltd. ("Sinochem Group"), one of the world's top 500 enterprises. On 17 August 2007, China Jinmao was listed on the Main Board of The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Stock Exchange") (Stock Code: HK.00817). It is now one of the component stocks of the Hong Kong Hang Seng Composite Index. Sinochem Group is one of the state-owned enterprises that is approved by the SASAC of the State Council to engage in property development and hotel operations as one of its principal businesses.

In adherence to the vision of "Unleashing Future Vitality of the City", China Jinmao holds on to the direction of high-end positioning and premium quality and endeavours to become a leading city operator in China by capitalising on the quality leadership-oriented "two-wheel and two-wing driven" development strategy with focus on the model of "two-driven and two-upgrade" city operations. Based on its foresight on city potentials, China Jinmao integrates the world's leading premium resources and introduces the concept of mutually beneficial city planning to achieve overall enhancement in regional functions and city vitality. Currently, China Jinmao has succeeded in entering China's rapidly developing regions including the Beijing-Tianjin-Hebei Metropolitan Region, the Yangtze River Delta and the Pearl River Delta. The Company holds more than 270 projects in 51 core cities including Beijing, Tianjin, Shanghai and Guangzhou.

Capitalising on the synergies and integration strengths between the segments, China Jinmao has created a series of high-end products featuring "Jinmao" brand. The "smart technology and green health" has become a unique quality gene and inherent brand feature of "Jinmao" series products and redefined high-end quality in the industry.

- CITY OPERATIONS
- PROPERTY DEVELOPMENT
- HOTEL OPERATIONS
- COMMERCIAL LEASING AND RETAIL OPERATIONS
- TECHNOLOGY AND SERVICES

ADHERING TO THE STRATEGIC POSITIONING OF "CITY OPERATOR" AND PROMOTING THE "TWO-WHEEL AND TWO-WING DRIVEN" STRATEGY UPGRADE

The Company will continue to utilise its experience in city operations, hold on to planning-driven as traction and capital-driven as cornerstone to drive city upgrade and industry upgrade, and work with governments to shape a new city core through the principle of "In City We Gather People and Boost Business".

While continuously deepening its city operation model, the Company will continue to improve the operational efficiency of developing and holding its core businesses, and upgrade the connotation of "two-wing" to "technology + services". The Company will focus on the "technology leading" and "services innovating" areas in the short term to promote the development of its various businesses. In the future, these two areas will be gradually solidified into the Company's technology segment and services segment to build its core competitiveness in the industry.

Planning-driven

Actively capitalise on the Company's professional expertise in planning to achieve function diversification, high-end oriented industry and city internationalisation based on integrated, systematic, forward-looking and scientific planning.

Capital-driven

Leverage on the Company's funding and credit advantages and capitalise on the role of Jinmao Capital Holdings Limited ("JM Capital") in expanding funding channels and facilitating industry implementation as part of its capital-driven regional development efforts to achieve production led by investment.

Industry upgrade

Focus on the three major industries namely big culture, big healthcare and big technology while capitalising on its leading force of Beijing Jinmao Green Building Technology Co., Ltd. ("Jinmao Green Building") in science and technology industry, and drive industry upgrade of cities via industry cooperation and incubation.

City upgrade

Leverage on the Company's accumulated product strengths and brand influence in areas of quality residence, high-end hotel, premium retail and 5A office building to drive consumption upgrade and functional upgrade of cities.

IN SCIENCE WE TRUST WITH FOCUS ON INNOVATION-DRIVEN TRANSFORMATION

The Company will continue to follow the principle of "In Science We Trust", with the focus on the core line of "digit • technology", and cultivate new pillar businesses to transform itself into an innovative enterprise driven by science and technology.

CITY OPERATIONS AND PROPERTY DEVELOPMENT

CONTRACTED SALES AMOUNT
(RMB million)

2020
231,100

2019
160,807

During the Year, sales results of the projects were good, contracted sales amount increased by 44% year-on-year, and land reserves were expanded with the successful acquisitions in Yantai, Beijing, Qingdao, Nanchang, Wuhan, Shanghai, Taizhou, Jiaxing, Fuzhou, Guangzhou, Zhangjiakou, Suzhou, Wenzhou and Nanjing

COMMERCIAL LEASING AND RETAIL OPERATIONS

Twelve major investment properties with an area of approximately 0.80 million square metres. Both of the rental level and occupancy rate of the Group's investment properties, outperforming its peers

RENTAL REVENUE
(RMB million)

2020
1,461.4

2019
1,446.8

HOTEL OPERATIONS

HOTEL REVENUE
(RMB million)

2020
1,257.8

2019
1,967.1

Ten luxury hotels offering 3,968 guest rooms

The hotels actively resisted the impact of the COVID-19 epidemic and maintained a leading position among their competitors within the region.

Major Events

JANUARY 2020

- The Company won the bid for the land parcel in north of Zhongwu, Sijiqing Town, Haidian District, Beijing
- The Company won the bid for the second batch of land parcels for the City Operation Project of Coastal New City of Changle District, Fuzhou

MARCH 2020

- The Company and Ali Cloud entered into the comprehensive deepening cooperation agreement on the Shanghai Window • Smart Science City Project
- The Company won the bid for the land parcels nos. P(2020)011 and P(2020)012 for the Wuhan Fangdao Project

APRIL 2020

- The Company and the Management Committee of Demonstration Zone in Zhaoshan, Xiangtan entered into a strategic cooperation agreement
- The Company won the bid for the first batch of land parcels for the City Operation Project of Tianjin Shangdong Smart Science City

MAY 2020

- The Company and the Management Committee of High-Tech Zone in Changshu, Suzhou entered into the cooperation agreement on the Changshu Jinmao Smart Science City Project

JUNE 2020

- The Company participated in the video conference jointly held by the SASAC of the State Council and the Provincial Government of Party Committee of Hubei Province to assist the post-epidemic revitalization and development of Hubei by central enterprises and entered into the cooperation agreement on China Jinmao • Wuhan Changjiang TOD Complex Project with the People's Government of Wuhan
- The Company won the bid for the second batch of land parcels nos. 7-9 and 7-5-2 of Qingdao West Coast • Innovation and Technology City

JULY 2020

- The Company, the People's Government of Rui'an, Wenzhou and Sinochem Agriculture entered into the strategic cooperation agreement on the Rui'an Binhai Urban Countryside Xintiandi Project
- The Company and the People's Government of Taizhou entered into a strategic cooperation agreement
- The Company and the People's Government of Baoshan, Shanghai held the groundbreaking ceremony of Jinmao School in Baoshan, Shanghai
- The Company won the bid for the land parcels no. 2020A-012/013/014/015/016 for the newly launched area for the Changshu Smart Science City Project
- The Company placed approximately 950,000,000 shares at the price of HK$5.70 per share

AUGUST 2020

- The Company was invited to the 16th Conference on International Green and Energy-Efficient Building cum New Technologies and Products Expo and was appointed as the host of the "zero-carbon" city operations subforum

SEPTEMBER 2020

- The Company and the People's Government of Jinhua entered into the strategic cooperation agreement on the Jinhua Dongmei Project
- The Company and Danyang Glasses Town Construction Development Limited entered into the cooperation agreement on the Danyang Glasses Fashion Town Project
- The Company and the County's Government of Pingyang, Wenzhou entered into the cooperation agreement on the Wenzhou Gu'ao Tou Project

OCTOBER 2020

- The Company completed the privatisation of Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited

NOVEMBER 2020

- The Company won the bid for the land parcels nos. 1, 3, 5, 6 and 7 for the City Operation Project in Gu'ao, sub-center of Wenzhou

DECEMBER 2020

- The Company won the bid for the third batch of land parcels no. 7-20 of Qingdao West Coast • Innovation and Technology City

Corporate Information

COMPANY NAME

China Jinmao Holdings Group Limited

PRINCIPAL OFFICE

Rooms 4702-4703
47th Floor, Office Tower, Convention Plaza
No. 1 Harbour Road
Wan Chai, Hong Kong

NON-EXECUTIVE DIRECTORS

Mr. NING Gaoning (Chairman)
Mr. YANG Lin
Mr. AN Hongjun
Mr. CHENG Yong
Mr. WANG Wei

EXECUTIVE DIRECTORS

Mr. LI Congrui (Chief Executive Officer)
Mr. JIANG Nan (Chief Financial Officer)
Mr. SONG Liuyi (Senior Vice President)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. SU Xijia
Mr. SUEN Man Tak
Mr. GAO Shibin
Mr. ZHONG Wei

CHIEF FINANCIAL OFFICER

Mr. JIANG Nan

QUALIFIED ACCOUNTANT

Mr. LIAO Chi Chiun

COMPANY SECRETARY

Mr. LIAO Chi Chiun

AUTHORISED REPRESENTATIVES

Mr. LI Congrui
Mr. JIANG Nan

LEGAL ADVISORS

Latham & Watkins LLP
18/F, One Exchange Square
8 Connaught Place
Central, Hong Kong

Tian Yuan Law Firm
10/F, CPIC PLAZA
28 Fengsheng Lane, Xicheng District
Beijing, People's Republic of China

AUDITOR

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

STOCK CODE

00817

SHARE REGISTRAR AND TRANSFER OFFICE

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

INVESTOR ENQUIRY

Tel: 852-28299518
Fax: 852-28240300
E-mail: chinajinmao_IR@sinochem.com

WEBSITE

www.chinajinmao.cn

Financial Highlights

	2020 (RMB million)	2019 (Restated) (RMB million)	Percentage change (%)
Revenue	**60,053.9**	**43,355.9**	**39**
Gross profit	**12,114.4**	**12,764.7**	**-5**
Profit attributable to owners of the parent	**3,881.0**	**6,481.8**	**-40**
Less: fair value gains on investment properties (net of deferred tax)	651.5	337.4	93
Profit attributable to owners of the parent – excluding fair value gains on investment properties (net of deferred tax)	3,229.5	6,144.4	-47
Add: impairment effect of properties under development and properties held for sale (Note 1)	3,833.7	–	N/A
Profit attributable to owners of the parent – excluding fair value gains on investment properties (net of deferred tax), and excluding the factor of impairment of properties	7,063.2	6,144.4	15
Total assets	**387,756.2**	**334,881.4**	**16**
Equity attributable to owners of the parent	**46,762.1**	**45,948.4**	**2**
Basic earnings per share (RMB cents)	**31.86**	**55.64**	**-43**
Basic earnings per share – less fair value gains on investment properties (net of deferred tax) (RMB cents)	26.51	52.74	-50
Dividend (HK cents) (Note 2) – final and interim dividend per share	**26**	**23**	**13**
Net debt-to-adjusted capital ratio (%) (Note 3)	41	69	N/A

Note 1: Such impact also includes impairment of properties under development and properties held for sale of some of associates and joint ventures.

Note 2: Interim dividend of HK12 cents per share and final dividend of HK14 cents per share (totalling HK26 cents per share) for 2020. Interim dividend of HK12 cents per share and final dividend of HK11 cents per share (totalling HK23 cents per share) for 2019.

Note 3: Net debt-to-adjusted capital ratio = (interest-bearing bank and other borrowings – cash and cash equivalents – restricted bank balances – certain other financial assets)/(total equity + the Company's amounts due to the immediate holding company).

Chairman's Statement

China Jinmao will take the initiative to start the new journey. Entering its new stage with a contracted sales amount of RMB200 billion, China Jinmao has put forward the development concept of "insisting on In Science We Trust and insisting on city operation". In the next five years, under the guidance of the brand new "two-wheel and two-wing driven" strategy, China Jinmao will strengthen technological innovation, and will pay close attention to strengthen quality and efficiency and establish the new development pattern for the "14th Five-Year Plan" of the Company.

Chairman
NING Gaoning

Dear Shareholders,

On behalf of the board of directors (the "Board") of China Jinmao, I am pleased to present the annual results of the Company and its subsidiaries (the "Group", "we" or "us") for the year ended 31 December 2020 (the "Period under Review", the "Reporting Period", "2020" or the "Year") for your review.

In 2020, as the COVID-19 continued to spread globally, world economy was hit hard and international environment became more complicated. China was the only major economy in the world to achieve positive economic growth due to its remarkable success in preventing and controlling the epidemic. Insisting on the positioning of "housing without speculation", China encouraged both housing purchase and renting and adopting city-specific policies to promote the stable and healthy development of the real estate market, while the "three red lines" continued to tighten the financing environment, bringing profound impacts on the profitability and business models of real estate enterprises. Moreover, the epidemic resulted in severe restrictions on consumption, travel and business activities, leading to significant decline in indicators of commercial, hotel and office operation. Despite severe external situation, the Company managed to overcome difficulties and achieve record high sales results, with contracted sales amount reaching RMB231.1 billion for the Year, representing a year-on-year increase of 44%, which had exceeded the RMB200 billion mark for the first time. During the Reporting Period, due to impairments provision on properties under development and properties held for sale of the Group and some of associates and joint ventures of the Group as a result of property market regulation and other reasons, the profit attributable to owners of the parent was RMB3,881.0 million, representing a year-on-year decrease of 40%; the profit attributable to owners of the parent less fair value gains on investment properties (net of deferred tax) was RMB3,229.5 million, representing a year-on-year decrease of 47%.

The Company remained committed to its strategic directions and continued to consolidate its positioning as a city operator and focus on the "two-wheel and two-wing driven" core businesses. The Company pushed ahead strategic and organisational upgrade through innovation and mechanism as the driving forces to achieve the goal that its comprehensive strength ranks among the first tier in the industry.

As to strategic upgrade, the Company always followed the city operation logic of "In City We Gather People and Boost Business", actively promoted implementation of "Two Supports and Two Synchronisations" to improve the images and upgrade the functions of the cities, with the effectiveness of city operation being fully recognised by the government. In 2020, the Company gained seven city operation projects bringing the cumulative number of projects to 27, which helped the Company obtain quality land resources, gradually showing the advantages of city operation. Meanwhile, as the Company intensively promoted industrial synergy with its shareholders, the headquarters of China National Seed Group officially stationed in Nanfang Science and Technology City in Sanya while Sinochem Petroleum Sales Co., Ltd. landed on Qingdao West Coast Innovation and Technology City. **Balance between scale and efficiency was insisted for the development business.** While the sales volume of the Company entered the top 15 in the industry for the first time, the Company focused on improving quality and efficiency, emphasising the growth of scale based on efficiency as priority. Firstly, the Company intensified lean management and took the "Year of Cost Management" as an opportunity to continuously enhance the standard of lean management of cost, thus achieving the target of reducing cost for the whole year. Secondly, the Company insisted on the investment strategy of "quality before quantity". In 2020, the Company successfully entered 4 new cities of Taiyuan, Yantai, Shijiazhuang and Taizhou, thus having entered 51 cities in total. Thirdly, the Company continued to build product competitiveness. The Company was ranked among the top three in CRIC's Product Strength of China's Real Estate Enterprises in 2020, and the Jinmao Palace series was selected as one of the top ten luxury residential products in 2020, thus the Company's products maintained the leading position in the industry. **The holding business focused on rapid recovery of results.** The hotel business grasped the chance of the post-epidemic travel and resort market to capture opportunities of market recovery, with the operating results of Lijiang Snow Mountain and Hyatt Regency Chongming achieving year-on-year growth. The commercial business, centering around the "consumer insights, innovations through digital and green technology, and linkage without borders" strategy, implemented 12 major highlighted systems in a bid to build Jinmao's commercial IP, striving to capture operations through optimising operating costs to orderly promote recovery of results for post-epidemic operating projects. **The two wings business utilised the "smart technology and green health" featured advantages.** The green building business vigorously developed smart energy and building technology business, promoted deepened cooperation between industry, academic and research institutes for effective enhancement of R&D capabilities, and continued to play the role of the Company's innovation engine. The capital business added three new PE investment projects and continued to expand into the field of big technologies. The property management business realised the launch of its first property service project for city operation. The education business acquired the first site for K12 school and promoted creation of education IP.

As to drivers for innovation, the Company carried through the concept of "In Science We Trust" and promoted implementation of the technology innovation new plan to drive city upgrade and industry upgrade through technology empowerment to build the "moats" of the property business, constructing a sustainable city operation ecosystem. **Vertical empowerment of existing business.** Adhering to customer-orientation, the Company developed more than 300 research projects around customer demands; through the R&D and application of the ion cascade air purification and particle damping and noise reduction technologies, the Company realised upgrade and iteration for its Palace series of products; it continued to enhance the performance of heat source tower heat pumps and bipolar cyclone heat pumps to support the development of smart energy business. Meanwhile, the Company optimised its operation services by developing the "Jinmao Fan" app, online live streaming and other sales and marketing models; implemented smart community pilot, and cooperated with hotels to create cross-platform direct sales for continuous improvement of customer experience. **Horizontal acceleration of new track expansion.** As of 2020, the Company has nurtured a total of 13 technological enterprises including HDL and Huanji Hi-Tech, covering the fields of visual technology, AI algorithm and assembled construction, etc. Continuous extension of tentacles for innovation helped the Company form new growth points for the future. **Intensifying technological innovation system.** Through establishing the "Real Estate Technology" Innovation Acceleration Camp, streamlining the innovative investment process, building a scientific research management platform and establishing the innovation management professional sequence, the Company further improved its innovation mechanism and created an atmosphere for supporting operation innovation. Through continuous investment in technologies, Beijing Jinmao Green Building Technology Co., Ltd., Shanghai Jin Mao Construction & Decoration Company Limited and Jinmao Huichuang Construction Technology Co., Ltd. have all been recognised as national high-tech enterprises, and the technological contents and core competitiveness of the Company's products have been continuously enhanced.

As to organisational upgrade, the Company always adhered to the corporate culture of "looking for deficiencies", and explored organisational and management models that match the current development requirements of the Company through comprehensive market benchmarking. The Company actively responded to state strategies such as the establishment of the Guangdong, Hong Kong and Macau Bay Area and the Hainan Free Trade Port, and seized regional development opportunities by reorganising the former Jinmao Guangzhou, Jinmao Sanya and Jinmao Nanning into Jinmao Guangzhou and Jinmao Fuzhou, completing the Company's seven regional layouts together with seven professional platforms including hotel, commerce, property, decoration, green building, capital and education to provide organisational protection for implementing the "two-wheel and two-wing driven" business strategy. Meanwhile, adhering to the positions of the headquarters as the "four centres", the Company optimised the organisation structure at all levels based on the principle of "making the headquarters more refined, regions more specialised, cities more powerful, and projects more simple", and continued to promote classification and authorisation, continuously enhancing the efficiency of organisational operation and decision-making.

As to drivers for mechanisms, adhering to a market-oriented assessment mechanism, the Company continuously improved the performance management system, formed a corporate culture of high performance, adjusted or eliminated inappropriate city general managers and persons-in-charge of professional lines to promote improvement of organisation effectiveness. The Company insisted on the dual alignment of results performance and incentive, continuously implemented value creation assessment requirements, promoted strong linkage between salary allocation and operation results, and flexibly adopted various medium and long-term incentive mechanisms based on various business practices to enhance motivation and creativity of employees. In addition, the Company continued to strengthen selection and cultivation of talents, improved the mechanism for accelerating the development of young talents, and effectively stimulated the vitality of the organisation.

As a state-owned enterprise and a listed company, China Jinmao also attaches great importance to and takes a proactive approach in fulfilling its social responsibilities by actively engaging in environmental protection, charity and other public welfare activities. The Company remains committed to its green strategy. As of the end of 2020, the Company has cumulatively obtained 219 green building certifications or labels. Being a leader in the green building industry, the Company has been invited repeatedly to participate in many important events such as the Conference on International Green and Energy-Efficient Building, and has won the first place in the Competitiveness of Green Development of Central and State-owned Enterprises in 2020. The Company has vigorously developed its smart energy business and obtained the Grade 5A certificate for the Green Heat Supply Service Certification. It has invested in, constructed and operated 54 energy stations with a total energy supply area of about 40 million sq.m., which is expected to reduce carbon emissions by more than 370,000 tonnes per year, equivalent to the effect of planting 20.97 million trees. Meanwhile, the Company continued to increase its investment in public charity. 2020 is the year of winning the victory in building a moderately prosperous society and poverty alleviation. The Company actively participated in the task of poverty alleviation, with focus on education and poverty alleviation while insistence on poverty alleviation through consumption. Throughout the year, the Company brought and helped sell more than RMB3 million of agricultural products for poor areas, actively contributing to winning the battle for poverty alleviation. It produced drinking water jointly with Shibadong Village in Hunan Province to help revitalise the village. To support education development in targeted areas, the Company helped construction of mobile libraries with the highest elevation in Gangba County in Tibet, cumulatively made donations for building 23 mobile libraries, supported the construction of 45 schools, made donations to 25 schools, supported the construction of 7 healthcare facilities, and set up special funds for education and medical assistance across China, which received positive social response.

Looking ahead, the world today is undergoing great changes unseen in a century, while economic situation remains complex and severe and there are uncertainties in the change of the epidemic and external environment. However, the long-term positive fundamentals of China's economy remain unchanged while a new round of technological revolution and industrial transformation is intensively evolving and intertwined, being at the historical point of achieving major breakthroughs, and technologies are expected to reshape the landscape of global competition. Against the future development environment at home and abroad, the 14th Five-Year Plan proposes that China will speed up construction of a new development pattern based on domestic macro-circulation along with domestic and international dual-circulation to promote the key role of technological innovation in smoothing the dual-circulation, and regard self-reliance and self-improvement in science and technology as the strategic support for national development. Meanwhile, China has pushed forward the people-orientated new urbanisation strategy to develop and strengthen city clusters and urban areas, and implemented urban renewal to solve outstanding housing problems in large cities. Therefore, it is expected that the real estate industry will still have relatively large room for steady development moving forward. In the new era, China Jinmao will take the initiative to start the new journey. Entering its new stage with a contracted sales amount of RMB200 billion, China Jinmao has put forward the development concept of "insisting on In Science We Trust and insisting on city operation". In the next five years, under the guidance of the brand new "two-wheel and two-wing driven" strategy, China Jinmao will strengthen technological innovation, and will pay close attention to strengthen quality and efficiency so as to establish the new development pattern for the "14th Five-Year Plan" of the Company.

We will brave the waves together and set sail again light. In the face of the new stage, new opportunities and new challenges, China Jinmao's employees will overcome difficulties while moving forward with resolve and will to maximise value for all shareholders with even more remarkable results. On behalf of the Board, I would like to express my sincere gratitude to the shareholders, customers, business partners of the Company and various sectors of the community.

NING Gaoning
Chairman

Hong Kong
23 March 2021

Honours and Awards

MAJOR INTEGRATED AWARDS

- In April, China Jinmao was honoured with the 17th (2020) Blue Chip Enterprise and Blue Chip Real Estate Enterprise with Comprehensive Brand Power at the 2020 China Blue Chip Real Estate Developer Annual Conference organised by Economic Observer.
- In June, China Jinmao was honoured with the title of the "Innovative City Operator" on the 2020 List of Innovative Industrial Park in China at the 6th PRC Industrial Park Summit.
- In August, China Jinmao was honoured with the "GoldenBee Enterprises" award in GoldenBee CSR China Honour Roll 2020 organised by Goldenbee Think Tank and the magazine China Sustainability Tribune.
- In November, China Jinmao was honoured with the "Growth Potential Model Company" and "Excellent ESG Performance Company"awards at the 11th Summit of Real Estate and Finance Innovation of the 18th Financial Billboard organised by Hexun.com.
- In November, China Jinmao was honoured with the title of "2020 Outstanding City Operator" at the Annual Conference on Chinese Enterprise Competitiveness organised by China Business Journal.
- In December, China Jinmao was honoured with the "Top 10 Green & Healthy Exemplary Enterprises" at the iFENG Global Chinese Real Estate Finance Summit organised by house.ifeng.com.

MAJOR CITY OPERATIONS AND PROPERTY DEVELOPMENT AWARDS

- In January, Changzhou Longcheng Jinmao Palace Project gained the title of "2019-2020 Craftsmanship Quality Property Project" awarded by house.focus.cn under SOHU.com.
- In May, Wenzhou Lucheng Jinmao Palace obtained the Certificate of Green Building Label – Three Stars and the BREEAM 3-star Certificate jointly granted by the Chinese Society for Urban Studies and British Building Research Establishment.
- In September, Qingdao China-Europe International City Project was honoured with the Elite Science and Technology Award in Full Renovation of Residence granted by the Elite Science and Technology Award Committee of the Ministry of Science and Technology of the People's Republic of China.
- In November, Beijing Yizhuang Jinmao Residence Project won the Outstanding Residential Community – Gold Medal at the Tien-yow Jeme Civil Engineering Prize.
- In November, Zhangjiagang Smart Science City Project won the award of Top 10 Quality Projects in China by CRIC Real Estate.
- In November, Fuzhou Gulou Jinmao Palace received the "Excellent Scenery Award for Residential Properties" of 2nd REARD Recommendation List of Urban Revitalisation Design under the REARD Global Real Estate Design Award.
- In December, Beijing Yihe Jinmao Palace Project was honoured with the "18th Financial Billboard-2020 Real Estate Project Award for Outstanding Market Achievement"awarded by Hexun.com.

HOTELS

- In January, Grand Hyatt Shanghai was honoured with the "11th Best Design Hotels Award – Best Landmark Hotel Award" by Bundpic.
- In March, The Ritz-Carlton Sanya Yalong Bay was named the "2020 China Top 100 Hotels" by Travel + Leisure.
- In May, Jinmao Hotel Lijiang • The Unbound Collection by Hyatt was granted the honour of "Recommended Popular Restaurant Reputation Hotel Award" awarded by "the Seventh Hotel New Power Media Awards".
- In June, Jinmao (China) Hotel Investments and Management Limited was granted the honour of "Annual Branded Hotel Group Development and Investment Value Award" at the "Continental Diamond Award".
- In August, Meixi Lake Hotel, A Luxury Collection Hotel, Changsha was granted the "GBE Hotel Design Awards – Best Leading Hotel Design Awards".
- In August, Jinmao (China) Hotel Investments and Management Limited was titled the "15th China Hotel Starlight Awards – Best Hotel Owner in China".

OFFICES AND OTHER PROJECTS

- In May, at the 2020 China Top 100 Real Estate Services' Latest Research Results Conference cum the 13rd China Top 100 Real Estate Service Entrepreneur Summit (2020中國物業服務百強企業研究成果發佈會暨第十三屆中國物業服務百強企業家峰會) organised by the China Index Academy and the China Property Service Price Index System, Sinochem Jinmao Property Management (Beijing) Co., Ltd.(中化金茂物業管理(北京)有限公司) ("Jinmao Property") was honoured with the "2020 China Top 100 Property Service Companies".
- In September, at the 2020 China Real Estate Brand Value Research Release Conference cum 17th China Real Estate Brand Development Summit Forum organised by the China Real Estate Top 10 Research Team (中國房地產TOP10研究組) and hosted by the CIH and the China Index Academy, Jinmao Property was named the "2020 Leading Brand Enterprise of Professionalized Operation of Property Service in China" with a brand value of RMB2,501 million.
- In September, at the 2020 18th International TnPM Industry Alliance Conference, Jinmao Green Building was awarded the Third Prize on TnPM Implementation Achievements by the International Cooperation and Communication Centre of the China Equipment Management Association under IMA.
- In September, Shanghai Jinmao Construction & Decoration Company Limited (上海金茂建築裝飾有限公司) was honoured with the 2019-2020 China Design Brand Conference – Branding Institutions with Comprehensive Influence in China by organising committee of China Design Brand Conference and China Building Decoration Association.
- In September, at the 4th Annual Real Estate Equity Investment & REITs 2020 held in Shanghai, JM Capital earned the title of "Outstanding Real Estate Fund Manager" with its innovative exploration in assets management and asset securitization businesses.
- In October, China Jinmao was on the Mall China Golden Mall Awards 2020 Thirty-year Meritorious Companies List.


Zhangjiakou
Beijing
Baoding
Tianjin
Taiyuan
Yantai
Shijiazhuang
Weihai
Jinan
Weifang
Qingdao
Xi'an
Zhengzhou
Kaifeng
Xuzhou
Taizhou
Nanjing
Hefei
Changzhou
Nantong
Wuxi
Suzhou
Shanghai
Huzhou
Jiaxing
Chengdu
Wuhan
Hangzhou
Ningbo
Chongqing
Nanchang
Shaoxing
Yueyang
Jinhua
Taizhou
Changsha
Wenzhou
Lijiang
Guiyang
Zhuzhou
Fuzhou
Quanzhou
Kunming
Guangzhou
Xiamen
Foshan
Dongguan
Shantou
Shenzhen
Zhuhai
Sanya

The Group holds 277 projects of city operations and property development, commercial leasing and retail operations and hotel operations, with an area yet to be delivered of approximately 82.67 million square meters.

Region	City	Number of projects (Note 1)	Area yet to be delivered (Note 2)
Bohai rim	Qingdao	17	5,222,705
	Beijing	22	3,123,250
	Jinan	5	1,785,441
	Tianjin	8	1,267,891
	Yantai	2	718,077
	Weifang	1	592,217
	Zhangjiakou	3	519,024
	Weihai	1	225,547
	Baoding	1	213,908
	Shijiazhuang	1	156,474

Region	City	Number of projects (Note 1)	Area yet to be delivered (Note 2)
South China	Fuzhou	4	2,517,011
	Foshan	6	1,866,406
	Guangzhou	9	1,819,002
	Sanya	3	690,834
	Shantou	1	572,558
	Quanzhou	1	464,466
	Zhuhai	1	457,331
	Shenzhen	4	261,516
	Xiamen	2	247,033
	Dongguan	2	181,206

Region	City	Number of projects (Note 1)	Area yet to be delivered (Note 2)
East China	Nanjing	21	5,993,967
	Ningbo	15	4,599,050
	Wenzhou	14	3,647,951
	Suzhou	8	2,617,530
	Jiaxing	7	2,434,836
	Jinhua	2	2,182,933
	Hangzhou	9	2,165,188
	Shanghai	21	1,543,276
	Wuxi	6	1,298,148
	Xuzhou	4	1,095,500
	Taizhou	3	793,363
	Taizhou	1	579,767
	Changzhou	2	500,662
	Hefei	4	466,083
	Nantong	2	215,798
	Huzhou	1	152,509
	Shaoxing	1	117,606

Region	City	Number of projects (Note 1)	Area yet to be delivered (Note 2)
Central China	Changsha	16	11,745,270
	Wuhan	9	4,836,922
	Zhengzhou	4	4,696,366
	Nanchang	7	1,088,581
	Yueyang	1	783,885
	Zhuzhou	1	614,057
	Taiyuan	1	415,174
	Kaifeng	1	185,505

Region	City	Number of projects (Note 1)	Area yet to be delivered (Note 2)
West China	Chongqing	8	1,845,755
	Kunming	3	1,213,543
	Guiyang	2	709,792
	Chengdu	4	623,007
	Xi'an	2	303,543
	Lijiang	3	297,783

Note 1: The number of projects covers city operations, property development, commercial leasing and retail operations, hotel operations

Note 2: The area yet to be delivered refers to the saleable/leasable gross floor area of each of such projects, less the area delivered, unit: m^2

In 2020, facing the grim and complicated environment at home and aboard, especially the severe impact of the COVID-19 epidemic, various departments in different regions insisted on the general keynote of seeking progress in a stable manner to coordinate epidemic prevention and control as well as economic and social development. With full implementation of the "six stable" and "six protection" tasks, economic operation was stably recovered, employment and people's livelihood were well protected, and the main objectives of economic and social development were completed better than expected. GDP for the year, calculated based on comparable prices, increased by 2.3% as compared with the previous year, while income growth of national residents was basically consistent with economic growth. The incremental value created by large-scale industries across China grew by 2.8% when compared with the previous year, while the growth rate of incremental value created by high-tech manufacturing industry was 4.3 percentage points above that of large-scale industries. Fixed asset investments grew by 2.9% when compared with the previous year, and the growth rate of investment in high-tech industry was 7.7 percentage points above that of overall investments.

From the perspective of the real estate market, in 2020, the central government continued to stick to the positioning requirement that "houses are for living but not for speculation", that real estate should not be served as short-term economic stimulus, while stabilizing land price, housing prices and market expectations should be insisted on. Policies were formulated according to local situation and the one city and one policy mechanism was implemented so as to adopt differentiated, scientific and precise regulation measures in a timely manner to ensure the stable and healthy development of the market. Under such regulatory guidance, the real estate market in China maintained stable operation in general. Sales volume of land declined, lands acquired by real estate development enterprises was 255,000,000 sq.m., representating a year-on-year decrease of 1.1%, a decline rate which was 10.3 percentage points narrower than that of the previous year. Demand for purchase of commodity housing increased, and the sales amount of commodity housing across the nation was approximately RMB17.4 trillion, representing a year-on-year increase of 8.7%, a growth rate that rose by 2.2 percentage points year on-year when compared with 2019, while area sold was approximately 1.76 billion sq.m., representing a year-on-year increase of 2.6%.

From the perspective of pattern of the real estate market, top 100 real estate enterprises achieved an increase of nearly 13% in the cumulative sales operation scale in 2020, while internal diversification was also more obvious. Leading real estate enterprises continued to maintain healthy development, with concentration of sales operation amount of TOP10 real estate enterprises reaching 26.3%, basically the same year-on-year. Concentration of sales operation amount by TOP30 and TOP50 echelon real estate enterprises increased 0.9 percentage point and 1.7 percentage points respectively to 44.6% and 54.6% as compared with the previous year, while the competitive advantage of large-scale real estate enterprises was further deepened. As the "three red lines" continued to tighten finance environment and the corporate financing side will further be tightened, the operating model of high leverage and high debt cannot be sustained, and it is expected that industry competition and pressure on enterprise operation will intensify in the future, while market resources will be concentrated to advantageous enterprises, and the growth space of small and medium-sized real estate enterprises will be further restricted.

From the perspective of the hotel market, since the outbreak of the epidemic, tourism in all regions nationwide have been hit hard, with the Hotel Industry Sentiment Index recording a cliff-like decline to historical low in the second quarter. As the epidemic resurged in various regions, some people compressed or cancelled their travel plans, thus domestic travel market was suppressed in the short term leading to significant decrease in hotel occupancy and revenue per room sold compared to the same period last year. However, with normalized epidemic prevention and control and gradual release of suppressed travel demand, domestic market will stabilized and it may be able to turn crisis into opportunity, ushering the development of both "quality" and "quantity".

From the perspective of the commercial leasing and retail operations market, in 2020, under the influence of multiple factors including the COVID-19 epidemic and increase in market supply, the vacancy rates increased year-on-year and rental levels decreased year-on-year in a number of cities such as Beijing, Shanghai and Nanjing.

In city operations and property development, newly launched projects recorded good sales volume throughout the year, and total amount of contracted sales was approximately RMB231.1 billion. As at the end of the Reporting Period, the amount of sales of properties and land contracted by the Group but not yet delivered and settled was approximately RMB301.7 billion. In the meantime, profit attributable to owners of the parent decreased year-on-year, attributable to the provisions made for impairment as the selling prices of the projects of the Group and some of its associates and joint ventures were lower than expectations caused by the regulation of the real estate market and other reasons.

Among the city operations and property development projects, when Beijing Yihe Jinmao Palace was launch for sale on 30 September 2020, it broke the brand new records of first launch gross value, first launch speed and sales performance of the high-end market in Beijing, becoming a phenomenal red-hot property of the year. In December 2020, the project was awarded "The 18th China Financial Times List 2020 Real Estate Project Outstanding Market Achievement Award" by Hexun.com.; Nanchang Gemdale Jinmao • Jiufeng Palace was launched for sale six times on 5 September 2020, 2 October 2020, 26 October 2020, 20 November 2020, 14 December 2020 and 28 December 2020 respectively, and all properties were sold out, making it a red-hot project in Nanchang Jiulonghu; Xuzhou Yunlong Lake Jinmao Palace was launched twice on 21 June 2020 and 27 November 2020, with a sell through rate reaching 80% during the month of its launch. Taiyuan Longcheng • Jinmao Palace achieved great success when it was launched on 1 November 2020. In January 2020, Changzhou Longcheng Jinmao Palace Project gained the title of "2019-2020 Craftsmanship Quality Property Project" awarded by house.focus.cn under SOHU.com; in May 2020, Wenzhou Lucheng Jinmao Palace obtained the Certificate of Green Building Label - Three Stars and the BREEAM 3-star Certificate jointly granted by the Chinese Society for Urban Studies and British Building Research Establishment. In September 2020, Qingdao China-Europe International City Project was honoured with the Elite Science and Technology Award in Full Renovation of Residence granted by the Elite Science and Technology Award Committee of the Ministry of Science and Technology of the People's Republic of China; in November 2020, Beijing Yizhuang Jinmao Residence Project won the Outstanding Residential Community – Gold Medal at the Tien-yow Jeme Civil Engineering Prize; in November 2020, Zhangjiagang Smart Science City Project won the award of Top 10 Quality Projects in China by CRIC Real Estate. In November 2020, Fuzhou Gulou Jinmao Palace received the "Excellent Scenery Award for Residential Properties" of 2nd REARD Recommendation List of Urban Revitalisation Design under the REARD Global Real Estate Design Award held in Shanghai.

In terms of hotel operations, the COVID-19 epidemic had a serious impact on the hotel segment's performance in 2020. Overall hotel segment revenue, occupancy rate and RevPAR all declined. In the face of such severe market condition, our hotels obtained the market demand and supply dynamics in a timely manner, grasped the consumption trend, and seized the opportunity of market recovery through business form innovation, precise guest targeting, optimization of guest structure, insistence on the creation of special IP and accumulation of word-of-mouth. Our hotels created online sales model, participated in the activities of online platforms with huge traffic to increase hotel exposure and customer stickiness. Resort hotels in Lijiang, Chongming and other places focused on the domestic leisure individual market, grasped the effect of holidays, and recovered their performance in the second half of the Year. At the same time, in order to carry out necessary asset portfolio adjustments more flexibly and make strategic decisions consistent with the long-term goals of the Group, the Company completed the privatisation of Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited in October 2020. During the period under review, Grand Hyatt Shanghai was honoured with the "11th Best Design Hotels Award - Best Landmark Hotel Award" by Bundpic. The Ritz-Carlton Sanya Yalong Bay was named the "2020 China Top 100 Hotels" by Travel + Leisure. Jinmao Hotel Lijiang • The Unbound Collection by Hyatt was granted the honour of "Recommended Popular Restaurant Reputation Hotel Award" at the "7th China Hotel New Power Media Awards". Meixi Lake Hotel, A Luxury Collection Hotel, Changsha was granted the "GBE Hotel Design Awards - Best Leading Hotel Design Awards".

In terms of commercial leasing, the COVID-19 epidemic had pressure on grade A offices in high-end business districts. Office rental levels in Shanghai and Nanjing observed a decline, while the rental levels of the Company's two office towers in Beijing remained high due to their locations in the core area.

In terms of retail operations, due to the impact of the COVID-19 epidemic, social activities slowed down resulting in decline in consumer demand and thus difficult operation of tenants, thus the Company reduced the rents of some retail tenants. In addition, the Company continued to accelerate the creation of a commercial IP. On the basis of in-depth research for the trends of commercial properties, we strengthened and continuously pushed forward business strategies with focus on "consumer insights, innovations through digital and green technology, and linkage without borders" through extensive research and gathering consensus. And under the overall "two-wheel and two-wing driven" strategic layout and the main strategic framework of city operations, the Company continued to boost the renewal and iteration of business projects in operation, and accumulated valuable "soft and hard power" for the creation of Mall of Splendor 2.0 products.

The Company upgraded the two business wings to "technology + services", and continued to strengthen the pulling effect of two business wings in 2020. In area of technologies, the Company always adheres to the core drive of technological innovation, and has been cultivating the two industries of smart energy and building technology, constantly manifesting innovative achievements with a number of regional energy and data centre projects landing one after another throughout the year. For the first time in the industry, we innovated the coupling technology of "energy station + data centre" and successfully explored the path of industrialization and incubation from discovery of innovative technology in universities to equity cooperation. In area of services, JM Capital actively expanded its financing channels, developed technology investments, promoted implementation of industrial funds, and continuously cultivated in the field of financial investment, serving to reshape the value of China's cities in order to continuously establish two business segments of real estate fund and PE investment; Jinmao Education focused on international schools, formed outstanding and diverse teaching teams, and successfully incubated education complex projects; Jinmao Decoration adheres to the guidance of "marketisation, specialisation, standardisation, and refinement", and is committed to making the Company a comprehensive solution service provider in respect of the green and healthy space with smart technology; Jinmao Property will continue to build two IPs of quality and wisdom in 2020 and add the concept of "coexistence" to provide high-quality asset management services and quality life solutions and promote service upgrades with technology.

In 2020, the Company reaped a good harvest in the land market and capital market with outstanding results. In respect of land acquisition, the Group acquired a number of quality land parcels in various locations, including Yantai, Beijing, Qingdao, Nanchang, Wuhan, Shanghai, Taizhou, Jiaxing, Fuzhou, Guangzhou, Zhangjiakou, Suzhou, Wenzhou, Nanjing, and our land reserve was substantially replenished. In fund acquisition, the Group pursued innovations and actively expanded a variety of financing channels. In March and July 2020, two tranches of unsecured medium-term notes in the amount of RMB2.5 billion were issued successfully in China. In April 2020, the Company successfully issued commercial mortgage-backed securities ("CMBS") – Sinochem Tower in the amount of RMB2.201 billion with a coupon rate of only 2.65%. In July and August 2020, the Company completed a share placement of approximately 950 million shares in aggregate for a net proceeds of approximately HK$5,400 million. Meanwhile, at project level, introduction of capital from cooperative partners was actively attracted to provide sufficient capital support for subsequent development of projects.

Looking ahead, the world today is undergoing great changes unseen in a century, while economic situation remains complex and severe and there are uncertainties in the change of the epidemic and external environment. However, the long-term positive fundamentals of China's economy remain unchanged while a new round of technological revolution and industrial transformation is intensively evolving and intertwined, and technologies are expected to reshape the landscape of global competition. Against the future development environment at home and abroad, the 14th Five-Year Plan proposes that China will speed up construction of a new development pattern based on domestic macro-circulation along with domestic and international dual-circulation to promote the key role of technological innovation in smoothing the dual-circulation, and regard self-reliance and self-improvement in science and technology as the strategic support for national development. Meanwhile, China has pushed forward the people-orientated new urbanisation strategy to develop and strengthen city clusters and urban areas. Therefore, it is expected that the real estate industry will still have relatively large room for steady development moving forward. In the new era, China Jinmao will take the initiative to start the new journey. Entering its new stage with a contracted sales amount of RMB200 billion, China Jinmao has put forward the development concept of "insisting on In Science We Trust and insisting on city operation". In the next five years, under the guidance of the brand new "two-wheel and two-wing driven" strategy, China Jinmao will strengthen technological innovation, and will pay close attention to strengthen quality and efficiency and establish the new development pattern for the "14th Five-Year Plan" of the Company.

1. MAJOR COMMERCIAL LEASING AND RETAIL OPERATIONS PROJECTS

Name of project	Location	Gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion	Area held for commercial leasing and retail properties (square metres)
Beijing Chemsunny World Trade Centre	Xicheng District, Beijing, China	194,530	Office	100.00%	2006	110,760
Sinochem Tower	Xicheng District, Beijing, China	49,066	Office	100.00%	1995	49,066
Jin Mao Tower (including hotel)	Pudong New Area, Shanghai, China	292,475	Office	100.00%	1999	216,462
Nanjing Xuanwu Lake Jinmao Plaza Project Phase I (including hotel) (Note 1)	Gulou District, Nanjing, Jiangsu Province, China	225,846	Complex	47.83%	2011	139,806
Changsha Meixi Lake International R&D Centre	Xiangjiang New District, Changsha, Hunan Province, China	132,856	Office	80.00%	2017	14,963
Shanghai International Shipping Service Center Co., Ltd. (6#)	Hongkou District, Shanghai, China	5,558	Office	100.00%	2018	5,558
Lijiang J • Life	Old Town, Lijiang, Yunnan Province, China	21,893	Commercial	100.00%	2014	21,893
Commercial portion of Qingdao Jinmao Harbour	Shinan District, Qingdao, Shandong Province, China	61,142	Commercial	51.00%	2017	61,142
Jiayuan Plaza Hypermarket	High-Tech Industrial Development Zone, Ningbo, Zhejiang Province, China	25,480	Commercial	100.00%	2013	25,480
Changsha Jinmao Mall of Splendor	Yuelu District, Changsha, Hunan Province, China	141,723	Commercial	51.00%	2017	141,723
Shanghai International Shipping Service Center Co., Ltd. (16#)	Hongkou District, Shanghai, China	5,222	Commercial	100.00%	2013	5,222
Wangjing Lvchuang Center (望京綠創中心)	Chaoyang District, Beijing, China	10,931	Office	100.00%	2020	10,931
Total						**803,006**

2. HOTEL OPERATION PROJECTS

Name of project	Location	Gross floor area (square metres)	Equity attributable to the Group	Date of completion	Number of guest rooms
Renaissance Beijing Wangfujing Hotel	Dongcheng District, Beijing, China	44,413	100.00%	1995	329
Grand Hyatt Shanghai (Note 2)	Pudong New Area, Shanghai, China	76,013	100.00%	1999	555
Hilton Sanya Yalong Bay Resort & Spa	Yalong Bay Resort, Sanya, Hainan Province, China	75,208	100.00%	2006	501
The Ritz-Carlton Sanya Yalong Bay	Yalong Bay Resort, Sanya, Hainan Province, China	83,772	100.00%	2008	450
The Westin Beijing Chaoyang	Chaoyang District, Beijing, China	77,945	100.00%	2008	550
JW Marriott Hotel Shenzhen	Futian District, Shenzhen, Guangdong Province, China	51,730	100.00%	2009	411
Westin Nanjing (Note 1)	Gulou District, Nanjing, Jiangsu Province, China	32,514	47.83%	2011	232
Hyatt Regency Chongming	Chongming District, Shanghai, China	48,992	100.00%	2014	235
Grand Hyatt Lijiang (Note 3)	Old Town, Lijiang, Yunnan Province, China	84,384	100.00%	2014	401
Meixi Lake Hotel, A Luxury Collection Hotel, Changsha	Yuelu District, Changsha, Hunan Province, China	62,220	100.00%	2017	304
Total		637,191			3,968

3.1 MAJOR CITY OPERATIONS AND PROPERTY DEVELOPMENT PROJECTS ACQUIRED BEFORE 2020

Name of project	Location	Saleable/ leasable gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Beijing					
Beijing International Community Project	Shunyi District, Beijing, China	408,227	Residential	49.00%	2023
Beijing Jinmao Palace Project	Fengtai District, Beijing, China	173,995	Residential	49.00%	2021
Beijing Future Jinmao Palace Project	Changping District, Beijing, China	267,261	Residential/ Office	47.00%	2023
Beijing Serenity Palace Project	Fengtai District, Beijing, China	222,589	Residential	20.00%	2021
Beijing Hopson • Jinmao • Poly • Greentown Jinmao Palace Project	Fengtai District, Beijing, China	76,339	Residential	25.00%	2022
Shanghai					
Shanghai Hongqiao • Jinmao Residence Project	Qingpu District, Shanghai, China	119,927	Residential	51% and 49% (Note 4)	2021
Shanghai Nanqiao Jinmao Residence Project	Fengxian District, Shanghai, China	72,275	Residential	38.00%	2022
Shanghai Style + Project	Jiading District, Shanghai, China	61,533	Residential	30.00%	2021
Shanghai Xijiao Jinmao Palace Project	Jiading District, Shanghai, China	191,770	Residential	29.73%	2020
Shanghai Xincheng Hongkou Jinmao Palace Project	Hongkou District, Shanghai, China	62,808	Residential/ Commercial	49.00%	2020

Name of project	Location	Saleable/ leasable gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Guangzhou					
Guangzhou Poly Longyue Mansion Project	Baiyun District, Guangzhou, Guangdong Province, China	442,215	Residential	25.00%	2023
Guangzhou CR Land – Road King – Jinmao – Tong Residence Project	Huadu District, Guangzhou, Guangdong Province, China	211,870	Residential	30.00%	2023
Guangzhou Lingshan Island Jinmao Harbour Project (Phase II)	Nansha District, Guangzhou, Guangdong Province, China	91,092	Residential	100.00%	2023
Guangzhou Yuexiu & Jinmao – Lingshan Island Jinmao Harbour Project	Nansha District, Guangzhou, Guangdong Province, China	103,685	Residential	49.00%	2022
Guangzhou Cinda & Jinmao – Tianhe Jinmao Plaza Project	Tianhe District, Guangzhou, Guangdong Province, China	296,956	Residential/ Commercial	40.00%	2021
Guangzhou China Merchants • Jinmao • Poly HEFU Project (廣州招商 • 金茂 • 保利和府項目)	Conghua District, Guangzhou, Guangdong Province, China	399,587	Residential	25.00%	2025
Changsha					
Changsha Jinmao C&D • Boyue Project (長沙金茂建發 • 泊悦項目)	Yuelu District, Changsha, Hunan Province, China	158,127	Residential	51.00%	2021
Changsha Jinmao C&D • Guanyue Project (長沙金茂建發 • 觀悦項目)	Furong District, Changsha, Hunan Province, China	245,620	Residential	51.00%	2021
Changsha Xincheng Jinmao Dream • Hua Palace Project	Xiangjiang New District, Changsha, Hunan Province, China	275,283	Residential	30.00%	2022
Changsha Xincheng Jinmao Dream • Xi Residence Project	Xiangjiang New District, Changsha, Hunan Province, China	189,215	Residential	30.00%	2022

Name of project	Location	Saleable/ leasable gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Nanjing					
Nanjing Dongcheng Jinmao Residence Phase II Project	Jiangning District, Nanjing, Jiangsu Province, China	91,323	Residential	30.00%	2021
Nanjing Gucheng Lake • Jinmao Noble Manor Project	Gaochun District, Nanjing, Jiangsu Province, China	299,705	Residential/ Commercial	49.00%	2022
Land Parcel No. G97, Southern Hexi Yuzui, Nanjing	Jianye District, Nanjing, Jiangsu Province, China	959,572	Complex	27.50%	2025
Nanjing Jiangning Jinmao Residence Project	Jiangning District, Nanjing, Jiangsu Province, China	237,912	Residential	55.00%	2022
Nanjing Greenland Jinmao • International Finance Centre Project	Jiangbei New District, Nanjing, Jiangsu Province, China	975,344	Complex	40.00%	2023
Nanjing Pinglan Palace Project	Gaochun District, Nanjing, Jiangsu Province, China	175,327	Residential	29.00%	2022
Land Parcel No. 2019G05, Tangshan Spa & Wellness Town Phase I, Jiangning District, Nanjing	Jiangning District, Nanjing, Jiangsu Province, China	330,706	Complex	47.00%	2023
Land Parcel No. 2019G36, Innovation Science Park, Qixia District, Nanjing	Qixia District, Nanjing, Jiangsu Province, China	254,203	Residential	24.00%	2022
Land Parcel No. 2019G32 at the north of Yingtiandong Street, South New City, Qinhuai District, Nanjing	Qinhuai District, Nanjing, Jiangsu Province, China	221,605	Residential	28.00%	2022
Nanjing Xuanwu Lake Jinmao Plaza Project (Phase II)	Gulou District, Nanjing, Jiangsu Province, China	249,826	Complex	47.83%	2026

Name of project	Location	Saleable/ leasable gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Chongqing					
Chongqing Bishan Jinmao Residence Project	Bishan District, Chongqing, China	352,225	Residential	100.00%	2023
Chongqing Jinmao International Ecological New City Project	Yubei District, Chongqing, China	792,555	Residential/ Commercial	72.77%	2022
Chongqing Longxing International Ecological New City Project (Northern Land Parcel)	Liangjiang New Area, Chongqing, China	232,610	Residential	50.00%	2023
Chongqing Longxing International Ecological New City Project (Southern Land Parcel)	Yubei District, Chongqing, China	320,702	Residential/ Hotel	100.00%	2023
Chongqing Central Jade Cloud Project	Yubei District, Chongqing, China	372,558	Residential	20.00%	2022
Ningbo					
Ningbo Haishu Jinmao Palace Project	Haishu District, Ningbo, Zhejiang Province, China	207,551	Residential/ Commercial	33.00%	2021
Ningbo Haiwan Jinmao Residence Project	Beilun District, Ningbo, Zhejiang Province, China	225,615	Residential	49.00%	2021
Ningbo Ningnan Jinmao Residence Project	Fenghua District, Ningbo, Zhejiang Province, China	101,331	Residential	49.00%	2021

Name of project	Location	Saleable/ leasable gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Qingdao					
Qingdao Jimo • Jinmao Smart International City Project (First batch of land parcels)	Jimo District, Qingdao, Shandong Province, China	320,874	Residential/ Commercial	60.00%	2021
Land Parcel No. A14 + Foreign Investment Block, China-Europe International City Project, Qingdao	Prime Location, North Shore New Town, Qingdao, Shandong Province, China	726,932	Complex	100.00%	2024
Qingdao West Coast • Innovation and Technology City Project (First batch of land parcels)	Huangdao District, Qingdao, Shandong Province, China	208,052	Residential/ Commercial	100.00%	2021
Qingdao Eden Project	High-Tech Industrial Development Zone, Qingdao, Shandong Province, China	93,076	Complex	41.67%	2024
Qingdao Jimo • Jinmao Smart International City Project (Land Parcel No. 606A)	Jimo District, Qingdao, Shandong Province, China	4,283	Commercial	60.00%	2023
Hangzhou					
Hangzhou Dexin Jinmao Jiayuan Palace Project	Xiaoshan District, Hangzhou, Zhejiang Province, China	223,819	Residential	21.40%	2021
Hangzhou Fuchun Jinmao Xingwaitan Project	Fuyang District, Hangzhou, Zhejiang Province, China	944,532	Complex	60.00%	2025
Fuchun Land Parcel No. 28, Fuyang District, Hangzhou	Fuyang District, Hangzhou, Zhejiang Province, China	249,268	Residential	50.00%	2021
Hangzhou Yunhe ONE Project	Gongshu District, Hangzhou, Zhejiang Province, China	181,085	Residential	34.00%	2021
Hangzhou Jinmao Shoukai Guoyue Project	Gongshu District, Hangzhou, Zhejiang Province, China	114,627	Residential	50.00%	2021

Name of project	Location	Saleable/ leasable gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Hefei					
Hefei Beiyanhu Yueyuan Project	High-Tech Industrial Development Zone, Hefei, Anhui Province, China	103,731	Residential	29.40%	2021
Hefei Dongcheng • Jinmao Residence Project	Feidong County, Hefei, Anhui Province, China	91,494	Residential	100.00%	2022
Xuzhou					
Xuzhou Chuhe Jinmao Palace Project	Tongshan District, Xuzhou, Jiangsu Province, China	61,586	Residential	100.00%	2021
Xuzhou Red Star • Yunlong Jinmao Residence Project	Yunlong District, Xuzhou, Jiangsu Province, China	367,648	Residential/ Commercial	40.00%	2022
Land Parcel AB, Third Ring Road West, Gulou District, Xuzhou	Gulou District, Xuzhou, Jiangsu Province, China	488,841	Residential/ Commercial	25.00%	2021
Xuzhou Yunlong Lake Jinmao Palace Project	Quanshan District, Xuzhou, Jiangsu Province, China	178,424	Residential	49.00%	2022
Kunming					
Kunming Jinmao International New City Project	Chenggong District, Kunming, Yunnan Province, China	757,293	Residential	66.00%	2023
Kunming Wujiaba • Jinmao Plaza Project	Guandu District, Kunming, Yunnan Province, China	109,539	Residential/ Commercial	30.00%	2021
Dongguan					
Dongguan Zhuoyue Jinmao Qianshuiwan Project	Zhongtang Town, Dongguan, Guangdong Province, China	141,620	Residential	40.00%	2021
Quanzhou					
Quanzhou Tan Residence Project	Taiwanese Investment Zone, Quanzhou, Fujian Province, China	479,125	Residential/ Commercial/ Office	50.00%	2022

Name of project	Location	Saleable/ leasable gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Changzhou					
Changzhou Chunqiu Jinmao Palace Project	Wujin District, Changzhou, Jiangsu Province, China	231,036	Residential/ Commercial	49.00%	2022
Changzhou Longcheng Jinmao Palace Project	Zhonglou District, Changzhou, Jiangsu Province, China	269,626	Residential/ Commercial	55.00%	2021
Nantong					
Nantong Chongchuan • Jinmao Palace Project	Chongchuan District, Nantong, Jiangsu Province, China	72,180	Residential	50.00%	2020
Zhuzhou					
Zhuzhou • Jinmao Residence Project	Shifeng District, Zhuzhou, Hunan Province, China	614,057	Residential	100.00%	2025
Kaifeng					
Land Parcel No. 39, Bianxi New Area, Kaifeng	Bianxi New Area, Kaifeng, Henan Province, China	185,505	Residential	49.00%	2022
Guiyang					
Guiyang Ninth Heaven	Baiyun District, Guiyang, Guizhou Province, China	244,773	Residential	49.90%	2023

Name of project	Location	Saleable/ leasable gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Suzhou					
Suzhou Gusu • Jinmao Residence Project	Wuzhong District, Suzhou, Jiangsu Province, China	83,066	Residential	100.00%	2021
Suzhou Zhangjiagang Smart Science City Project	Zhangjiagang, Suzhou, Jiangsu Province, China	867,985	Complex	49% and 100% and 50% (Note 5)	2023
Wuxi					
Jiangyin Chengjiang • Jinmao Palace Project	Jiangyin, Wuxi, Jiangsu Province, China	139,419	Residential	76.00%	2022
Jiangyin Xiake Island Ecological City Project	Jiangyin, Wuxi, Jiangsu Province, China	387,816	Residential/ Commercial	49.00%	2022
Wuxi Lihu Jinmao Palace Project	Binhu District, Wuxi, Jiangsu Province, China	343,475	Residential/ Commercial	49.00%	2023
Land Parcel No. XDG-2014-31, Xibei District, Wuxi	Xishan District, Wuxi, Jiangsu Province, China	246,599	Residential	49.00%	2021
Land Parcel in Meicun, Xinwu District, Wuxi	Xinwu District, Wuxi, Jiangsu Province, China	137,894	Residential	20.00%	2021
Foshan					
Foshan Chao'an Jinmao Residence Project	Chancheng District, Foshan, Guangdong Province, China	269,586	Residential	100.00%	2024
Tianjin					
Tianjin 188 Long Zhou Road Project	Beichen District, Tianjin, China	183,763	Residential	16.50%	2021
Tianjin Yujiangtai Project	Hexi District, Tianjin, China	91,033	Residential	34.00%	2021

Name of project	Location	Saleable/ leasable gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Jinan					
Jinan High-Tech Industrial Development Zone Jinmao Noble Manor Project	High-Tech Industrial Development Zone, Jinan, Shandong Province, China	473,873	Residential	33.00%	2022
Jinan Jinmao Lushang Travelling Route • Jinmao Palace Project	Licheng District, Jinnan, Shandong Province, China	637,137	Residential	27.50%	2023
Wenzhou					
Wenzhou Jiushan Jinmao Palace Project	Lucheng District, Wenzhou, Zhejiang Province, China	141,020	Residential	100.00%	2022
Wenzhou Lucheng Jinmao Palace Project	Lucheng District, Wenzhou, Zhejiang Province, China	443,902	Residential/ Office	33.00%	2022
Wenzhou Rui'an • Jinmao Residence Project	Rui'an, Wenzhou, Zhejiang Province, China	298,758	Residential	51.00%	2022
Wenzhou Longwan Yaoxibei Project	Longwan District, Wenzhou, Zhejiang Province, China	514,287	Residential/ Commercial	16.50%	2022

Name of project	Location	Saleable/ leasable gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Wuhan					
Wuhan Huafa Yangluo Jinmao Noble Manor Project	Xinzhou District, Wuhan, Hubei Province, China	474,908	Residential/ Hotel	50.00%	2024
Wuhan Jianfa • Jinmao – Royal Residence Project	Jiangxia District, Wuhan, Hubei Province, China	252,766	Residential	49.00%	2022
Wuhan Jinmao • Huafa • Wuhan International Community Project	Jiangxia District, Wuhan, Hubei Province, China	399,700	Residential	50.00%	2023
Land Parcel No. P(2018)001, Yangluo Street Wanshan Village, Xinzhou District, Wuhan	Xinzhou District, Wuhan, Hubei Province, China	408,656	Residential/ Commercial	100.00%	2024
Wuhan Yangluo • Jinmao Residence Project	Xinzhou District, Wuhan, Hubei Province, China	184,370	Residential	100.00%	2022
Nanchang					
Nanchang Jiulonghu • Jinmao Residence Project	Honggutan New District, Nanchang, Jiangxi Province, China	160,253	Residential/ Commercial	100.00%	2021
Nanchang Qingyunpu Land Parcel	Qingyunpu District, Nanchang, Jiangxi Province, China	170,254	Residential/ Commercial	18.00%	2021
Land Parcel No. DAK2018014, Wangcheng Town, Xinjian District, Nanchang	Xinjian District, Nanchang, Jiangxi Province, China	134,126	Residential	35.00%	2021
Zhangjiakou					
Land Parcel No. A-2, Ruanyin Science Park Residence, Xiahuayuan District, Zhangjiakou	Xiahuayuan District, Zhangjiakou, Hebei Province, China	122,009	Residential	31.00%	2023

Name of project	Location	Saleable/ leasable gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Baoding					
Baoding Jingxiu Jinmao Residence Project	Jingxiu District, Baoding, Hebei Province, China	213,908	Residential	80.00%	2023
Jinhua					
Yiwu Futian Jinmao Palace Project	Yiwu City, Jinhua, Zhejiang Province, China	382,970	Residential	70.00%	2022
Sanya					
Sanya Jinmao Harbour Project	Yazhou District, Sanya, Hainan Province, China	531,854	Residential/ Commercial/ Office	70.00%	2023
Shantou					
Land Parcel No. WG2019-4, Jinfeng Peninsula, Jinping District, Shantou	Jinping District, Shantou, Guangdong Province, China	572,558	Residential	50.00%	2023
Weihai					
Weihai Fengji • Jinmao Residence Project	Economic and Technological Development Zone, Weihai, Shandong Province, China	225,547	Residential/ Commercial	100.00%	2022
Weifang					
Weifang Taoyuan • Jinmao Residence Project	High-Tech Industrial Development Zone, Weifang, Shandong Province, China	592,217	Residential/ Commercial	100.00%	2026
Yueyang					
Yueyang Dongting • Jinmao Residence Project	Dongfeng Lake New District, Yueyang, Hunan Province, China	783,885	Residential	75.00%	2027
Zhuhai					
Zhuhai Huxin • Jinmao Residence Project	Doumen District, Zhuhai, Guangdong Province, China	457,331	Residential	70.00%	2024

Name of project	Location	Saleable/ leasable gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Jiaxing					
Jiaxing Shanghai Window Smart Science City Project	Jiashan County, Jiaxing, Zhejiang Province, China	1,810,377	Primary	80.00%	2024
Xi'an					
Xi'an Weiyang Jinmao Palace Project	Weiyang District, Xi'an, Shaanxi Province, China	156,980	Residential	100.00%	2022

3.2 PROJECTS ACQUIRED SINCE 2020

Name of project	Location	Saleable/ leasable gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Beijing					
Beijing Dongsan Jinmao Palace Project	Fengtai District, Beijing, China	146,941	Residential	26.00%	2023
Beijing Xiyue Tianhuan Project	Fengtai District, Beijing, China	119,602	Residential	10.20%	2022
Beijing Yihe Jinmao Palace Project	Haidian District, Beijing, China	108,014	Residential	40.00%	2022
Shanghai					
Shanghai Future City Project	Qingpu District, Shanghai, China	59,780	Residential	49.00%	2022
Shanghai Yinghongqiao Project	Qingpu District, Shanghai, China	180,218	Residential	40.00%	2022
Shanghai Changxing Island Phoenix Town Project	Chongming District, Shanghai, China	98,994	Residential	100.00%	2023
Shanghai Baoshan Education Project	Baoshan District, Shanghai, China	89,998	School	100.00%	2021
Shanghai Haiyue Jinmao Residence Project	Qingpu District, Shanghai, China	57,686	Residential	34.00%	2021
Guangzhou					
Guangzhou Cold Storage Plant Project	Liwan District, Guangzhou, Guangdong Province, China	114,947	Residential	25.00%	2023
Shenzhen					
Shenzhen Guangming Jinmao Plaza Project	Guangming New District, Shenzhen, Guangdong Province, China	53,950	Residential	100.00%	2023
Nanjing					
Nanjing Jiangbei New District G03 Project	Jiangbei New District, Nanjing, Jiangsu Province, China	83,221	Residential	61.40%	2023
Nanjing G81 Project	Jiangning District, Nanjing, Jiangsu Province, China	87,853	Residential/ Commercial	40.00%	2022

Name of project	Location	Saleable/ leasable gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Ningbo					
Ningbo Lvcheng Jinmao • Chunlan Jingyuan Project	Yuyao, Ningbo, Zhejiang Province, China	177,028	Residential/ Commercial	20.00%	2022
Qingdao					
Qingdao Dayun Valley • Laoshan Jinmao Palace Project	Laoshan District, Qingdao, Shandong Province, China	388,791	Residential/ Commercial/ Office	60.00%	2023
Qingdao Dayun Valley Shibei Block	Shibei District, Qingdao, Shandong Province, China	564,756	Residential/ Commercial	60.00%	2024
Domestic Investment Block (Fourth batch of land parcels) in China-Europe International City Project, Qingdao	Prime Location, North Shore New Town, Qingdao, Shandong Province, China	592,117	Residential/ Commercial	100.00%	2023
Qingdao West Coast • Innovation and Technology City Project Land Parcel No.7-5-2	Huangdao District, Qingdao, Shandong Province, China	40,729	Commercial	100.00%	2022
Qingdao West Coast • Innovation and Technology City Project Land Parcel No.7-9	Huangdao District, Qingdao, Shandong Province, China	148,883	Residential	100.00%	2022
Qingdao West Coast • Innovation and Technology City Project Land Parcel No.7-20	Huangdao District, Qingdao, Shandong Province, China	124,958	Residential	100.00%	2023
Kunming					
Kunming Luoshi Bay Project	Xishan District, Kunming, Yunnan Province, China	346,711	Residential	80.00%	2023
Nantong					
Nantong Longxin Jinmao | Ruiyuan Project	Rugao, Nantong, Jiangsu Province, China	143,617	Residential	20.00%	2023
Taizhou					
Taizhou Jinmao • Zhongnan • Haizhou Shangcheng Project	Luqiao District, Taizhou, Zhejiang Province, China	188,255	Residential	51.00%	2022
Taizhou Linhai Linjiang Shangcheng Project	Linhai, Taizhou, Zhejiang Province, China	105,478	Residential	100.00%	2023

Name of project	Location	Saleable/ leasable gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Guiyang					
Guiyang Guanshanhu International Community Project	Guangshanhu District, Guiyang, Guizhou Province, China	465,019	Residential	57.50%	2024
Suzhou					
Changshu Jinmao Smart Science City Project	Changshu, Suzhou, Jiangsu Province, China	922,079	Complex	54.1% and 100% (Note 6)	2024
Suzhou Science and Technology City Finance Town Project	High-Tech Industrial Development Zone, Suzhou, Jiangsu Province, China	361,305	Complex	24.50%	2022
Foshan					
Foshan Luocun Project	Nanhai District, Foshan, Guangdong Province, China	566,236	Residential	100.00%	2025
Foshan Nanhai Xiqiao Chongnan Project	Nanhai District, Foshan, Guangdong Province, China	76,732	Residential	100.00%	2023
Foshan Zhuoyue • Country Garden • Tianyue Bay Project	Shunde District, Foshan, Guangdong Province, China	198,840	Residential	33.00%	2024
Tianjin					
Tianjin Shangdong Jinmao Residence Project	Dongli District, Tianjin, China	126,752	Residential	100.00%	2023
Tianjin Shangdong Jinmao Smart Science City Project	Dongli District, Tianjin, China	84,263	Residential	100.00%	2022
Jinan					
Jinan Aoti Jinmao Palace Project	Lixia District, Jinan, Shandong Province, China	228,218	Residential	100.00%	2021
Fuzhou					
Fuzhou Binhai Jinmao Smart Science City Project (Second batch of land parcels)	Changle District, Fuzhou, Fujian Province, China	923,025	Complex	90.00%	2029
Fuzhou Binhai Jinmao Smart Science City Project (First batch of land parcels)	Changle District, Fuzhou, Fujian Province, China	943,203	Complex	74.50%	2027

Name of project	Location	Saleable/ leasable gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Wenzhou					
Wenzhou Lechen Palace Project	Leqing, Wenzhou, Zhejiang Province, China	63,519	Residential	100.00%	2023
Wenzhou Pingyang Gu'ao Tou Project Land Parcel No. 1, No. 3, No. 5, No. 6 and No. 7 (Note 7)	Pingyang County, Wenzhou, Zhejiang Province, China	834,475	Residential/ Office	100.00%	2025
Wenzhou Aojiang International New City Project	Pingyang County, Wenzhou, Zhejiang Province, China	1,042,368	Primary	80.00%	2023
Wuhan					
Wuhan Fangdao Smart Science City Project Land Parcel No. 11	Hanyang District, Wuhan, Hubei Province, China	955,165	Complex	100.00%	2026
Wuhan Fangdao Smart Science City Project Land Parcel No. 12	Hanyang District, Wuhan, Hubei Province, China	746,367	Complex	100.00%	2026
Wuhan Yangsigang Project	Hanyang District, Wuhan, Hubei Province, China	1,036,284	Residential	20.00%	2023
Zhengzhou					
Zhengzhou Jinmao Poly • Ruyi Palace Project	Zhengdong New District, Zhengzhou,Henan Province, China	123,901	Residential	49.00%	2023
Zhengzhou Erqi District Mazhai New City Project	Erqi District, Zhengzhou, Henan Province, China	4,367,868	Primary	29.70%	2025
Zhengzhou Jingkai Shiguang Residence Project	Jingkai District, Zhengzhou, Henan Province, China	104,916	Residential/ Commercial	49.00%	2022
Chengdu					
Chengdu City Investment Jinmao Mansion Project	Longquanyi District, Chengdu, Sichuan Province, China	81,187	Residential	51.00%	2022
Nanchang					
Nanchang Chennanli Project	Nanchang County, Nanchang, Jiangxi Province, China	201,288	Residential	100.00%	2022
Nanchang Gemdale Jinmao • Jiufeng Palace Project	Honggutan New District, Nanchang, Jiangxi Province, China	177,435	Residential	40.00%	2022
Nanchang Evian Uptown Project	Qingshan Lake District, Nanchang, Jiangxi Province, China	221,306	Residential	33.00%	2023
Nanchang Zhengrong Jinmao Gemdale Yunjing Project	Nanchang County, Nanchang, Jiangxi Province, China	175,717	Residential	33.00%	2022

Name of project	Location	Saleable/ leasable gross floor area (square metres)	Type of project	Equity attributable to the Group	Date of completion
Zhangjiakou					
Zhangjiakou Xiahuayuan Land Parcel K	Xiahuayuan District, Zhangjiakou, Hebei Province, China	158,996	Commercial	31.00%	2024
Land Parcel No. A-1-1, Ruanyin Science Park, Xiahuayuan District, Zhangjiakou	Xiahuayuan District, Zhangjiakou, Hebei Province, China	238,019	Residential	31.00%	2024
Jinhua					
Jinhua Jinmao Future Science City Project	Jindong District, Jinhua, Zhejiang Province, China	1,799,963	Complex	80.00%	2027
Xiamen					
Xiamen Land Parcel 2020XP18	Xiang'an District, Xiamen, Fujian Province, China	152,517	Residential	100.00%	2023
Jiaxing					
Land Parcel B2020-75 of Jiaxing Jiashan Shan Land Reserve	Jiashan County, Jiaxing, Zhejiang Province, China	215,749	Residential	100.00%	2023
Jiaxing Country Garden • Star Project	Jiashan County, Jiaxing, Zhejiang Province, China	88,093	Residential	40.00%	2022
Jiaxing • Guanghecheng Project	Jiashan County, Jiaxing, Zhejiang Province, China	88,610	Residential/ Commercial	30.00%	2022
Taiyuan					
Taiyuan Longcheng • Jinmao Palace Project	Xiaodian District, Taiyuan, Shanxi Province, China	415,174	Residential	35.00%	2023
Yantai					
Yantai Lu Shang Jinmao • Impression of Sea View Project	Laishan District, Yantai, Shandong Province, China	598,972	Residential/ Commercial	40.00%	2025
Yantai Happy Jinmao Residence Project	Zhifu District, Yantai, Shandong Province, China	119,105	Residential/ Commercial	58.00%	2023
Shijiazhuang					
Shijiazhuang Chang'an • Jinmao Residence Project	Chang'an District, Shijiazhuang, Hebei Province, China	156,474	Residential	50.00%	2023
Taizhou					
Taizhou Fengcheng Jinmao Mansion Project	Medical High-tech Zone, Taizhou, Jiangsu Province, China	579,767	Residential/ Commercial	45.00%	2023

(Note 1) Nanjing Jinmao Place and Westin Nanjing are located in Nanjing Xuanwu Lake Jinmao Plaza.

(Note 2) Grand Hyatt Shanghai is located in Jin Mao Tower.

(Note 3) Grand Hyatt Lijiang is held as to 100% interest by the Group. Grand Hyatt Lijiang in the urban area is situated in Lijiang Jinmao Richmond Town Project; whereas the Mountain Lodge in the scenic area is situated in Ganhaizi, Jade Dragon Snow Mountain.

(Note 4) Shanghai Hongqiao • Jinmao Residence Project is developed on the land parcels 26-01 and 44-02 in Huaxin Town, Qingpu District, Shanghai. Currently, the Group holds 51% interest in land parcel 26-01 and 49% interest in land parcel 44-02.

(Note 5) Suzhou Zhangjiagang Smart Science City Project is developed on Suzhou Zhangjiagang land parcels Nos. 2012-A19-A/B, 2014-A02-A/B/C, 2012-A09 and 2014-A04. Currently, the Group holds 50% interest in land parcels Nos. 2012-A19-A/B, 100% interest in land parcels Nos. 2014-A02-A/B/C and 2014-A04 and 49% interest in land parcel No. 2012-A09.

(Note 6) Changshu Jinmao Smart Science City Project is developed on the land parcels Nos. 2020A-012/013/015/016 in Yumao Changshu, and the land parcel No. 2020A-014 in Pumao Changshu, respectively. Currently, the Group holds 54.1% interest in the land parcels Nos. 2020A-012/013/015/016 in Yumao Changshu, and 100% interest in the land parcel No. 2020A-014 in Pumao Changshu.

(Note 7) Wenzhou Pingyang Gu'ao Tou Project Land Parcels Nos. 1, 3, 5, 6 and 7 are located in Wenzhou Aojiang International New City Project.

CITY OPERATIONS

City Operations

Wuhan

Fangdao Jinmao Smart Science City

Wuhan Fangdao Jinmao Smart Science City Project, located in Sixin Ecological New City, Hanyang District, Wuhan, has a net land area of 945 mu (approximately 630,000 sq.m.). The land is for residential, commercial service, public management and public service use. Fully capitalising on the advantages of high-quality industrial resources and high-end amenities, China Jinmao will focus on global industrial resources and shape a modern new city integrated support system based on the core values of regional ecology, culture and location, to build an "island of ecology, city of creativity and metropolitan of fashion" featuring lakefront wetland with cultural, leisure, tourism and residential functions, thus developing the project into China's first-class economic demonstration area for headquarters buildings, healthy and quality living and modern service clusters.

In March 2020, China Jinmao successfully acquired the land parcels nos. P(2020)011 and P(2020)012 in Hanyang. In November 2020, the pre-sales of Lots A4 and A7 of Fangdao Jinmao Smart Science City Project commenced successfully, the sell through rate set a benchmark for Sixin area of Hanyang, and the pre-sales proceeds ranked TOP 20 in the annual property sales of Wuhan.

Tianjin

Shangdong Jinmao Smart Science City

Tianjin Shangdong Jinmao Smart Science City Project is located in the core area at the east of the city centre in Tianjin. Relying on its TOD core business area and the green & leisure elements, China Jinmao plans to build five functional zones, namely the TOD business, smart office, urban park, elite education and ecological residence, and intends to build a smart city complex, so as to meet the diversified consumer needs of the residents for everyday shopping and leisure & entertainment, and strive to build a new landmark of the leading one-stop shopping experience in Dongli District, Tianjin.

In April 2020, China Jinmao successfully acquired the land parcel no. Jin Dong Li Yue (Gua) 2020-005 with above ground floor area of approximately 82,500 sq.m., Shangdong Jinmao Smart Science City was successfully launched first time in August 2020 with 90% sell through rate in the launch date.

Changshu

Jinmao Smart Science City

Changshu Jinmao Smart Science City Project, located in the core area of the new city in southern Changshu surrounding Kuncheng Lake, has a total site area of 6,495 mu (approximately 4.33 million sq.m.). China Jinmao will gradually develop the project into an integrated smart science city comprising "smart innovation, modern business and high-end residence" by adhering to the philosophy of industrial city integration and phased implementation.

In May 2020, China Jinmao and the government officially entered into an agreement on the co-development of the project, and successfully won the bid for the land parcels nos. Chang Shu Shi Gua [2020]14 2020A-012, 2020A-013, 2020A-014, 2020A-015 and 2020A-016 in July 2020. In December 2020, the Harvard BI Medical Innovation Center introduced by the project officially began operation.

Qingdao

Cloud Valley City Operations

Qingdao Cloud Valley City Operations (青島大雲谷城市運營) Project, located in the core urban area of Qingdao City, spans three districts namely Laoshan, Shibei and Licang (嶗山、市北、李滄), and is divided into three clusters according to their district affiliation. The project has a planning area of 1,779 mu (approximately 1.18 million sq.m.) consisting of three habitats: the east park area (東園區) positioned as an innovative ecological park concentrated with complete industrial chains; the west park area (西園區) positioned as a global innovation center for IoT; and the Xi Han Economic Development area (西韓經濟發展區) positioned as a demonstration site for integration of industries and cities. China Jinmao intends to plan the project to build a healthy, smart living and fashionable dynamic smart park according to the four planning concepts of industry-city integration, innovation benchmark, shared and interconnected and low-carbon ecology.

In September 2020, China Jinmao and Haier ICI (海爾產城創) entered into a cooperation agreement; in September 2020, Laoshan Jinmao Palace (嶗山金茂府) in Cloud Vally (大雲谷) was successfully launched for sale.

Qingdao

West Coast Innovation and Technology City

Qingdao West Coast Innovation and Technology City Project, located in the Qingdao West Coast New District (青島西海岸新區) adjacent to the Qingdao High Speed Rail West Station, is the core transportation and business centre of the new district, with a total site area of approximately 6,000 mu (approximately 4 million sq.m.). Leveraging the core resources and industries of Sinochem Group, China Jinmao has successfully introduced innovative high-end industries such as technology innovation, green intelligence, leisure and health as well as business services, integrating innovative industrial clusters with urban development to create a smart ecological technology new city with international influence.

On 10 June 2020, China Jinmao successfully acquired the land parcels nos. HD2020-3096 and HD2020-3097 described in the Announcement Qing Huang Ziran Zi Gao Zi (青黃自然資告字) No. [2020]3096; on 30 December 2020, China Jinmao successfully acquired the land parcel no. HD2020-3267 described in the Announcement Qing Huang Ziran Zi Gao Zi (青黃自然資告字) No. [2020]3264.

Danyang

Eye Glasses Fashion Town

Danyang Eye Glasses Fashion Town Project, located in front of the Danyang High Speed Rail Station between the Old Town and New Town of Danyang, has the dual functions of gateway and heart of the city. The project covers a total site area of 1,700 mu (approximately 1.13 million sq.m.). With the optical glasses industry as the feature, China Jinmao rapidly carries out industrial upgrade for Danyang, improves its functional supports, and realizes enhancement of the city's image, the optical glasses industry and the cultural tourism.

In September 2020, China Jinmao entered into a project cooperation agreement with Danyang Municipal Government; in November 2020, the first-level of demolition and relocation was officially commenced and all tasks of work was carried out in an orderly manner as scheduled.

Wenzhou

Aojiang International New City

Wenzhou Aojiang International New City Project, located in block of Gu'ao Tou, Binjiang Centre, Aojiang, Pingyang, has a total site area of approximately 1,972 mu (equivalent to approximately 1.31 million sq.m.). China Jinmao plans to develop the project into a "3+2" industrial system step by step from the aspects such as residence, culture, commercial office, landmark buildings and supporting facilities with "technology and innovation industries, financial service industry, cultural and creative industry" as the core, and "professional service industry, education and training industry" as the support, striving to forge the project to become a vibrant center of Pingyang with its advantages such as urban core location, excellent scenery resources, profound cultural heritage and business support.

In November 2020, China Jinmao successfully won the bid for the first batch of land parcels for the project, including "land parcels nos. B-03-01, B-04-06 and B-04-09 in block No.1 of Gu'ao Tou, Binjiang Centre, Aojiang Township, Pingyang County", "land parcels nos. C-01-03, C-01-04 and C-03-01 in block No. 3 of Gu'ao Tou, Binjiang Centre, Aojiang Township, Pingyang County", "land parcels nos. B-08-02, C-05-03 and C-05-01 in block No. 7 of Gu'ao Tou, Binjiang Centre, Aojiang Township, Pingyang County", "land parcels nos. B-06-03, B-07-02 and C-03-02 in block No. 5 of Gu'ao Tou, Binjiang Centre, Aojiang Township, Pingyang County" and "land parcels nos. B-05-08 and B-05-09 in block No. 6 of Gu'ao Tou, Binjiang Centre, Aojiang Township, Pingyang County" within the areas of the project.

Jinhua

Jinmao Future Science City

Jinhua Jinmao Future Science City Project is located in the Dongmei area of Jinyi New District (Jindong District) in Jinhua adjacent to the Wuyi River, with a total site area of about 2,760 mu (about 1.84 million sq.m. in total). The project covers core segments including pilot projects for provincial future communities and digital innovation economic parks, with functions of smart living, featured commercial and business offices as well as industrial research and development at one stop to create a benchmark project of provincial future communities with perfect functions, rich business formats and smart operation to explore the potential values of the city, building Dongmei Area into a benchmark project leading the development of Jinyi Metropolitan Area.

In July 2020, China Jinmao and Jindong District Government of Jinhua entered into a strategic cooperation framework agreement for Dongmei Area; in December 2020, China Jinmao and Jindong New District Development and Construction Center of Jinhua entered into a cooperation and development agreement for the integration of industries and cities in Jinhua Dongmei Area.

PROPERTY DEVELOPMENT

Property Development

Beijing Yihe Jinmao Palace Project is located on the West Fourth Ring Road in Haidian District of Beijing adjacent to the Summer Palace. It is at the intersection of Beijing's three mountains and five parks, the Xishan villa area and the science and education centers in Haidian, falling in the traditional low-density villa area in Xishan of Haidian. As the new generation benchmark of the China Jinmao Palace series, Beijing Yihe Jinmao Palace features brand new Jinmao Palace 2.0 technology to create 12 major technology systems. It has also upgraded by introducing the ion cascade nanometer-level air filtration and the aerospace-grade particle of damping noise reduction art etc. to create the latest benchmark of technology-based living systems.

During the Period under Review when the project was launched for sale, it broke new records in terms of the value, speed and sales performance at the first launch in Beijing's high-end market, making it a phenomenal red-hot property of the year.

Jiashan•Guanghecheng Project is located at the intersection of Tingfeng Highway (亭楓公路) and Zhufeng Highway (朱楓公路) in Jiashan County, Zhejiang Province. Just one road next to Shanghai and adjacent to Fengjing Ancient Town in Shanghai, the project is a secondary development of Shanghai Window Smart Science City (上海之窗 • 智慧科學城). It consists of high-rises and commercial streets, enjoying the future facilities of Shanghai Window Smart Science City. To the north of the project, the Huili Public School, a top international private school, is already located.

During the Period under Review, the project launched three times and achieved hot sales each time, and the units were sold out quickly upon launch, making Guanghecheng a phenomenal red-hot project in Jiashan.

Hangzhou Qinwang Palace Project, falling in the "City Eye" segment of Qinwang, is the residential part of the Fuyang Qinwang City Complex (富陽秦望城市綜合體) built by China Jinmao. The project enjoys all future planned facilities of the complex including a commercial complex, boutique residences, shopping centres and many other types of businesses.

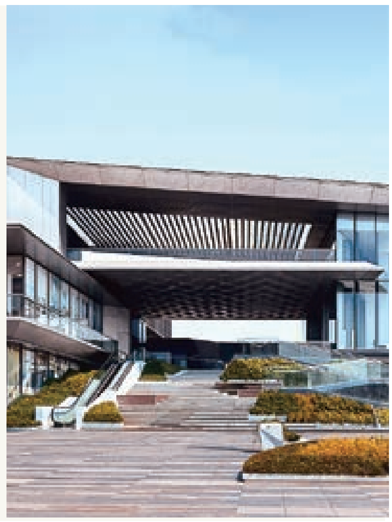
During the Period under Review, the project launched twice and achieved hot sales each time. The car parking spaces of the buildings were sold out upon the first launch, leading a new era of human living in Fuyang.

Taizhou Jinmao • Zhongnan • Haizhou Shangcheng Project, located at the core area of Taizhou Luqiao near the Shanghai North Road Station of the Light Rail Line S1, is surrounded by International Convention and Exhibition Centre, Zhongsheng City Plaza, the Cultural and Sports Centre and the Digital City and other urban lifestyle amenities in one place. The project draws on leading contemporary architectural design concepts to create an open, interactive and vibrant community space, with the intention of creating a spacious and luxurious residence that will elevate the future of living in Taizhou to a new level and give residents a brand new living experience.

During the Period under Review, the project launched twice and achieved hot sales each time, ranking first among properties in the same segment in terms of sales area and amount in the second half of the year.

Nanchang Gemdale Jinmao•Jiufeng Palace Project is a new generation of TOD international quality residential area built for the new middle class elite in Nanchang by China Jinmao in 2020 in the core location in Jiulonghu within the provincial capital segment, with international advanced urban living concept as the core orientation. The project is located at the intersection of Shangrao Street (上饒大街) and Qingyuanshan Road, the main roads of the city, being surrounded by the TOD rail transportation hub created by Metro Line 2 and 4 and Nanchang High Speed Rail West Railway Station, thus enjoying a radiation of international commercial facilities such as the business circles in the West Railway Station and the Sunac Land (融創茂) with efficient and convenient prosperous life. The project is also planned to have a City Club to echo with external high-speed railway business circles to create a rare international pedestrian urban ecosphere in the region, meeting the consumption needs of the whole family for shopping, leisure, dining and entertainment.

During the Period under Review, the project was launched six times and sold out each time, making it the most red-hot property in Nanchang Jiulonghu.



Wuhan Jinmao•Huafa•Wuhan International Community Project, located in the hot segment of military sports, enjoys the dual planning benefits of the military sports village and Huangjiahu metro town, Wuhan's first metro town. The Land plot is rich in property formats, covering different product forms such as high-rises, townhouses and commercial properties as well as supporting facilities for the elderly and medical care, aiming to build a future international community that meets the needs of the whole life cycle.

During the Period under Review, the sell through rate achieved over 95% in the first launch when the model area was opened for visit for only two weeks, and six consecutive launches were made within six months, making it a hot-sell project in the area.

Sanya • Jinmao Harbour Project is a customized work of China Jinmao in the coastal area after its 15 years of deep cultivation in Sanya. The project is located in the CBD of Yazhou Bay Science and Technology City, the sub-center of Sanya city adjacent to Nanshan Cultural and Tourism Scenic Area, with convenient access to the world by land, sea and air, and is equipped with 200,000 sq.m. of sophisticated commercial properties, triple-A medical and health centers and duty-free shopping facilities.

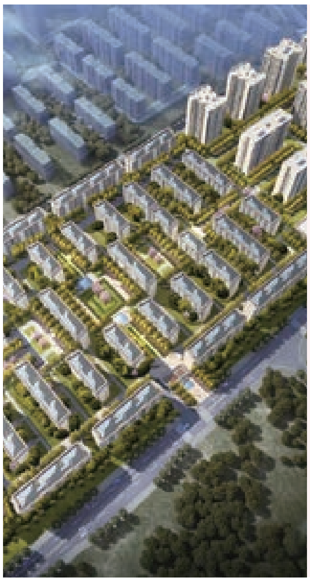
During the Period under Review, the project was sold out immediately upon its first launch, making it the first red-hot project in Sanya in one go.

Jiangyin Chengjiang Jinmao Palace Project, located in the heart of Jiangyin City next to the Jiangyin Pedestrian Street, on Renmin Road, the former site of the Yangtze River Hotel and the Jiangyin No.1 Middle School. The project is not only located in an excellent location, but also the first BREEAM certified technology residential product in Jiangyin, creating an era of green and healthy living in Jiangyin.

During the Period under Review, the project was launched for sale for the first time in December, and ranked among the top three in the city in terms of sales areas in the second half of December.

Xi'an Weiyang Jinmao Palace Project, located on the eastern shore of Weiyang Lake, the first choice of high-end improvement area in Xi'an, is surrounded by the great ecological environment of "one lake, one river and two gardens" in the core of three districts. It is the first block of large flats in the main city area of Xi'an with pure townhouse technologies and ultra low plot ratio. The project inherits the essence of Jinmao's TOP series of luxury residences and follows the 12 major technological systems of Jinmao Palace to realize a living environment with comfortable temperature, humidity, cleanliness, oxygen and quietness. The project pays tribute to the spirit of the city with smart technologies, and updates the level of urban living with low-density lake residences.

During the Period under Review, the project was launched six times and achieved hot sales each time. It has become the high-end benchmark for the entire Weiyang Lake area, ranking first in terms of average selling price and among the top five in terms of sales amount in the townhouse market in Xi'an main city area in 2020.

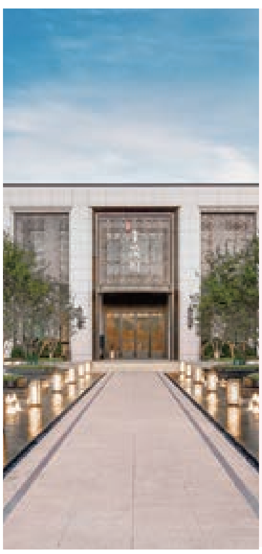


Chongqing Bishan Jinmao Residence Project, a masterpiece with craftsmanship quality dedicated to Bishan, is located at the intersection of Daishan Avenue and Tieshan Road in Green Island New District, about 1.2 km away from the net-worthy Fengxiang Lake Children's Park where one can enjoy the 2,000 mu Binhu Theme Park. The project is easily accessible, about 500 m. away from the Yunba Jukin Avenue Station, so one can enjoy the city-wide facilities with the Yunba Line running north and south of Bishan and connecting Chongqing Railway Line No. 1 and Bishan High Speed Rail Station. The community is equipped with complete community facilities such as commercial shopping, nursery and old-people's homes, community greengrocers and kindergartens, aiming to build the first high-end healthy smart community in Bishan with complete facilities for comfort of all ages.

During the Period under Review, the initial sell through rate of the project reached 72%, ranking No.1 in sales volume for the same period in Bishan district, No. 5 in annual sales amount in the sales of residential units in Bishan district, and No.2 in sales amount in the new launch of projects in Bishan district in 2020, making it one of the most popular star red projects in Bishan district.

Guiyang Guanshanhu International Community Project is located in the Guanshanhu District, one of the twin cores for urban development. The project occupies the Shubo Avenue, a key project particularly built by the municipal government with three-dimensional traffics of double tracks, three horizontal and one vertical, which are within walking distance to Shubo Wanda and Jianghua Lixing, the two major commercial centers which will open up the main sites of future urban living. The project, endowed with two hills and one river, has introduced several famous schools, with 70,000 sq.m. of self-built high-end commercial facilities. China Jinmao has built three major high-end products, namely high rises, landscape townhouses and duplex units, as the first independent masterpiece in Guiyang, so as to renew the city's ideal living with strength and craftsmanship.

During the Period under Review, the project was launched twice and achieved hot sales each time, with sell through rate of over 90%, making it a star project in the Guiyang market.



Taiyuan Longcheng • Jinmao Palace Project, located on Longcheng Street on the outskirt of Taiyuan city, and is proudly situated in the center of three functional areas: the Central Business District, the Central Landscape Zone and the Central Park. The project is surrounded by six major traffic arteries, adjacent to the MRT Line 2 Longcheng Street Station under construction which is within just 800 meters walk. The project has observed the four seasons of Taiyuan, starting from the six vital elements of "sunlight, temperature, humidity, air, sound and water", and using the 12 major green and gold technologies that fit the characteristics of local environment to customize the five palaces with comfortable health technologies in Taiyuan with comfortable temperature, humidity, oxygen, cleanliness and quietness. Backed by 11 years of experience in building residential buildings, China Jinmao has realized customized quality residence consensus of the top-tier urban population in Taiyuan, creating an ideal community form that deeply fits the needs of high-end circles.

During the Period under Review, the project achieved great success in the first launch, winning three championships in terms of the sell through rate, the total amount and the number of units sold in the first launch for high-end residential properties in the Taiyuan property market.

COMMERCIAL LEASING AND RETAIL OPERATIONS

Commercial Leasing

During the Period under Review, the leasing of various office projects of the Group performed well. The occupancy rate remained high generally with steadily fluctuated rental levels.

Occupancy rate of major office buildings

	Beijing Chemsunny World Trade Centre	Sinochem Tower	Jin Mao Tower – office portion	Nanjing Xuanwu Lake Jinmao Plaza Phase I – office portion	Changsha Meixi Lake International R&D Centre
2020	100.0%	96.1%	93.4%	93.2%	100.0%
2019	100.0%	100.0%	92.7%	86.2%	100.0%

Beijing Chemsunny World Trade Centre which is situated on Fuxingmen Nei Avenue within the financial district of Beijing, is adjacent to West Chang'an Avenue and opposite to Financial Street. It is the first premium office building in China being granted China Three-Star Green Label and USGBC's LEED-EB platinum certification at the same time.

Beijing Sinochem Tower which is situated at the heart of Beijing on Fuxingmen Wai Avenue, Xicheng District, the prime location of the business circle of Financial Street which is less than 50 metres away from the subway station of the Beijing Subway Line One, is an office building supported by sophisticated office facilities and personalised services.

Shanghai Jin Mao Tower which is situated at the Lujiazui Finance and Trade Zone of Pudong, Shanghai, is one of China's landmark buildings. The 420.5-metre-high 88-storey tower represents a perfect combination of China's traditional architectural techniques and the world's state-of-the-art technology. Its superior landmark effects make the tower one of the first choices as place of business in Shanghai for prestigious domestic and foreign corporations.

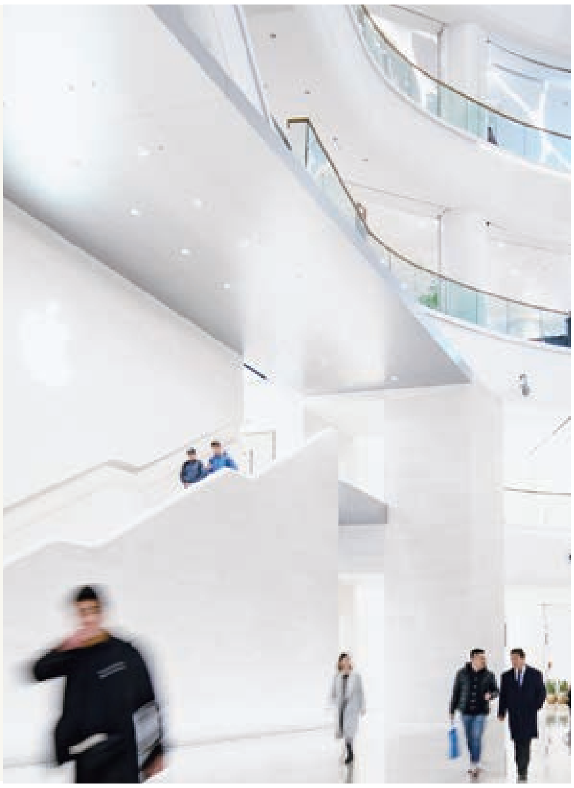
Retail Operations

Shanghai J•LIFE is located in the core area of the Lujiazui CBD in Shanghai, which commenced operation in 2005. Being the first commercial and retail business centre in the Lujiazui region, the project adhered to the line of portfolio based on experience and quality of commercial and lifestyle services, striving to attempt and explore innovative businesses constantly, and anchored with a variety of famous brands engaging in catering, healthcare and nursing, sports and social networking, and international education services, providing unique and personalised lifestyle services for high-end business customers.

During the Period under Review, the operation of Shanghai J•LIFE was stable with consistent commercial quality maintained. In the face of the epidemic, Shanghai J•LIFE actively fulfilled its social responsibilities by granting rent reductions and exemptions to commercial tenants, helping commercial tenants tide over difficulties, and increasing their promotion efforts to boost performance, which won recognition from commercial tenants.

Nanjing Jinmao Place is located in the Hunan Road business district in the main city region of Nanjing, adjacent to the Xuanwu Lake subway station in Nanjing, and occupies the best geographical location alongside the Xuanwu Lake. Since commencement of business at the end of September 2015, it has become one of the dynamic, trendy, energetic and quality shopping mall in the main city region of Nanjing. In preparation for upgrading and rebranding the Nanjing Jinmao Mall of Splendor in 2020, the consumer areas of the project have been completely upgraded. Targeting at the demand of young consumers, more relaxing and comfortable consumption settings are created.

During the Period under Review, while steadily pushing forward the preparation work for upgrading and rebranding the Mall of Splendor, Nanjing Jinmao Place also actively fulfilled its social responsibilities by granting rent reductions and exemptions to commercial tenants and helping commercial tenants tide over difficulties.

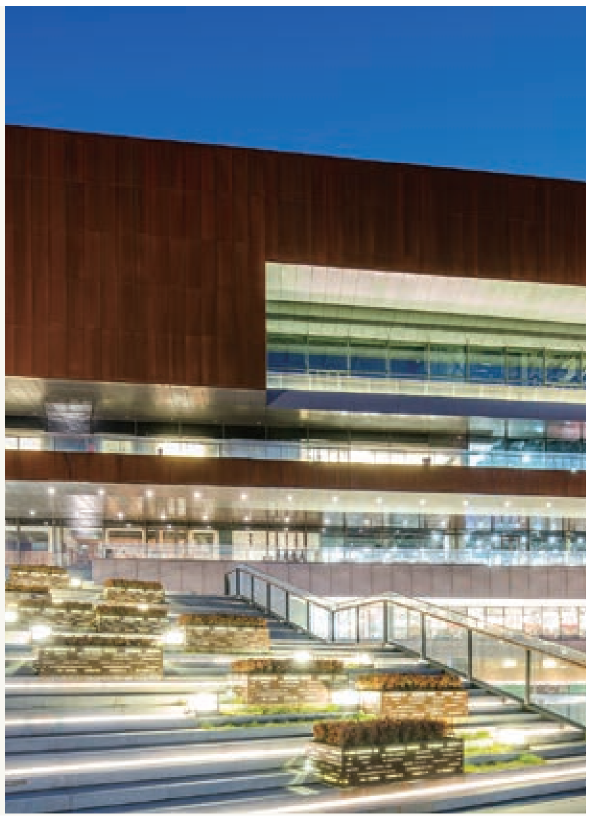


Changsha Jinmao Mall of Splendor is the first Mall of Splendor under China Jinmao, which is located in the core region of Meixi Lake, facing an excellent view of Meixi Lake, with Meixi Lake International Culture and Arts Centre to the east, and is seamlessly connected with the Changsha Metro Line No. 2. Since its opening, the project focused on the customer groups of young families and young people in Changsha, collected a variety of famous domestic brands, and presented the innovative and proprietary business forms of Jinmao. It became a gathering place for pioneer experience-based, leisure-based and social-based business lifestyles in central China.

During the Period under Review, Changsha Jinmao Mall of Splendor focused on consumption demand and consumer preference of the core customer groups. In the face of the epidemic, Changsha Jinmao Mall of Splendor actively fulfilled its social responsibilities by granting rent reductions and exemptions to commercial tenants and helping commercial tenants tide over difficulties. The project continuously innovates through taking marketing measures such as "online shopping mall" and "street-stall economy" to increase promotion efforts, and cooperates with different industries to assist in enhancing the performance of the project. The operating conditions continued improving.

Qingdao Jinmao Harbour Shopping Mall is located at the harbourfront of Jiaozhou, Qingdao, inside the Shinan District, and adjacent to the Qingdao harbour ferry terminal and cross harbour tunnel of Jiaozhou Bay. It is a commercial complex project nearest to the sea in Qingdao region. At present, the project is a gathering place for trendy living and integrated with shopping, catering, entertainment and healthcare services to satisfy the demand for high quality, one-stop and family-based shopping mall from residents in the region. It is a heartwarming harbour built for family leisure living services for 100,000 permanent residents in the surrounding region.

During the Period under Review, Qingdao Jinmao Harbour Shopping Mall followed the new model of social-commercial marketing. The project actively responded to and assisted the local government's call to "promote the organic renewal of the old city and inherit historical cultural tourism", and received strong support from the government. In the face of the epidemic, the project actively fulfilled its social responsibilities by granting rent reductions and exemptions to commercial tenants and helping commercial tenants tide over difficulties.



HOTEL OPERATIONS

Hotel Operations

General Overview

During the year, tourism and hotel industries have been hard hit by the COVID-19 epidemic. Operating in such tough market environment, our hotel operations segment implemented strict pandemic control measures to ensure the health and safety of customers and staffs. Our hotels expanded business proactively through the Internet and other channels, built up online sales models and optimized its customer base structure, and as a result, our operating results witnessed a rebound in the second half of the Year and we maintained our leading position against our fellow competitors. At the same time, we accelerated projects acquisition and platform development and implemented various innovative measures, which also achieved positive results.

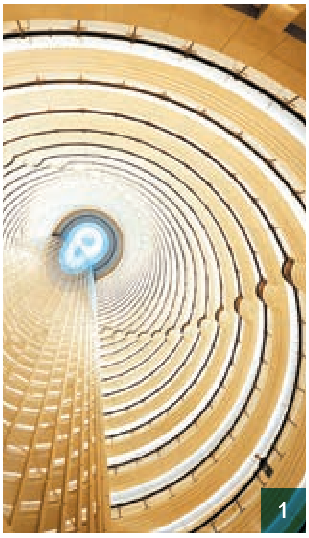
Average room rate, average occupancy rate and average revenue per available room (RMB) of each hotel for 2020

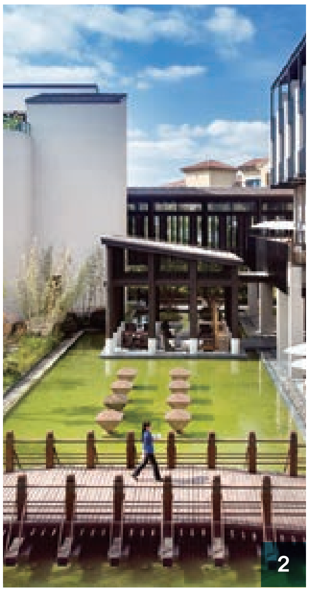
	Grand Hyatt Shanghai	Hilton Sanya Yalong Bay Resort & Spa	The Ritz-Carlton Sanya Yalong Bay	The Westin Beijing Chaoyang	JW Marriott Hotel Shenzhen	Westin Nanjing	Hyatt Regency Chongming	Renaissance Beijing Wangfujing Hotel	Lijiang Jinmao Hotel	Meixi Lake Hotel, A Luxury Collection Hotel, Changsha
Average room rate	1,114	1,127	1,973	936	872	689	670	914	801	755
Average occupancy rate	52.5%	66.9%	52.5%	33.0%	48.6%	53.0%	61.9%	41.0%	49.8%	53.3%
Average revenue per available room	585	754	1,036	309	424	365	415	375	399	402

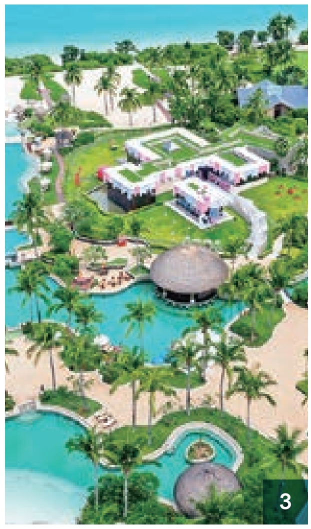
Average room rate, average occupancy rate and average revenue per available room (RMB) of each hotel for 2019

	Grand Hyatt Shanghai	Hilton Sanya Yalong Bay Resort & Spa	The Ritz-Carlton Sanya Yalong Bay	The Westin Beijing Chaoyang	JW Marriott Hotel Shenzhen	Westin Nanjing	Hyatt Regency Chongming	Renaissance Beijing Wangfujing Hotel	Lijiang Jinmao Hotel	Meixi Lake Hotel, A Luxury Collection Hotel, Changsha
Average room rate	1,391	982	1,748	1,123	1,050	763	704	1,081	712	736
Average occupancy rate	89.1%	86.1%	68.4%	85.0%	87.9%	80.1%	48.2%	87.6%	55.8%	65.4%
Average revenue per available room	1,240	845	1,196	954	923	612	339	947	398	482

Information of Projects







1 Grand Hyatt Shanghai

Situated on 53rd to 87th floors of Jin Mao Tower, a renowned landmark building in Shanghai, Grand Hyatt Shanghai was opened in 1999. The hotel was named in the Guinness World Record 2000 as the highest hotel in the world. Since its opening, leveraging its unique landmark location and high quality services, Grand Hyatt Shanghai has won over 100 hotel awards in China and from all over the world.

2 Hyatt Regency Chongming

Located in the east of Chongming Island, the third largest island in the PRC, Hyatt Regency Chongming was opened in 2014. The hotel is connected to the Pudong district in Shanghai by Chang Jiang tunnel-bridge and is located near Dongtan Wetland Park, which is also a migratory bird reserve. It received the Grand Award for Best International Commercial and Special Use Project at the 51st Annual Gold Nugget Awards applying an ecological design concept on commercial land.

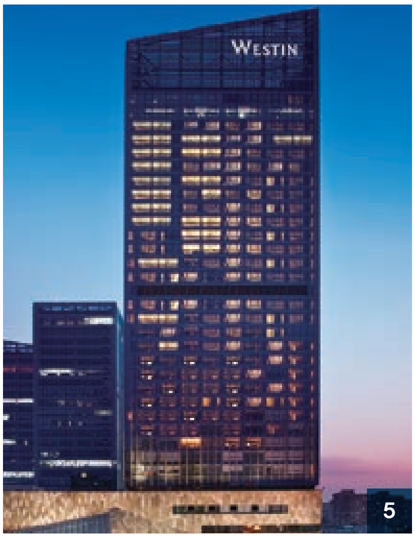
3 Hilton Sanya Yalong Bay Resort & Spa

Hilton Sanya Yalong Bay Resort & Spa, which is situated at the enchanting Yalong Bay, Hainan, was opened in 2006. The hotel is designed and built with unique features and services to provide an "unparalleled resort experience", a basic concept embodying strong southern China's characteristics.

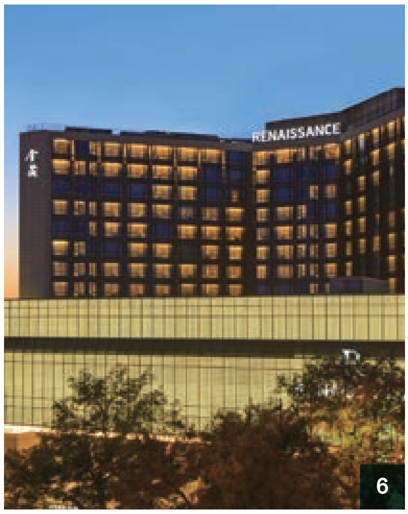
4 The Ritz-Carlton Sanya, Yalong Bay

Situated at the enchanting Yalong Bay in Sanya, the magnificent The Ritz-Carlton Sanya, Yalong Bay boasts the majestic views of South China Sea, miles-long beaches and pristine natural beauty. Since its opening in 2008, the hotel has been well received by affluent global travellers and gained recognition from the tourism industry, and has received many awards worldwide.

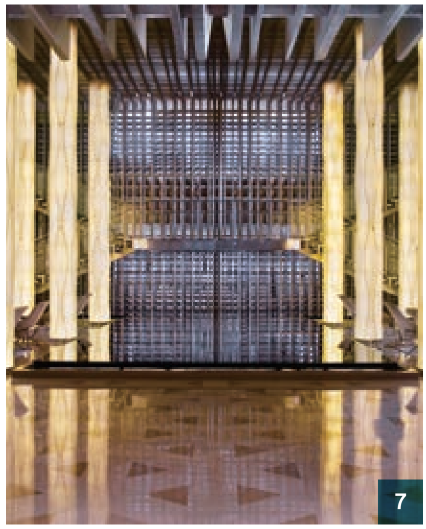
Information of Projects



5



6


7

5 The Westin Beijing Chaoyang

The Westin Beijing Chaoyang is a 34-storey luxury hotel located in the Yansha Business Circle, Chaoyang District nearby Sanlitun, the central business district ("CBD") of Beijing and home to embassies, corporate headquarters and retail shopping malls. Since its opening in 2008, the hotel has served numerous foreign heads of state sports stars and business elites, highlighting the high-end brand image of the hotel.

6 Renaissance Beijing Wangfujing Hotel

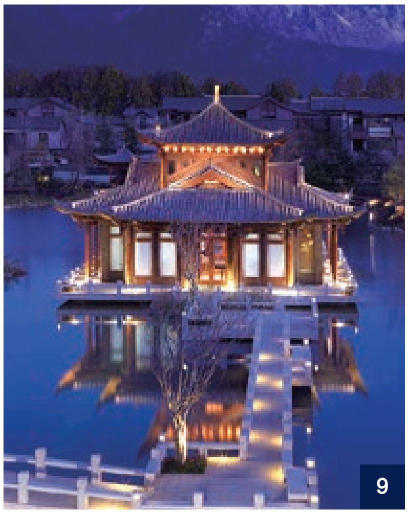
Renaissance Beijing Wangfujing Hotel, which is situated at Wangfujing Avenue and adjacent to Tian'anmen Square and Palace Museum, was opened in 2014. Its predecessor is Wangfujing Grand Hotel opened in 1995. The hotel adopts a unique dual-wing architecture design with an endless stream of spectacular palaces from the Ancient Wall of the Imperial City and The Forbidden City to the west and the modernised international metropolitan clusters in the CBD of Wangfujing to the east, blending the modern and classic into one.

7 JW Marriott Hotel Shenzhen

JW Marriott Hotel Shenzhen, which is located in Futian District, Shenzhen and in close proximity to the Shenzhen Golf Club, was opened in 2009. Its modern tropical design concept blends into the architectural style of the hotel and the local seasonal characteristics, making the hotel one of Shenzhen's landmark superior deluxe five-star business hotels.

Information of Projects

8


9


10

8 Westin Nanjing

Westin Nanjing, which is located on 23rd to 35th floors of the South Tower in Nanjing Xuanwu Lake Jinmao Plaza, was opened in 2011. The hotel has 232 guest rooms each overlooking a panoramic view of Xuanwu Lake and Purple Mountain.

9 Lijiang Jinmao Hotel • The Unbound Collection by Hyatt

Lijiang Jinmao Hotel • The Unbound Collection by Hyatt, which was opened in 2014, is situated inside Jinmao Richmond Town at the northern end of Shangri-La Avenue, is adjacent to the Old Town of Su River and connects to J • Life's exquisite commercial portion and premium quality villas.

Jinmao Purelax Mountain Hotel, Lijiang, which was opened in September 2015, is situated in Ganhaizi, Jade Dragon Snow Mountain. The hotel perfectly integrates the elements of Naxi culture and modern comfort, creating an impeccable space for clients to admire the magnificent snow mountain view from their rooms.

10 Meixi Lake Hotel, A Luxury Collection Hotel, Changsha

Officially opened in 2016, Meixi Lake Hotel, A Luxury Collection Hotel, Changsha is located at the prime location in the State-level Xiangjiang New District adjacent to Meixi Lake International Cultural & Art Centre. Taking the design of "Exploring the peach garden" and blending the cultural essence of Hu and Xiang, the hotel leads travellers from all over the world to embark on the journey of exploring the peach garden.

TECHNOLOGY AND SERVICES

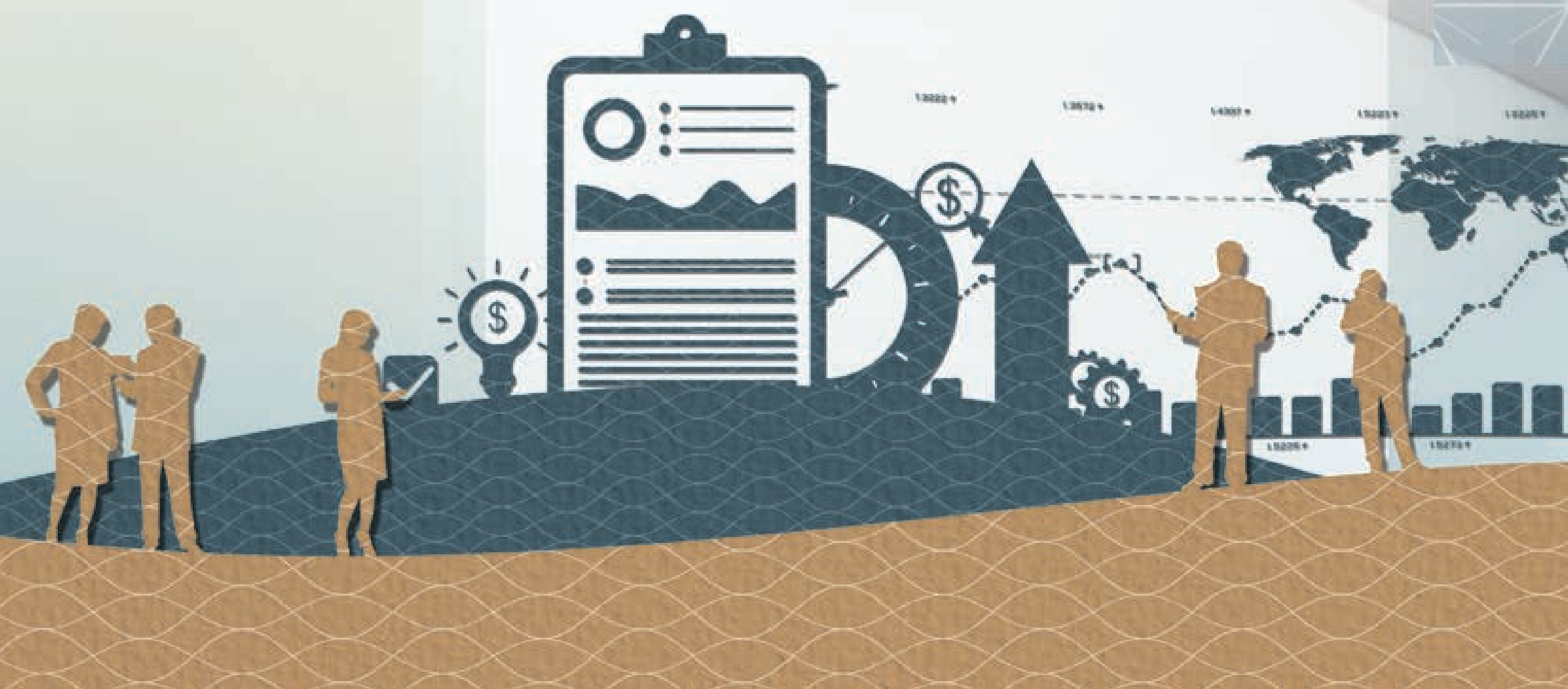
Technology

Jinmao Green Building has been upholding the core drive of technological innovation and deepening the development of the two major industries, namely smart energy and building technology. Innovation results have continued to emerge, and operating results have achieved rapid growth, maintaining good momentum of vigorous development as a whole.

In 2020, a number of regional energy and data center projects were implemented successively. It made innovations for the first time in the industry for the coupling technology of "energy station + data center" and continuously improved the overall solution of building technology to form a one-stop service model from design consultation to product supply, system integration and operational management. It also successfully explored the industrialization incubation path from the discovery of college innovation technology to equity cooperation, and was awarded as the "2020 National Industry and Academic Research Cooperation Innovation Demonstration Enterprise". Jinmao's first industry and academic research cooperation project, Huanji Hi-Tech Company, was established. The experimental base of Jinmao Green Building was officially inaugurated and was awarded as the "Beijing Intellectual Property Rights Demonstration Unit". A number of results from research and development projects were applied to build its core competitiveness.

Services

In 2020, JM Capital actively expanded financing channels, deployed technology investment and promoted landing of industrial funds, as part of its efforts to plough into the area of financial investment, so as to help reshape the value of Chinese cities and continue to establish two business segments, namely real estate fund and PE investment; Jinmao Education, as the education management platform of China Jinmao, focused on strategic synergy industries of the Company. During the Period under Review, Jinmao Education focused on international schools, formed outstanding and diverse teaching teams, and successfully incubated education complex projects; Jinmao Decoration adheres to the guidance of "marketisation, specialisation, standardisation, and refinement", and is committed to making the Company a comprehensive solution service provider in respect of the green and healthy space with smart technology; Jinmao Property, through adhering to the positioning of "Quality Life Service Provider" and "Urban Property Service Provider", continued to build two IPs of quality and wisdom and added the concept of "coexistence" in 2020 to provide high-quality asset management services and quality life solutions, to facilitate its digital transformation in depth and to promote service upgrades with technology.



GREEN STRATEGY

CHINA JINMAO GREEN STRATEGY

DESCRIPTION

In 2020, the Group continued to implement the green strategy as a crucial soft power of the Company to achieve innovative development and differentiated competition. In 2020, the Green Real Estate Research Center of China Real Estate Business adopted the "PRIMB" model to conduct comprehensive analysis and integrated evaluation on nearly 200 real estate developers from five dimensions, namely P (Policy Compliance), R (Environmental and Social Responsibility Performance), I (Green Innovation), M (Environmental Information Disclosure), and B (Green Market Benefits). China Jinmao ranked No. 1 in the Top 10 Most Competitive Centrally-owned (State-owned) Green Property Developers.

In 2020, China Jinmao obtained 36 green building certifications and labels for a total of 25 projects, including a total of 24 Guobiao green building labels, 8 BREEAM certifications, 1 LEED gold certification, 1 WELL gold certification, 1 French HQE 5-star certification and 1 Guobiao healthy 2-star certification. The above includes two Sino-British green building joint dual certifications. As of the end of 2020, the total gross floor area of projects of China Jinmao that have satisfied the design requirements of green and healthy labels or certifications was 20,983,600 sq.m. It received 219 green building certifications or labels on cumulative basis, including a total of 125 national green building certifications or labels, 52 BREEAM certifications, 28 LEED certifications, 1 passive low-energy building design certification, 8 WELL certifications, 2 Guobiao healthy building certifications, 1 French HQE 5-star certification, and 2 other provincial certification green building labels. Among the certifications obtained, all international green and healthy certifications were above gold or excellent levels. This shows that Jinmao products have persistently sought to meet and surpass high standards and quality.

In 2020, the R&D results of the Jinmao Palace 2.0 technological system were applied, and many Palace series projects adopted the Palace series 2.0 technology, among of which, the ion cascade technology was implemented in Beijing Yihe Jinmao Palace, and the design of the ion cascade technology was implemented in Beijing Dongsan Jinmao Palace; the design of the particle damping technology to absorb shock was implemented in Beijing Yihe Jinmao Palace and Xi'an Weiyang Jinmao Palace. BIPV photovoltaics were implemented in Jinan Aoti Jinmao Palace and Qingdao West Coast. The distributed exhaust air was implemented in Changzhou Chunqiu Jinmao Palace and Jiangyin Chengjiang Jinmao Palace. Other technologies such as sensorless traffic, cloud intercom, smart home scene control, and voice interaction were applied in many Palace series and even Residence series projects.

In 2020, China Jinmao continued to provide comprehensive energy services including regional heating, cooling and power supply. As at the end of 2020, 54 energy stations at city/regional/project levels were invested, constructed and operated by Jinmao Green Building with an area totalling approximately 40 million sq.m. The expected annual reduction of carbon emissions was over 370,000 tonnes, equivalent to planting of 20,970,000 trees.

2 MAJOR ACTIVITIES AND HONOURS

1. China Jinmao attended the 16th Conference on International Green and Energy-Efficient Building cum New Technologies and Products Expo

On 26 and 27 August 2020, the 16th Conference on International Green and Energy-Efficient Building cum New Technologies and Products Expo was held in Suzhou, which was jointly organised by the Chinese Society for Urban Studies, the municipal people's government of Suzhou, the US-China Green Fund, Green and Energy Efficient Building Professional Committee of the Chinese Society for Urban Studies and the Eco City Studies Professional Committee of the Chinese Society for Urban Studies. As a pioneer and leader in the green building industry in China, China Jinmao has many explorations and innovations on the road to green development over the years, and has been invited again to attend the Conference.

At the opening ceremony of the Conference held on 26 August 2020, China Jinmao made a speech around the theme of "Smart Operation with Zero Carbon, Open Development and Innovation", which introduced that China Jinmao has been adhering to the green strategy as its key strategy, and summarised into three key directions of eco-city, building life and zero-carbon operations to realise the strategic layout of "utmost green quality". Meanwhile, as indicated in the speech, exploration, development and innovation should be a persistent pursuit, and the smart "zero-carbon" city operations should be constantly deepened and pushed forward. At the opening ceremony, China Jinmao's Wenzhou Lucheng Jinmao Palace obtained the China Healthy Buildings two-star design label and international dual certifications of green buildings (including the China Green Building three-star design label and UK BREEAM Certification).

On 27 August 2020, China Jinmao held a sub-forum for its sustainable "zero-carbon" city operations around the theme of "Healthy and Smart Empowerment, Open Innovation and Development", which introduced to the participants its achievements and technological innovation since the implementation of green strategy, discussed the sustainable direction of green buildings with the guests, and shared the open and innovative platform established by China Jinmao.

At the New Technologies and Products Expo of the Conference, China Jinmao also strategically placed a showroom to demonstrate its green innovation strength to all the visitors. Due to the severe situation of the COVID-19 pandemic this year, Jinmao's green building showroom set up two display spaces of "Green and Low-carbon Lifestyle" and "Healthy and Smart Lifestyle Experience" under the theme of the Conference and with two keywords "Healthy" and "Smart" as the starting point.

As a pioneer for quality city, China Jinmao will continue to promote constructions of urbanisation in China through green development.

2. **China Jinmao was presented major awards at the China Real Estate General Rating Conference of 2020**

   On 8 December 2020, the China Real Estate General Rating Conference of 2020 was held in Beijing, which was organised by China Real Estate Business, creb.com.cn, Zhong Fang Think Tank and China Real Estate Green Procurement. Since the "Green Property Developer" award began in 2012, China Jinmao has been on the ranking list and kept on exploring and innovating to become a benchmark brand in the green building industry. By leveraging on its continuous explorations and outstanding contributions in green smart technology, China Jinmao was presented major awards and ranked No. 1 among the central and state-owned enterprises with Green Development Competitiveness in 2020.

3. **Jinmao Green Building attended the Fifth Shandong Green Building and Building Energy Efficiency New Technology & Products Expo**

   From 13 November to 15 November 2020, the Fifth Shandong Green Building and Building Energy Efficiency New Technology & Products Expo was held in the Shandong International Exhibition Centre. Under the theme of "Promote Green Development of Urban and Rural Areas and Create A Beautiful and Liveable Life", the Expo, being the largest one since its inception, had four showrooms and eight display areas to cover eight topics including smart living, healthy habitat, beautiful rural living, green construction, green construction materials, technological innovation and future cities. Jinmao Green Building attended the Expo with Jinmao Jinan as the representatives from real estate enterprises committed to technological innovation and healthy habitat. Taking "green technology and better life" as its mission, Jinmao Green Building provided solutions in health intelligence, heavy truck charging, certification and consultancy, new energy utilization, etc. to the visitors. The upgraded green Jinmao system products, particle damping noise reduction products and building integrated photovoltaic products of Jinmao Green Building were on display at the Expo, which attracted the attention and interest of many enterprises and public institutions.

4. **Jinmao Green Building attended the launch meeting cum the first working meeting of the second session of the board of China Industry Technology Innovation Strategic Alliance for Healthy Building**

   On 28 November 2020, the "launch meeting cum the first working meeting of the second session of the board of China Industry Technology Innovation Strategic Alliance for Healthy Building" was successfully held in Beijing. The meeting summarised the working achievements of the first session of the board of the Alliance, determined the composition of the second session of the board and finalised the key tasks of the Alliance under the new leadership after discussion. Jinmao Green Building attended the meeting as a member unit. Meanwhile, Jinmao Green Innovation Centre was also selected for display in the official promotional video of the Alliance.

5. **Jinmao Huichuang Building Technology Co., Ltd.* (金茂慧創建築科技有限公司) was honoured with the title of "Smart Technology Service Provider of Prefabricated Industry Chain"**

   On 31 July 2020, the 2020 China Real Estate Supplier Brand Forum cum the Double Hundred Aligning Meeting was held in Beijing around the theme of "Integrate the Industry Chain and Reshape the Product Power", which was organised by China Real Estate Business, creb.com.cn, Zhong Fang Think Tank and China Real Estate Green Procurement. Jinmao Huichuang Building Technology Co., Ltd.* (金茂慧創建築科技有限公司), a building technology company of China Jinmao, won the major award of "Smart Technology Service Provider of Prefabricated Industry Chain" by virtue of its high-quality services and good industry reputation, and became the first company to win such award in the prefabricated industry chain.

6. **Participation in the compilation of Application Protocol for PV Building Technology**

The Application Protocol for PV Building Technology is the first data-based protocol in China to set new specifications consistent with the characteristics of PV buildings from the perspective of buildings. It follows the requirements of existing building specifications and standards and focuses on the new PV characteristics of buildings. The chief compilers of this protocol included China Academy of Building Research and the Curtain Wall Engineering Institution of China Building Decoration Association* (中國建築裝飾協會幕牆工程分會), and 35 renowned enterprises in the industry (including Jinmao Green Building), design organisations and universities also participated in the compilation. On 6 November 2018, the launch of standard compilation cum the first working meeting was held at the China Academy of Building Research in Beijing. On 17 December 2019, a review meeting was held for the draft submitted for approval. In November 2020, the Company obtained a certificate for the compilers of Application Protocol for PV Building Technology with CBDA standards from China Building Decoration Association.

7. **Participation in the compilation of Technology Protocol for Middle-level and Deep Buried Pipe Ground Source Heat Pump Heating**

According to the Second Batch of Association Standard Formulation and Amendment Programme for 2018 of China Association for Engineering Construction Standardization, the chief compilers of this protocol included China Academy of Building Research and Shaanxi Sijichun Clean Heat Source Co., Ltd., and 20 renowned enterprises in the industry (including Jinmao Green Building), design organisations and universities also participated in the compilation. On 6 July 2020, this protocol passed the evaluation of experts from China Renewable Energy Society successfully, who agreed that such achievement had improved the overall research and application levels of geothermal energy heat supply, had significant implications for the efficient application of renewable energy of China, and had reached an international leading level as a whole.

8. **Participation in the compilation of Technology Protocol for Prefabricated Laminated Concrete Structure**

In recent years, the prefabricated laminated shear wall structure system has been successfully applied in a number of construction projects in China. The relevant universities, scientific research institutions and enterprises have conducted a series of experimental investigations, but the technology-related standards are relatively out-dated. The compilation of this protocol has provided industry basis and standards for the development of laminated concrete technology. This protocol is a standard of China Association for Engineering Construction Standardization, and its chief compilers included China Institute of Building Standard Design & Research and MHome Group Real Estate Development Co., Ltd.* (美好置業股份有限公司), and more than ten renowned enterprises in the industry (including Jinmao Building Technology* (金茂建築科技)), design organisations and universities also participated in the compilation. Currently, this protocol is still under compilation.

9. **The scientific research and experimental base of Jinmao Green Building was inaugurated**

On 6 August 2020, the inauguration ceremony of the scientific research and experimental base of Jinmao Green Building was held in the Renhe Sci-tech Park of Liando U Valley in Shunyi District, Beijing. The scientific research and experimental base is a detached four-storey building with an internal planned area of 966 square metres. Currently, there are five relatively separate laboratories, namely the artificial environmental chamber, PV laboratory, energy storage laboratory, reliability and electrical laboratory as well as human settlement complex laboratory, which are designed to facilitate the research and development of building technology and smart energy projects. The inauguration of the scientific research and experimental base indicated another milestone of China Jinmao's capabilities in the scientific research and innovation for green buildings, which will provide strong support for future research and development, demonstrating the strength and determination of Jinmao Green Building in research and development as well as innovation.

10. **Other honours in 2020**

- Jinmao Qingdao West Coast • Innovation and Technology City Experience Centre passed the review by the auditor of High Quality Environment (the "HQE") and the evaluation by its expert panel successfully, became the first to obtain the French HQE label in China and met the technical requirements of Exceptional, the highest rating.

- The development project of Land Parcel No. HK322-01, Tilanqiao, Hongkou District, Shanghai of China Jinmao won the Top 10 Green Projects of the Year at the China Real Estate General Rating Conference of 2020.

- In 2020, Jinmao Green Building was honoured with the titles including the Vice President Unit of China Electric Heavy Truck Charging Industry Promotion Alliance* (中國電動重卡換電產業促進聯盟) and Vice Chief Committee Member of China Photovoltaic Industry Association, which has established its brand image as an expert in the industry.

- Sinochem Jinmao Smart Energy * (中化金茂智慧能源) obtained a 5A certificate of "Cleaning and Heating Service Certification".

3 VISION OF GREEN DEVELOPMENT

In time we shape the city and the future is full of possibilities. Up to the end of 2020, China Jinmao has applied advanced green and low-carbon concept in the design, construction and operation of more than 200 projects in more than 50 cities across China, achieving comprehensive green and low-carbon transformation in the city or region as a whole.

The past is a prologue. In the journey of exploring green intelligence, China Jinmao, as the leading city operator in China, will set a "no limit" perpetual plan adhering to the principle of "In Science We Trust" to revive with more cities in search of a better tomorrow.

REVIEW ON OVERALL RESULTS

For the year ended 31 December 2020, profit attributable to owners of the parent amounted to RMB3,881.0 million, representing a decrease of 40% compared with RMB6,481.8 million (restated) in last year. Profit attributable to owners of the parent less fair value gains on investment properties (net of deferred tax) amounted to RMB3,229.5 million, representing a decrease of 47% compared with RMB6,144.4 million (restated) in last year.

The aforesaid decrease was mainly attributable to the provision for impairment of properties under development and properties held for sale as the selling prices of projects of the Group and some of its associates and joint ventures were lower than expectations caused by the regulation of the real estate market and other reasons.

Basic earnings per share, gross profit margin (by business segment) and net debt-to-adjusted capital ratio are selected by the Group as the indicators of assessment on the profitability and solvency of the Group. The analysis of these indicators can comprehensively summarise and evaluate the financial conditions and operating achievements of the Group, and effectively evaluate the management's governance level and whether the goal of maximising shareholders' interests is achieved. The following figures of last year have been restated unless otherwise specified.

REVENUE

For the year ended 31 December 2020, the revenue of the Group was RMB60,053.9 million, representing an increase of 39% compared with RMB43,355.9 million in last year.

Revenue by business segments

	For the year ended 31 December				
	2020		2019		
	RMB million	Percentage of the total revenue (%)	(Restated) RMB million	Percentage of the total revenue (%)	Year-on-year change (%)
City operations and property development	54,366.5	91	37,721.4	87	44
Commercial leasing and retail operations	1,461.4	2	1,446.8	3	1
Hotel operations	1,257.8	2	1,967.1	5	-36
Others	2,968.2	5	2,220.6	5	34
Total	60,053.9	100	43,355.9	100	39

In 2020, revenue from city operations and property development of the Group increased by 44% over that of last year to approximately RMB54,366.5 million and accounted for 91% of the total revenue, which was mainly attributable to the increase in sales properties delivered and settled as compared with that of last year. Revenue from commercial leasing and retail operations was basically the same as compared with that of last year and accounted for 2% of the total revenue. Revenue from hotel operations decreased by 36% from last year and accounted for 2% of the total revenue, which was primarily due to the impact of the epidemic. Revenue from others (primarily including the property-related revenues arising from the observation deck on the 88th floor of Jin Mao Tower, property management, green buildings technology and building decoration) accounted for 5% of the total revenue, representing an increase of 34% over that of last year, which was mainly due to the increase in revenue from building decoration, property management business, green buildings technology.

COST OF SALES AND GROSS PROFIT MARGIN

Cost of sales of the Group for the year ended 31 December 2020 was approximately RMB47,939.5 million (2019: RMB30,591.2 million). The overall gross profit margin of the Group in 2020 was 20%, which decreased by 9 percentage points as compared with 29% of last year, mainly attributable to the decrease in the gross profit margin from the city operations and property development segment.

The gross profit margin of hotel operations, commercial leasing and retail operations of the Year decreased as compared with that of last year, which was primarily due to the impact of the epidemic.

Gross profit margin by business segments

	For the year ended 31 December	
	2020	2019 (Restated)
	Gross profit margin (%)	Gross profit margin (%)
Overall	**20**	29
City operations and property development	**18**	27
Commercial leasing and retail operations	**86**	87
Hotel operations	**43**	49
Others	**23**	21

OTHER INCOME AND GAINS

Other income and gains of the Group for the year ended 31 December 2020 amounted to approximately RMB8,698.7 million, representing an increase of 42% from RMB6,135.7 million in last year. The increase was mainly due to the increase in the fair value gains on the equity interests of the investments in joint ventures or associates previously held by the Group, the gains on disposal of the Company's subsidiaries and interest income. Details are set out in note 5 to the financial statements.

SELLING AND MARKETING EXPENSES

Selling and marketing expenses of the Group for the year ended 31 December 2020 increased by 23% to RMB1,600.6 million from RMB1,302.4 million in last year, mainly due to the increase in the selling and marketing expenses for projects under sale including Zhangjiagang Smart Science City Project, Weihai Fengji • Jinmao Residence Project and Jinan Aoti Jinmao Palace Project. Selling and marketing expenses comprise primarily the advertising expenses, commissions paid to relevant sales agencies and other expenses in relation to market promotion incurred in the Group's daily operations. Selling and marketing expenses accounted for 3% (2019: 3%) of the Group's total revenue.

ADMINISTRATIVE EXPENSES

Administrative expenses of the Group for the year ended 31 December 2020 amounted to RMB3,529.4 million, representing an increase of 15% from RMB3,056.4 million in last year, mainly attributable to the Group's business expansion and the increase in general office expenses. Administrative expenses mainly comprise staff costs, consulting fees, entertainment expenses, general office expenses and depreciation expenses. Administrative expenses accounted for 6% (2019: 7%) of the Group's total revenue.

OTHER EXPENSES AND LOSSES, NET

Other expenses and losses, net of the Group for the year ended 31 December 2020 amounted to RMB4,381.3 million, representing a significant increase from RMB6.9 million in last year, mainly attributable to the provision for impairment of properties under development and properties held for sale as the selling prices of projects of the Group and some of its associates and joint ventures were lower than expectations caused by the regulation of the real estate market and other reasons.

On 31 December 2020, the Group reviewed the market conditions of properties under development and properties held for sale of the Group and its associates and joint ventures as of that date, and made provision for impairment of properties under development and properties held for sale whose net realisable value was lower than cost. The Group estimates the net realisable value of properties under development and properties held for sale mainly based on the latest selling prices and current market conditions.

FINANCE COSTS

Total interest expense of the Group for the year ended 31 December 2020 was RMB7,920.8 million, representing an increase of 14% from RMB6,962.9 million in last year, mainly attributable to the increase in loans during the Year. Among them, the interest expense capitalised by the Group amounted to RMB5,193.8 million, representing an increase of 11% from RMB4,692.1 million in last year; finance cost of the Group amounted to RMB2,727.0 million, representing an increase of 20% from RMB2,270.8 million in last year.

INCOME TAX EXPENSE

The Group had an income tax expense of RMB3,449.1 million for the year ended 31 December 2020, representing a decrease of 18% from RMB4,195.0 million in last year, primarily attributable to the decrease of profit before tax for the Year. The Group's effective income tax rate for 2020 was 36% (2019: 33%), which increased from that of last year.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

For the year ended 31 December 2020, profit for the Year of the Company amounted to RMB6,195.1 million, representing a decrease of 28% compared with RMB8,658.7 million in last year, mainly due to the provision for impairment of properties under development and properties held for sale held by the Group and the Group's associates and joint ventures in 2020. For the year ended 31 December 2020, profit attributable to owners of the parent amounted to RMB3,881.0 million, representing a decrease of 40% compared with RMB6,481.8 million in last year, and profit attributable to owners of the parent excluding fair value gains on investment properties (net of deferred tax) was RMB3,229.5 million, representing a decrease of 47% compared with RMB6,144.4 million in last year.

Basic earnings per share for the Year were RMB31.86 cents, representing a decrease of 43% compared with RMB55.64 cents in last year. The decrease in basic earnings per share was primarily attributable to the decrease in the profit attributable to owners of the parent for the Year. Basic earnings per share excluding fair value gains on investment properties, net of deferred tax, were RMB26.51 cents (2019: RMB52.74 cents).

Comparison of profit attributable to owners of the parent before and after fair value gains on investment properties, net of deferred tax

	For the year ended 31 December		
	2020 (RMB million)	2019 (Restated) (RMB million)	Year-on-year change (%)
Profit attributable to owners of the parent	**3,881.0**	6,481.8	-40
Less: fair value gains on investment properties (net of deferred tax)	**651.5**	337.4	93
Profit attributable to owners of the parent excluding fair value gains on investment properties (net of deferred tax)	**3,229.5**	6,144.4	-47
Basic earnings per share (RMB cents)	**31.86**	55.64	-43
Basic earnings per share excluding fair value gains on investment properties (net of deferred tax) (RMB cents)	**26.51**	52.74	-50

INVESTMENT PROPERTIES

As at 31 December 2020, investment properties mainly comprised the Central and West Towers and some floors of the East Tower of Beijing Chemsunny World Trade Centre, offices and retail operations of Jin Mao Tower (for lease), office portion of Sinochem Tower, office portions 6# and 16# of Shanghai International Shipping Service Center, office portion of Nanjing Xuanwu Lake Jinmao Plaza and Nanjing Jinmao Place, Changsha Meixi Lake International R&D Centre, Lijiang J•Life, Qingdao Jinmao Harbour Shopping Mall and Changsha Jinmao Mall of Splendor. Investment properties increased from RMB31,260.7 million as at 31 December 2019 to RMB33,315.4 million as at 31 December 2020. The increase was mainly due to the addition of new investment properties and the appreciation of investment properties.

PROPERTIES UNDER DEVELOPMENT

As at 31 December 2020, the current portion of properties under development comprised property development costs incurred by properties under development which have been pre-sold or are intended for sale and expected to be completed within one year from the end of the Reporting Period, whereas the non-current portion of properties under development comprised property development costs incurred by properties under development which have not yet been pre-sold and are expected to be completed after one year from the end of the Reporting Period.

Properties under development (current and non-current) increased from RMB131,511.8 million as at 31 December 2019 to RMB138,829.0 million as at 31 December 2020, mainly due to the costs newly incurred from the Hangzhou Fuchun Jinmao Xingwaitan Project, Wuhan Fangdao Smart Science City Project, Wenzhou Rui'an Guorui Mansion Project and other projects under development during the Year, which were partially offset by the transfer as a result of the sale of units in projects including Suzhou Science and Technology City Jinmao Palace Project, Hangzhou Binjiang Jinmao Palace Project and Tianjin Haihe Jinmao Palace Project upon completion of construction.

INVESTMENTS IN JOINT VENTURES

The investments in joint ventures increased from RMB11,511.4 million as at 31 December 2019 to RMB16,319.4 million as at 31 December 2020, mainly attributable to the increase in investment in Wuhan Jianfa Jinmao Royal Residence Project and Zhengzhou Fenghu Smart New District Project during 2020.

INVESTMENTS IN ASSOCIATES

The investments in associates increased from RMB7,597.7 million as at 31 December 2019 to RMB11,105.1 million as at 31 December 2020, mainly due to the increase in investment in Shanghai Hongqiao Jinmao Residence Project and Nanchang Yunjing Project during the Period under Review.

PROPERTIES HELD FOR SALE

The properties held for sale increased from RMB11,783.6 million as at 31 December 2019 to RMB19,399.6 million as at 31 December 2020, mainly due to some buildings of Chengdu Poly Hall Yue Mansion Project, Dongguan Qingxi Jinmao Noble Manor Project and Quanzhou Tan Residence Project that were completed but yet to be delivered in 2020, which were partially offset by the transfer as a result of the delivery of Beijing Fengtai Jinmao Plaza Project, Shanghai Daning Jinmao Palace Project and Guangzhou Nansha Jinmao Harbour Project upon completion of construction.

LAND UNDER DEVELOPMENT

Land under development mainly included the land costs incurred by Changsha Meixi Lake International New City Project (including Changsha Meixi Lake Primary Development Project Phase I and Phase II as well as Changsha Meixi Lake Land Block A Primary Development Project) and Nanjing Qinglong Mountain International Ecological New City Project.

The land under development (current and non-current) decreased from RMB12,695.8 million as at 31 December 2019 to RMB11,923.9 million as at 31 December 2020, mainly due to the transfer as a result of the delivery and settlement and recognition of revenue of Changsha Meixi Lake International New City Project.

TRADE RECEIVABLES

As at 31 December 2020, trade receivables amounted to RMB446.8 million, representing a decrease of 69% compared with RMB1,445.9 million as at 31 December 2019, which was primarily attributable to the recovery of receivables from sales of Nanjing Qinglong Mountain International Ecological New City Project.

TRADE AND BILLS PAYABLES

As at 31 December 2020, trade and bills payables were RMB21,906.8 million, representing an increase of 15% compared with RMB19,086.9 million as at 31 December 2019, which was mainly due to the construction costs payable for the new projects of the Group during the Year.

INTEREST-BEARING BANK AND OTHER BORROWINGS

As at 31 December 2020, interest-bearing bank and other borrowings (current and non-current) were RMB97,578.3 million, representing an increase of 1% compared with RMB96,571.7 million as at 31 December 2019. The increase in interest-bearing bank and other borrowings was due to the increase in external loans used for new project development and issue of domestic medium-term notes.

GEARING RATIO

The Group monitors its capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings less other financial assets (financial products), restricted bank balances and cash and cash equivalents. Adjusted capital comprises all components of equity and the Company's amounts due to the immediate holding company. The Group aims to maintain the net debt-to-adjusted capital ratio at a reasonable level. The net debt-to-adjusted capital ratios as at 31 December 2020 and 31 December 2019 were as follows:

	As at 31 December	
	2020 **(RMB million)**	2019 (Restated) (RMB million)
Interest-bearing bank and other borrowings (current and non-current)	**97,578.3**	96,571.7
Less: cash and cash equivalents, restricted bank balances and certain financial assets	**(52,578.8)**	(25,457.6)
Net debt	**44,999.5**	71,114.1
Total equity	**101,827.1**	92,434.4
Add: the Company's amounts due to the immediate holding company	**8,828.5**	10,065.1
Adjusted capital	**110,655.6**	102,499.5
Net debt-to-adjusted capital ratio	**41%**	69%

LIQUIDITY AND CAPITAL RESOURCES

The Group's cash is primarily used to pay for capital expenditure, construction costs, land costs (principally the payment of land grant fees and relocation costs), infrastructure costs, consulting fees of architects and designers and finance costs, the Group's indebtedness, amounts due to and loans from related parties, and fund working capital and normal recurring expenses. The Group has financed the liquidity requirements primarily through internal resources, bank and other borrowings, issue of senior notes and medium-term notes, issue of perpetual capital securities, issue of domestic corporate bonds and issue of new shares.

As at 31 December 2020, the Group had cash and cash equivalents of RMB43,455.6 million, mainly denominated in RMB, HK dollar and US dollar (as at 31 December 2019: RMB17,945.8 million).

As at 31 December 2020, the Group had total interest-bearing bank and other borrowings of RMB97,578.3 million (as at 31 December 2019: RMB96,571.7 million). An analysis of the interest-bearing bank and other borrowings of the Group is set out as follows:

	As at 31 December	
	2020 (RMB million)	2019 (Restated) (RMB million)
By term:		
Within one year	**27,771.4**	26,991.4
In the second year	**24,496.0**	20,177.7
In the third to fifth years, inclusive	**29,516.3**	34,909.3
Beyond five years	**15,794.6**	14,493.3
Total	**97,578.3**	96,571.7

Interest-bearing bank and other borrowings of approximately RMB27,771.4 million were repayable within one year and shown under current liabilities. All of the Group's borrowings are denominated in RMB, HK dollar and US dollars. As at 31 December 2020, save as interest-bearing bank and other borrowings of approximately RMB55,950.0 million that bore interest at fixed rates, other interest-bearing bank and other borrowings bore interest at floating rates. There is no material seasonal effect on the Group's borrowing requirements.

As at 31 December 2020, the Group had banking facilities of RMB173,624.5 million denominated in RMB, HK dollar and US dollars. The amount of banking facilities utilised was RMB72,057.4 million.

The Group's net cash inflow of RMB22,251.2 million up to 31 December 2020 consisted of:

A net cash inflow of RMB31,339.2 million from operating activities, which was mainly attributable to the proceeds derived from the sales of properties, property rental and revenue from hotel operations etc. by the Group, and was partially offset by the payment of land and construction costs, selling and marketing expenses, administrative expenses and tax expenses etc.

A net cash outflow of RMB303.3 million used in investing activities, which was mainly attributable to the investments made by the Group, including the increase in investments in joint ventures and associates, loans to non-controlling shareholders and acquisition of subsidiaries, partially offset by the decrease in loans to joint ventures and associates.

A net cash outflow of RMB8,784.6 million used in financing activities, which was mainly attributable to the repayment of bank and other borrowings by the Company, payment of interest, acquisition of subsidiaries under common control, payment of 2019 final dividends and 2020 interim dividends, acquisition of non-controlling interests, payment of perpetual capital instruments distributions, redemption of perpetual capital instruments and payment of dividends to non-controlling shareholders, and was partially offset by new perpetual debts, issue of new shares, loans from non-controlling shareholders, contribution from non-controlling shareholders, new bank and other borrowings and advanced investment received from third parties.

PLEDGE OF ASSETS

As at 31 December 2020, the Group's interest-bearing bank and other borrowings were secured by the Group's property, plant and equipment of RMB220.0 million, properties under development of RMB75,307.8 million, properties held for sale of RMB132.5 million and investment properties of RMB11,317.9 million.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group provided guarantees in respect of mortgage facilities for certain purchasers of the Group's properties amounting to approximately RMB30,337.8 million (2019: RMB22,867.7 million).

MARKET RISK

The Group's assets are predominantly in the form of land use rights, land under development, properties under development, properties held for sale and investment properties. In the event of a severe downturn in the property market in Mainland China, these assets may not be readily realised.

INTEREST RATE RISK

The Group is exposed to interest rate risk resulting from fluctuations in interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations. Increase in interest rates will increase the interest expenses relating to the Group's outstanding floating rate borrowings and increase the cost of new debt. Fluctuations in interest rates may also lead to significant fluctuations in the fair value of the Group's debt obligations. Starting from December 2018, the Group has engaged in hedging to manage its interest rate risk, which is expected to eliminate some of the impacts arising from interest rate fluctuations on the Group.

FOREIGN EXCHANGE EXPOSURE RISK

Substantially all of the Group's revenue and costs are denominated in RMB. Since 2016, the Group has changed to report its financial results in RMB. As the Group still has borrowings denominated in US dollars and HK dollars, the Group is exposed to the risk of fluctuations in foreign exchange rates. Starting from March 2017, the Group has engaged in hedging to manage its currency risk, which is expected to eliminate some of the impacts arising from exchange rate fluctuations on the Group. Taking into account the transaction amount under hedging activities and the unpredictability of market exchange rate fluctuations, the Group cannot assure that these hedging activities will protect the Group from fluctuations in exchange rates in the future.

NETWORK RISKS AND SECURITY

As computer system and the Internet play a key role in our operations, the Group has designated professionals to monitor and assess the potential network risks. Hardware and software are subject to tracking according to appropriate policies of the Company. Potential network risks and network security are major issues that draw the management's attention. Accordingly, the Group has put in place policies and procedures to regulate the use of the Internet, physical maintenance of system power supply and regular update of the Internet security system and firewall, in order to isolate the Company's intranet from outside networks. Designated professionals are responsible for daily monitoring of any unusual network activities.

DATA FRAUD AND THEFT RISKS

The Group continues to review and update the internal control system on data and information access. The Group has adopted appropriate policies to protect its data. Only authorised persons are allowed to login. The management considers that the existing policies and procedures are effectively implemented to avoid data fraud and theft risks.

ENVIRONMENTAL AND SOCIAL RISKS

Due to the nature of business, in the event of serious and permanent climate change in China, the Company will face moderate environmental risks. The risks may have adverse effects on property construction and operations and affect the Company's market operations and the turnover of property sales.

In addition, the outbreak of coronavirus (COVID-19) has produced an adverse impact on the economy, including the real estate sector, in Mainland China in 2020. Given the unpredictability of development of the pandemic, there is no assurance that the Group's hotel operations and the commercial leasing and retail operations will not be negatively affected. The Group has actively taken measures to control the relevant costs of the aforesaid businesses, pay attention to cash flow management, integrate existing resources and adjust business plans to make full preparation for business recovery.

Investor Relations

INVESTOR RELATIONS ACTIVITIES FOR 2020

January

Participated in the investor meeting held by BNP Paribas
Participated in the investor meeting held by Essence Securities
Participated in the investor meeting held by Morgan Stanley
Participated in the investor meeting held by Huatai Securities

March

Announced the annual results for 2019
– Held press conference
– Held analyst meeting
Carried out non-deal related roadshow online

April

Participated in the investor meeting held by Everbright Securities
Participated in the investor meeting held by Soochow Securities

May

Participated in the investor meeting held by Merrill Lynch
Participated in the investor meeting held by Haitong Securities

June

Participated in the investor meeting held by Nomura Securities
Participated in the investor meeting held by UBSS
Participated in the investor meeting held by Citibank
Participated in the investor meeting held by Haitong Securities
Participated in the investor meeting held by SWSC
Participated in the investor meeting held by Industrial Securities
Participated in the investor meeting held by Everbright Securities

July

Participated in the investor meeting held by CSC Financial

August

Announced the interim results for 2020
– Held press conference
– Held analyst meeting
Carried out non-deal related roadshow online

September

Participated in the investor meeting held by Merrill Lynch
Participated in the investor meeting held by Huachuang Securities
Participated in the investor meeting held by CSC Financial

October

Participated in the investor meeting held by Merrill Lynch

November

Participated in the investor meeting held by Merrill Lynch
Participated in the investors meeting held by Credit Suisse
Participated in the investor meeting held by Citibank
Participated in the investor meeting held by Goldman Sachs
Participated in the investor meeting held by Northeast Securities in Beijing

December

Participated in the investor meeting held by Haitong Securities in Beijing
Participated in the investor meeting held by CSC Financial in Shenzhen
Participated in the investor meeting held by Kaiyuan Securities

COMMUNICATION WITH SHAREHOLDERS

The Company considers that high-efficiency communication is a key factor for establishing sound interaction with its shareholders successfully. The Company has been committed to providing its existing and potential investors with accurate and timely information, and maintaining its communication with investors by various means, thereby enhancing the transparency of its information disclosure. The Company attaches great importance to the communications with shareholders and public investors to ensure them to have a good channel for voicing their opinions and advice on the Company's performance. At the same time, the Company may also explain the operation of projects and its development strategies.

The Company has constantly maintained a sound two-way communication with its shareholders, and provides information to shareholders mainly through the following channels:

- The Company's annual report, interim report and circulars – they are distributed to shareholders and investors, as well as analysts who are interested in the Company's performance pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules");

- Annual general meeting – the directors and other senior management of the Company are present at the meeting, answering shareholders' inquiries and exchanging opinions with them;

- The Company's interim and annual results announcement conferences – the Company announces its interim and annual results and responds to the inquiries from investors and the media;

- Voluntary disclosure of the Company's information – the Company, through different means, including investor meetings, telephone interviews, press releases and media interviews etc., announces major issues of the Company to the market in a timely and compliant manner pursuant the Listing Rules and the relevant requirement of the "Guidelines on Disclosure of Inside Information", and responds to the inquiries from investors and analysts in a timely manner;

- Periodic meetings with institutional investors and securities analysts on a voluntary basis – the Company provides information on its latest business development to attract more attention from the market. The management of the Company regularly participates in global non-deal related roadshow activities held after the publication of annual reports and interim reports to respond to queries related to its corporate development strategies and market outlook. These measures provide overseas shareholders with an opportunity to discuss with the management of the Company;

- Organising site visits – based on the development progress of its projects, the Company organises on-site visits for investors and analysts to directly visit various projects of the Company as and when necessary, and enables them to communicate with the management, so as to enhance investors' understanding of the Company's development.

In 2020, the Company's management participated in various investor meetings held online, to broaden its communication with international, Hong Kong and Mainland China investors. The Company also organised reverse roadshows in Hangzhou and Ningbo to build investors' confidence in the product quality and brand premium of the Company as well as to increase their understanding of the Company's position as a city operator. During the Year, the Company received over 100 investors and arranged over 100 investors to visit its projects in different places.

FEEDBACK FROM INVESTORS

The Company considers investors' feedback highly important. During the Year, the Company conducted several summaries and analyses on opinions from investors and analysts to have an understanding of the effectiveness of its investor relations function in a timely manner. The Company will further improve the quality of communication based on the investors' feedback to facilitate better communication with investors and analysts in future.

MARKET RECOGNITION AND HONOURS

China Jinmao won the award of "Grand Award Winner" at the 34th International ARC Awards held in 2020, and its 2019 annual report won a total of 15 awards, of which 5 were gold prizes, reflecting the widespread recognition of the Company's efforts in information disclosure and investor relations within the industry.

PROSPECTS OF OUR INVESTOR RELATIONS WORK

The Company will continue to progressively strengthen its efforts on investor relations to facilitate better communication with public investors and analysts. The Company is committed to ensuring the full compliance with the disclosure obligations under the Listing Rules and other applicable laws and regulations. In terms of compliance, we will continue to deliver the Company's latest information to the investors all over the world and enhance the Group's corporate governance standards and transparency in order to gain more trust and support from investors.

Corporate Social Responsibilities

Adhering to Sinochem Group's core value principle of "In Science We Trust" and the mission of "Unleashing Future Vitality of the City", the Group has been leading the city's high-quality development based on its strategy of "Two-Wheel and Two-Wing Driven" anchoring on leading quality, seeking sustainable development for the city, and exploring infinite possibilities to meet the people's desire for a better life. In 2020, the Company was rated with the title of the "Innovative City Operator".

CREATING EXCELLENT VALUE FOR SHAREHOLDERS

The Company insists on innovative development by stimulating corporate vitality with reform to create value for shareholders and maximise returns to shareholders. 2020 witnessed the Company's contracted value exceed RMB200 billion for the first time and its annual sales ranking enter the Top 15 for the first time, with its annual sales growth rate leading the industry for the fifth consecutive year. China Jinmao was honoured with the titles of "2020 China Top 100 Real Estate Developers by Profitability Top 10", "2020 China Top 100 Real Estate Developers by Financing Capabilities Top 10" and "2020 China Top 100 Real Estate Developers by Growth Top 10".

Maintaining investor relations. Based on the trust and support of shareholders, we continue to improve the mechanism for protecting shareholders' rights and interests and broaden the communication channels for investors. We disclose updates on investment and operating condition to domestic and foreign investors as requested by the laws and regulations, and continue to strengthen communication and exchanges with investors and other stakeholders to ensure information disclosure in a compliant, complete and accurate manner.

Enhancing investment and financing capabilities. We promote diversified low-cost financing and ensure long-term profitability by continuously exploring the opportunity for financial innovation and constantly expanding financing channels. We empower future city development with capital, make value investments with scenarios and carriers, and open up new models and paths for investment to lead to production and integration of production, investment and financing.

Strengthening risk control. We have been improving our risk management system and management tools, adhering to the principles of sound risk management, and carrying out risk management assessment and internal audit to strengthen the implementation and execution of risk management, as well as to facilitate the sustainable and healthy development of the Company. In 2020, 100% of the contracts were reviewed by legal specialists and no material risk event was identified.

Promoting anti-corruption and advocating integrity. We have been reinforcing the undertaking of responsibilities and team building, and continue to improve the anti-corruption mechanism. We have in placed sound preventive measures and reporting channels, organised education on anti-corruption as well as supervision and inspection on a regular basis to provide disciplinary protection for the implementation of the epidemic prevention and control, resumption of work and production and other deployments, and adopted a zero-tolerance policy on bribery and corruption of any forms. In 2020, no event of bribery nor corruption was identified.

BUILDING THE GOLD QUALITY FOR OUR CUSTOMERS

The Company always takes "build quality for better life" as its mission, adheres to the philosophy that "customer's demand is our pursuit", and continues to think about and explore the direction of upgrading the future human living. Guided by the needs of customers, we continue to optimise product design, improve product quality and upgrade service experience to achieve the beauty of living and the beauty of the city with extraordinary quality.

Improving the quality of products. We are deeply engaged in city operations, integrating cutting-edge technologies and concepts such as smart energy, integrated pipeline network and sponge city with cities, and continuously empowering the progress of high-quality urbanisation. By 2020, we have implemented 27 city operation projects. As a pioneer of technological residence, we always insist on exploring and upgrading "intelligent technology and green health", innovating and applying nanometer-level "PM1 ion cascade purification and sterilisation system", aerospace-level "particle damping and vibration noise reduction technology" and other technologies, to achieve another leap in the technology system of the Palace series 2.0. Meanwhile, we ensure all-round quality and safety management of the project in place and maximise risk prevention.

Upgrading service experience. We are guided by customer needs, and on the basis of standardised management and services, we have been exploring the needs and characteristics of personalised and refining services to provide a more proactive, timely and caring service experience for our customers. During the COVID-19 pandemic, we launched an epidemic prevention and control campaign under the theme of "Defending tens of thousands of families in the community", strictly implemented the control system by carrying out strict disinfection in communities, hotels and office buildings, and provided a number of attentive services such as food delivery to households, door-to-door haircuts and distribution of epidemic prevention items to protect the normal living order of owners and customers. On the basis of the high standard of service, we create a more convenient and efficient intelligent property system from the intelligent parking, intelligent travel, intelligent security, etc. We use the digital property platform as a means to build a new form of "platform + scenario" intelligent community service. The "Jinmao Luxuriance" platform makes full use of digital means to further strengthen the construction of the customer service platform, optimise and enrich the "non-contact customer service" channels, and provide services in two ways, online and offline, to meet customer needs. In 2020, residential customers' satisfaction reached a high level in the industry; office service has continued to maintain an excellent level, and both commercial project tenants and customer satisfaction scored over 95.

Strengthening customer communication. We continue to improve the feedback mechanism for customer needs, listen to customers' voices through various channels such as the 400 call center system, Ji Chuang Yi platform, Jinmao Luxuriance Platform, "Go Home" app, and in-depth interviews with owners, and provide timely feedback on customer needs. During the pandemic, we launched the"Jinmao Fan" applet and the "Online Home Purchase Live Broadcasting Room", and innovated online platform mode to realise real-time interactive communication with customers.

CONTRIBUTING A CULTURE OF GREEN FOR OUR ENVIRONMENT

Adhering to the principle of "In Science We Trust" and the "utmost green quality" strategy, the Company always focuses on "intelligent technology and green health", and strives for research and innovation to enhance our green competitiveness. The Company adheres to the principle of people-oriented, deepens the concept of eco-friendliness and harmonious coexistence, positions ourselves as a green city operator, explores the harmonious coexistence model of the trinity of people, nature and the city, and carries out a comprehensive upgrade in three aspects of eco-city, building life and zero-carbon operations. In 2020, the Company was awarded as "2020 Top 10 Most Competitive Green Property Developers" and "2020 Top 10 Most Competitive Green Commercial Property Operators".

Deepening green management. In strict compliance with the Environmental Protection Law of the People's Republic of China, Environmental Impact Assessment Law of the People's Republic of China and relevant environmental protection laws and regulations, we have promulgated and implemented China Jinmao's Administrative Guidelines on Environmental Protection. We also carry out environmental impact assessment, take management measures to tackle dust pollution, noise pollution and solid waste pollution that may arise in the course of construction and operations, and reduce the discharge or emission of general solid wastes including sewage, waste gases and construction wastes so as to reduce the impacts of construction and operations on the environment with a view to minimising environmental pollution.

Constructing green buildings. We have incorporated green and sustainable concepts into the entire process of product design, construction and supply chain management. We actively advocate green designs, push ahead green construction and carry out green operations. We voluntarily implement green and environmental requirements in each stage of the whole-life cycle of buildings to enhance the energy efficiency level of buildings, setting a model for green and healthy living. In 2020, we achieved the first breakthrough in a number of green building certifications, establishing a leading position in the industry, and obtained a total of 219 green building certifications or labels.

Building an ecological city. We insist on the integration of city, ecology, technology and humanities to build ecological cities according to local circumstances and drive sustainable development of cities persistently. In 2020, the Company continued to increase investment in research and development of smart energy, actively promoted the exploration and practice of frontier areas, accelerated the layout of smart energy projects, and vigorously promoted the use of clean energy and renewable energy. 54 energy stations at municipality, region and project level have been invested, constructed and operated, with a total energy supply area of approximately 40 million sq.m., expecting to reduce carbon emissions of over 370,000 tonnes per annum, equivalent to planting 20.97 million trees.

Spreading the green concept. The Company organises environmental protection activities to actively spread green culture and respond to the national call for low-carbon environmental protection, advocating a green and healthy lifestyle. In 2020, the Company organised and participated in the "Wuhan Fangdao Smart Science City First Green Industry Cooperation Conference", the "16th Conference on International Green and Energy-Efficient Building cum New Technologies and Products Expo" and other influential conferences in the industry to promote the formation of a broad social consensus, create a social atmosphere for environmental protection, and make the city and life greener and better.

FACILITATING A WIN-WIN PATH FOR OUR PARTNERS

Upholding the principle of "co-creating our value with our partners in pursuit of win-win results", we actively entered into comprehensive cooperation with governments, enterprises, institutions and research institutes at all levels to achieve diversified development, with a commitment to building a responsible supply chain and growing strong together with our suppliers. We continue to optimise the "linkage" resources expansion mechanism to integrate abundant industrial resources to expedite the sustainable development of the industry.

Implementing transparent procurement. We adhered to our principles of "eco-friendliness, openness, standardisation and intelligence" to ensure openness, fairness and equality of our tendering and procurement process with the transparent tendering and procurement platform. We endeavour to optimise the green supply chain database and green procurement management system and pumping the eco-friendly development concept through the whole procurement process. We evaluated the performance of our suppliers on a regular basis with the aim of continuously improving their awareness of sustainable development and their ability to fulfill their responsibilities, so as to ensure the safe, healthy and sustainable development of our supply chain.

Innovating cooperation models. We have established an open platform for innovation with the aim of continuously innovating cooperation models and stepping up our exchange and cooperation with external resources. We joined hands with HCH Ventures under Haier in setting up the Real Estate Technology Innovation Acceleration Camp, which integrated the resources from China Jinmao and Haier, such as the big data about customer demand, diversified industrial innovation scenarios and a strong tutor team to power the transformation of enterprises, which has become a model of multi-dimensional joint innovation among enterprises.

Facilitating cross-industry cooperation. We integrated our own advantageous resources and continuously deepened our cooperation and communication with governments, scientific research institutions, financial institutions, enterprises and other related parties. We entered into strategic cooperation with Alibaba Cloud and Huawei respectively, focusing on the smart technology industry and setting up joint R&D labs to expedite the city's smart development. We hosted the 2nd Jinmao Green Construction University Innovation Competition, as an effort to promote the integrated industry-university-research cooperation model and accelerate the application and conversion of the innovative scientific and technological achievements.

BUILDING A HAPPY HOME FOR EMPLOYEES

We treasure our employees as our most valuable assets and uphold our motto of "creating, sharing and growing together" as we established a sound talent management mechanism to safeguard the legitimate rights and interests of our employees, cared about their safety and health, and provided comprehensive career development channels and a broad development space for their growth, with a commitment to increasing the value of the Company and that of our employees simultaneously. As at the end of 2020, the Company had 11,592 employees.

Safeguarding employees' interests. Strictly abiding by the relevant international covenants as well as the relevant laws and regulations in the places where we operate, we continuously improve our employee management system, uphold the principles of equality and fairness in hiring and promoting our staff, eliminate discrimination and prohibit child labour and other forced and compulsory labour. We have strengthened the democratic management of our employees, enhanced the transparency of corporate affairs, and developed an institutional system for democratic management and supervision centered on the staff council system, aiming to give full play to the role of our labour union, and continuously listen and respond to the demands of our employees. Facing the wide spread of the COVID-19 pandemic, we took effective measures to protect our employees, e.g. carefully sterilising their workplaces, providing them with protective materials such as face masks, protective gowns, and disinfectants. In 2020, the union establishment rate at the Company's headquarters and its subsidiaries is 100% and the membership rate is 100%.

Optimizing the remuneration package. We have improved the remuneration and welfare system for our employees, set up an incentive scheme which is closely linked to their performance, and established a competitive remuneration system, aiming to ensure that employees' income grows in line with corporate development and employee performance. We also improved our employees' welfare, and provided them with a wide range of benefits such as enterprise annuity, long service subsidies, bonus leave and supplementary medical insurance on top of the statutory basic social insurances, aiming to enhance their happiness and sense of belonging to the Company.

Reinforcing safety responsibilities. We continued to improve our HSE organization system and management system, and optimise our health and safety rules and regulations, aiming to foster a corporate culture featuring dual responsibilities for one post with participation of all our employees, with screening hidden dangers in the production units as our gambit. Targeting at "zero accident and zero casualty", we strengthened our pre-emptive measures to keep quality and safety risks under strict control and build a solid safety defense line. Through a series of activities such as the "Safety Production Month", "Fire Drills", "Safety Skill Contests" and "Rock Campaign", we have deepened our employees' awareness of production safety with heightened responsibilities, improved safety skills and enhanced safe operation techniques. In 2020, the Company achieved its goals of "Zero" HSE accident as well as the establishment of QHSE Academy, which hosted a total of 7,075 training sessions, amounting to 295,089 training hours, with 210,579 attendees.

Helping employees grow. We hosted a wide range of vocational trainings to ignite the vitality of our workforce and help our employees grow successful. We have built a multi-echelon training system, which served to integrate internal and external resources of the professional lecturers and offer personalised training courses to our employees, aiming to facilitate the development of our talent echelon consisting of "Ark Students, young talents, Jin Cai Students and leaders" and improve the professionalism and occupational skills of our employees in different positions and sequences. We also offered training programs for young employees as we care about their career development. During the COVID-19 pandemic, we offered remote training sessions, with a number of high-quality courses on innovation, commerce, and cost management, amounting to a total of 35,510 training hours.

Enriching employee activities. We organised diversified spare-time activities for our employees to help them maintain a reasonable work-life balance, giving them personalised care to enhance their loyalty and get the best performance out of them. We organised a wide range of lively corporate cultural activities such as Sinochem Group's 70th anniversary celebration, a team building activity known as "Technology-Empowered, Targeted Charge", parent-child activities on June 1, online birthday parties, and various ball games.

DELIVERING BOUNDLESS LOVE FOR OUR COMMUNITY

Adhering to the mission of "alleviating poverty, actively participating in charity and building a harmonious community", we heartily responded to the call of the nation for targeted poverty alleviation efforts, with focuses on industrial poverty alleviation, educational poverty alleviation, and consumption poverty alleviation, as an endeavour to build the so-called moderately prosperous society.

Improving public welfare management. We continued to improve our sustainable public welfare management mechanism and explore a sustainable public welfare model. We actively delved into the model of Party building-guided public welfare, aiming to enrich our Party building culture with public welfare activities, and deepen the outreaching service function of our Party building brand. With the support of China Jinmao Charity Foundation, we have assembled a team of volunteers to constantly improve our public welfare system which is known to be "guided by the Company, sponsored by local units, coordinated by partners and participated by all", with the aim of establishing exquisite public welfare projects, integrating internal and external resources, and inspiring our stakeholders to participate in social welfare activities, so as to continuously amplify the influence of our charity brand.

Landing a decisive victory in the poverty alleviation campaign. We insist on combining poverty alleviation with "confidence restoration" and "educational support", tapping their own resources and giving full play to their professional advantages to power the economic and social development of poverty-stricken areas. Believing in the true essence of "educational poverty alleviation", we have opened "China Jinmao Mobile Library" and "China Jinmao Science Education Classroom", and set up education and medical aid funds for children and youth, striving to solve the problem of insufficient development of education and unbalanced education resources distribution. In 2020, we funded and participated in the construction of the Library for the Adolescents/China Jinmao Mobile Library in Gangba County, Shigatse City, Tibet Autonomous Region, and co-launched the "Care for Our Children (壹起童行)" campaign with Jinmao Luxuriance (金茂薈), during which we mobilised our property owners and employees to donate a total of 6,229 books to adolescents. We kept up our "Dream Fulfilment Campaign (圓夢行動)" to collect books and financial aids for children in the remote areas, with a total of 1,039 employees participating. By the end of 2020, we have built a total of 23 mobile libraries. We have also been actively carrying out poverty alleviation in Party building, i.e. signing pairing co-construction agreement with the local branch of the Party to gradually improve and enhance the standards of local Party-building. We have been vigorously promoting poverty alleviation through consumption by building a dual-channel (online/offline) purchase and sales platform, aiming to gather social resources to support the poor areas.

Combating COVID-19 and resuming work. Since the outbreak of the COVID-19 pandemic, the Company has been actively participating in the disease prevention and control efforts by launching the Three Major Steps to Combat COVID-19, i.e. rushing to the rescue of the affected areas all across the country, defending our communities from the relentless disease and helping the affected people settle down in their cozy home, while shouldering responsibilities bravely and swiftly organising donations to support the COVID-19 battle in Wuhan. At the outbreak of COVID-19, our Wuhan branch instantly completed the vacation and preparation of 220 dormitory rooms and 880 beds to facilitate the construction of Wuhan Leishenshan Hospital. We also offered rent reductions to the tenants of our shops during the Spring Festival as a sign to live through the hard time together with them. We also launched preferential premium properties to the front-line COVID-19 fighters as a sign of our efforts to combat COVID-19 and resume work as a central enterprise. Following the decisive victory in the battle against COVID-19, the Company officially signed a cooperation agreement with Wuhan Government for "China Jinmao's Wuhan Yangtze River TOD Complex Project" as an effort to help revive the devastated economy of Hubei province after the strike of COVID-19, as Wuhan City was entering a critical period of coordinated epidemic prevention and control and economic and social development.

Profile of Directors and Senior Management

Mr. NING Gaoning
Chairman and Non-Executive Director

Mr. NING, who was born in November 1958, joined the Company in May 2016 as Chairman and Non-executive Director. Mr. Ning is currently a standing committee member of the 13th National Committee of the Chinese People's Political Consultative Conference. Mr. NING joined Sinochem Group Co., Ltd. in January 2016, and currently serves as the chairman of the board of directors of Sinochem Group Co., Ltd., Sinochem Corporation and Sinochem Hong Kong (Group) Co., Ltd. He also serves as the chairman of the board of directors of Far East Horizon Limited (stock code: 03360). Mr. NING served as the chairman of the board of directors of Sinofert Holdings Limited (stock code: 00297) from March 2016 to December 2016. From October 1986 to December 2004, Mr. NING held various senior positions in China Resources (Holdings) Co., Ltd., including business manager and deputy general manager of enterprise development department, director and deputy general manager and vice chairman and general manager. Mr. NING served as the chairman of the board of directors of COFCO Corporation and director of its certain subsidiaries from December 2004 to January 2016. Mr. NING held various positions such as chairman of the board of directors of China Mengniu Dairy Company Limited (stock code: 02319) and non-executive director of China Foods Limited (stock code: 00506), China Agri-Industries Holdings Limited (stock code: 00606) and CPMC Holdings Limited (stock code: 00906) until February 2016. In addition, Mr. NING also served as an executive director of China Foods Limited until November 2013. Mr. NING was also an independent director of Huayuan Property Co., Ltd. (a company listed on the Shanghai Stock Exchange with stock code: 600743) until November 2014 and an independent non-executive director of BOC Hong Kong (Holdings) Limited (stock code: 02388) until October 2014. Mr. NING has over 30 years of experience in real estate development and investment, business management, capital market and discipline inspection and internal control. Mr. NING graduated from Shandong University in China with a bachelor's degree in Politics and Economics in 1983 and graduated from University of Pittsburgh in the United States with a master's degree in Business Administration in 1986. He was awarded the title of economist and senior international business engineer in 1987 and 2007, respectively. Mr. NING was a member of the 18th Central Commission for Discipline Inspection of the Communist Party of China (CPC) and a member of the "13th Five-Year Plan" National Development Planning Expert Panel. Currently, Mr. NING is a co-chairman of APEC Business Advisory Council (ABAC), chairman of APEC China Business Council, and an executive director of the International Chamber of Commerce (ICC). Mr. NING was awarded "CCTV China Economic Person of the Year" for three times, China's "Annual Top 25 Most Influential Business Leader Awards" by China Entrepreneur for 10 consecutive years, "China's Most Influential Business Leaders" by Fortune, "Asia Business Leader Awards" by CNBC, and "Asian Corporate Director" by Corporate Governance Asia. From 2007 to the present, Mr. NING has been a delegate of the 17th, 18th and 19th National Congress of the CPC respectively.

Mr. YANG Lin
Non-executive Director

Mr. AN Hongjun
Non-executive Director

Mr. YANG, who was born in January 1964, joined the Company in February 2014 as a non-executive Director. Mr. YANG joined Sinochem Group Co., Ltd. in 1994 and had held various positions, including deputy general manager of the finance and accounting departments, general manager of the finance department, deputy general manager of the investment and development departments, general manager of the fund management department, deputy chief accountant of Sinochem Group Co., Ltd., and deputy chief financial officer of Sinochem Corporation. Mr. YANG is currently the chief accountant of Sinochem Group Co., Ltd. and the chief financial officer of Sinochem Corporation. He also holds directorships and senior management positions in various subsidiaries and/or affiliates of Sinochem Group Co., Ltd. Mr. YANG was a supervisor of China State Construction Engineering Corporation Limited, (a company listed on the Shanghai Stock Exchange, stock code: 601668) from 2007 to 2010. Mr. YANG was a non-executive director of Sinofert Holdings Limited (stock code: 00297) from 2010 to 2020. Since October 2009, Mr. YANG has been a non-executive director of Far East Horizon Limited (of which Sinochem Group Co., Ltd. is a substantial shareholder, stock code: 03360). Mr. YANG has been a director of Sinochem International Corporation, a subsidiary of Sinochem Group Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600500) since June 2010. Mr. YANG has over 20 years of experience in fund management. Mr. YANG worked at Siemens AG and Wella AG from 1993 to 1994. Mr. YANG graduated from Tianjin University of Commerce with a bachelor's degree in Commercial Enterprise Management in 1985. He pursued a study of enterprise management courses in University of Stuttgart in Germany from 1990 to 1993.

Mr. AN, who was born in July 1975, has been a non-executive Director of the Company since November 2015. Mr. AN joined New China Asset Management Corporation Limited in May 2010 and served successively as the deputy general manager of the project investment department (in charge of daily operations) and the general manager of the international business department. He has been an executive director and the president of New China Asset Management (Hong Kong) Limited since April 2013. Mr. AN has served as a non-executive Director of Guotai Junan Securities Co., Ltd. (stock code: 02611; a company also listed on Shanghai Stock Exchange, stock code: 601211) since December 2019. Prior to joining New China Asset Management Corporation Limited, Mr. AN had held various positions, including project manager, macro researcher and research analyst, in Northeast Securities Co., Ltd., The People's Insurance Company (Group) of China Limited and China Life Franklin Asset Management Company Limited. Mr. AN has over 15 years of practical experience in securities, insurance and investment sectors, and has mastered a general knowledge in macroeconomics, securities investment and real estate industries, and had in-depth research on corporate governance, development strategies, etc. Mr. AN obtained his bachelor's degree in Economics at Jilin University in 1998, and a master's degree in Economics at Jilin University in 2002, and then the doctor's degree in Economics at Jilin University in 2006. Mr. AN obtained the Securities Practitioner Qualification Certificate issued by the Securities Association of China and the license to carry on businesses including advising on securities and asset management granted by Securities and Futures Commission of Hong Kong.

Mr. CHENG Yong
Non-executive Director

Mr. CHENG, who was born in November 1973, has been a non-executive Director of the Company since August 2020. He joined the strategic planning department of Sinochem Group Co., Ltd. in August 1999. He served as an assistant to the general manager, the deputy general manager and the general manager of the strategic planning department of Sinochem Group Co., Ltd. from August 2002 to December 2016, the vice president of the agricultural business department of Sinochem Group Co., Ltd. from January 2017 to October 2018, and the managing director of Sinochem Agriculture Holdings Limited from October 2015 to October 2018. Mr. CHENG has been the deputy director of the human resources department of Sinochem Group Co., Ltd. since October 2018, and the executive vice president of Sinochem Innovation Management Institute (中化創新管理學院) since December 2018. Mr. CHENG has also been a director of a number of subsidiaries of Sinochem Group Co., Ltd., including Sinochem Qingdao Co., Ltd., Sinochem Lantian Co., Ltd., China Foreign Economy and Trade Trust Co., Ltd. and Sinochem Capital Co., Ltd. since May 2012. Mr. CHENG has over 20 years of extensive experience in economic and trade, agricultural industry, corporate strategy and human resources management. Mr. CHENG obtained a bachelor's degree in international trade from the department of economics and trade of Anhui Institute of Finance and Trade in 1994, a master's degree in business economics from the department of economics and trade of Anhui Institute of Finance and Trade in 1996, a doctoral degree in applied economics from the department of finance and trade of the Graduate School of Chinese Academy of Social Sciences in 1999, and an executive master's degree in business administration from Xiamen University in 2008. Mr. CHENG is a senior economist, a Chinese certified public accountant and a qualified lawyer in the PRC.

Mr. WANG Wei
Non-executive Director

Mr. WANG, who was born in October 1968, has been a non-executive Director of the Company since August 2020. Mr. WANG joined Ping An Insurance (Group) Company of China, Ltd. in early 2013. Mr. WANG served as the managing director of Ping An Real Estate Capital Ltd. from 2013 to 2018, and has been the managing director of strategic investment of asset management center in Ping An Insurance (Group) Company of China, Ltd. since August 2018. Prior to joining Ping An Insurance (Group) Company of China, Ltd., Mr. WANG served as an analyst in the treasury department of the head office of Bank of China Limited from 1991 to 1994, an associate, vice president and senior vice president of the fixed income and equity capital market divisions at J.P. Morgan (New York headquarters, Singapore and Hong Kong) from 1994 to 2000 and 2002 to 2005, a member of the China management committee, the managing director and co-head of the China fixed income and derivatives division at UBS Group (Hong Kong) from 2005 to 2007, a vice president and the chief financial officer of Sunshine 100 China Holdings Ltd. from 2008 to 2009, and the managing director and China head of Forum Partners from 2009 to early 2013. Mr. WANG served as a non-executive director of Wuzhou International Holdings Limited (stock code: 01369) from September 2014 to June 2018, and has been a non-executive director of CIFI Holdings (Group) Co. Ltd. (stock code: 00884) since November 2018, and a non-executive director of China Fortune Land Development Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600340) since October 2018. Mr. WANG has over 25 years of extensive experience in domestic and overseas capital markets with a focus on real estate industry investment over the past 12 years. Mr. WANG obtained a bachelor's degree in economics, majoring in international finance, from the department of world economy of Fudan University in 1991, and a master's degree in business administration from Columbia Business School, the United States in 2002.

Mr. LI Congrui
Executive Director and Chief Executive Officer

Mr. JIANG Nan
Executive Director and Chief Financial Officer

Mr. LI, who was born in March 1971, joined the Company in April 2009 as Vice President. Mr. LI has been serving as an executive Director of the Company since June 2011 and an executive Director and the Chief Executive Officer of the Company since January 2013. Mr. LI also holds positions in a number of subsidiaries of the Company. He has been serving as a non-executive director of Jinmao (China) Hotel Investments and Management Limited (a company delisted from The Stock Exchange of Hong Kong Limited in October 2020, stock code before the delisting: 06139) and Jinmao (China) Investments Manager Limited since March 2014, and has been the chairman of the board of directors since April 2016. Mr. LI also has been serving as the chairman of the board of directors of Sinochem Franshion Properties (Beijing) Co., Ltd. and Jinmao Investment (Changsha) Co., Ltd., and an executive director of Shanghai Jinmao Investment Management Group Co., Ltd. Mr. LI joined Sinochem Group Co., Ltd. in 1997, and had held various senior management positions in Shanghai Orient Terminal Co., Ltd. and Sinochem International Industrial Corp. From 2003 and prior to joining the Company, Mr. LI was a director and the general manager of Zhoushan State Oil Reserve Base Company Limited. Mr. LI has over 20 years of experience in strategy management, corporate governance, organisational construction, appraisal and analysis on project investment, project management and large project construction. Mr. LI obtained a bachelor's degree in Petroleum Geology and Exploration from the Petroleum Department of China University of Geosciences (Wuhan) in 1994. He earned a master's degree in Petroleum Development from the Research Institute of Petroleum Exploration & Development in 1997 and an Executive Master of Business Administration degree from China Europe International Business School (CEIBS) in 2007.

Mr. JIANG, who was born in April 1973, joined the Company in January 2006 as the Chief Financial Officer of the Company and has been involved in the day-to-day management of the Company since then. Mr. JIANG served as an executive Director of the Company from 2007 to 2011, and has been redesignated as an executive Director of the Company since August 2015. Mr. JIANG also holds positions in a number of subsidiaries of the Company, including a director and the general manager of Jinmao Capital Holding Limited, and a non-executive director of Jinmao (China) Hotel Investments and Management Limited (a company delisted from The Stock Exchange of Hong Kong Limited in October 2020, stock code before the delisting: 06139) and Jinmao (China) Investments Manager Limited. He is in charge of the direction and management of the Company's strategic operations, accounting and finance, capital market, investor relations and budget assessment. He joined Sinochem Group Co., Ltd. in August 1995 and worked in the finance department of Sinochem Group Co., Ltd. from 1995 to 2002. He was the Treasurer of Sinochem Hong Kong (Group) Company Limited from August 2002 to January 2006, responsible for handling the financial management and investment projects, and the operation of overseas funds of Sinochem Group Co., Ltd. Mr. JIANG has over 20 years of experience in corporate finance and accounting management. Mr. JIANG earned a bachelor's degree in finance from China Institute of Finance in 1995 and a master's degree in finance from Central University of Finance and Economics in 2003. He obtained the Accounting Qualification Certificate in 1999 and is now an associate member of the Association of International Accountants (AIA).

Mr. SONG Liuyi
Executive Director and Senior Vice President

Mr. SONG, who was born in November 1975, joined the Company as the assistant to the president of the Company in May 2011 and became the vice president of the Company in January 2013. He has been serving as the senior vice president of the Company since March 2017, and has been an executive Director of the Company since August 2017. Mr. SONG also holds positions in a number of subsidiaries of the Company, including the director and the general manager of Sinochem Franshion Properties (Beijing) Co., Ltd., Beijing Franshion Yicheng Properties Company Limited and Beijing Franshion Tuoying Property Development Co., Ltd. Mr. SONG joined Sinochem Group Co., Ltd. in 2001 and worked at the investment business department of Sinochem International Corporation, the investment department and general office of Sinochem Group Co., Ltd. Mr. SONG has nearly 20 years of experience in project investment, real estate development and corporate management. Mr. SONG obtained a bachelor's degree in high polymer materials and processing from the Beijing Institute of Technology in 1998 and a master's degree in materials from the Beijing Institute of Technology in 2001.

Mr. SU Xijia
Independent non-executive Director

Mr. SUEN Man Tak
Independent non-executive Director

Mr. SU, who was born in September 1954, has been an independent non-executive Director of the Company since March 2007. He was an assistant professor in 1996 and subsequently an associate professor in the Department of Accountancy of City University of Hong Kong. He has joined China Europe International Business School (CEIBS) since July 2010 as a professor of accounting. His research focuses on corporate governance and auditing practices of PRC listed companies. He has also been appointed as the special researcher by the CICPA since 2005. He has given lectures at the China Securities Regulatory Commission, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, major commercial banks and various universities in China. He was an independent director of Shenzhen SEG Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000058) from 2002 to 2008 and an independent director of Shenzhen Topray Solar Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 002218) from 2007 to 2010, respectively. He was an independent director of World Union Property Consultancy (China) Limited (a company listed on the Shenzhen Stock Exchange, stock code: 002285) from 2007 to 2013, and an independent director of Huazhong In-vehicle Holdings Company Limited (stock code: 06830) from 2011 to 2013. From 2010 to 2016, he served as an independent director of Sundy Land Investment Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600077). From 2011 to 2017, he served as an independent director of Shenzhen Ellassay Fashion Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 603808), and from 2014 to 2017, he served as a non-executive director of Jiangsu Changbao Steel Tube Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 002478). Mr. SU has been serving as an independent director of Industrial Bank Co., Ltd. since 2017, and he has been an independent director of Opple Lighting Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 603515) and Fujian Sanmu Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange, stock code: 000632) since June 2018. Mr. SU has over 20 years of experience in corporate governance and accounting practice. Mr. SU earned a bachelor's degree in Accounting from Xiamen University in 1982. He obtained his PhD degree from Concordia University of Canada in 1996.

Mr. SUEN, who was born in June 1958, has been an independent non-executive Director of the Company since November 2020. He has extensive experience in the enforcement of securities and futures related legislation as well as commercial crime investigations. Mr. SUEN had served with the Securities and Futures Commission of Hong Kong for more than 17 years. He is now a practicing barrister-at-law specializing in litigation and advisory matters in relation to the Securities and Futures Ordinance, the Codes on Takeovers and Mergers and Share Buy-backs, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission of Hong Kong, market misconduct, white collar crimes and anti-money laundering activities. Mr. SUEN has been an independent non-executive director of Sino-Ocean Group Holding Limited (stock code: 03377) since December 2015, and an independent non-executive director of Zijin Mining Group Co., Ltd. (stock code: 02899) since December 2019. Mr. SUEN received his master's degree in accountancy from the Charles Sturt University, Australia in September 1996. He further obtained a degree of juris doctor in July 2010 and a postgraduate certificate in laws in July 2011, both from the City University of Hong Kong. He was called to the Hong Kong Bar in February 2013. Mr. SUEN has been a member of the Hong Kong Institute of Certified Public Accountants since July 1998 and a member of the Hong Kong Securities and Investment Institute since April 1999.

Mr. GAO Shibin
Independent non-executive Director

Mr. ZHONG Wei
Independent non-executive Director

Mr. GAO, who was born in March 1964, has been an independent non-executive Director of the Company since November 2015. Mr. GAO is currently an independent consultant of enterprise strategy and investment expansion in the real estate field. Mr. GAO served as an independent non-executive Director of the Company from July 2007 to June 2011. Mr. GAO worked for Jones Lang LaSalle Beijing from April 2003 to May 2008 and was a national director before departure. He served as the managing director for China of Standard Chartered Asia Real Estate Fund Management Company from June 2008 to September 2009. He was the managing director of Tishman Speyer Properties and the general manager of its Beijing branch from October 2009 to October 2015. Mr. GAO worked as a project manager, a senior business manager and a senior investment manager for several investment and project management companies in the UK, Hong Kong and Canada between 1996 and 2003. Mr. GAO has over 20 years of experience in real estate development and investment, real estate finance and asset management. Mr. GAO obtained a bachelor's degree in Civil Engineering and a master's degree in Building Economics and Management from Tsinghua University in 1987 and 1989, respectively. He obtained his PhD degree in Property Development and Management from the University of Manchester in the UK in 1998. Mr. GAO is a member of the Royal Institution of Chartered Surveyors and an assessor of its membership qualification.

Mr. ZHONG, who was born in February 1969, has been an independent non-executive Director of the Company since August 2020. Mr. ZHONG has been a professor of the department of finance of the Business School of Beijing Normal University since July 2003. Prior to that, Mr. ZHONG served as an assistant engineer at Wuxi Alarm Devices Factory from July 1990 to July 1992, a lecturer at the Business School of Jiangnan University from July 1994 to July 1997, and an associate professor of the Business School of Beijing Normal University between 1999 and 2003. Mr. ZHONG served as an independent director of Dongxing Securities Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 601198) from August 2010 to March 2017, and has been an independent non-executive director of China Resources Land Limited (stock code: 01109) since April 2017, and an independent non-executive director of Seazen Group Limited (stock code: 01030) since December 2014. Mr. ZHONG has over 20 years of experience in the areas of corporate governance, finance and real estate research. Mr. ZHONG obtained a bachelor's degree in science from the department of physics of Nanjing University in 1990, a master's degree in management engineering from the School of Economics and Management of Southeast University in 1994, a doctoral degree in economics from Beijing Normal University in 1999, and a post-doctoral degree in management science and engineering from Tongji University in 2004.

Mr. ZHANG, who was born in October 1970, has been a vice president of the Company since January 2010. From March 2014 to October 2017, he was redesignated as the chief executive officer and executive director of Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited (a company delisted from The Stock Exchange of Hong Kong Limited in October 2020, stock code before the delisting: 06139) and Jinmao (China) Investments Manager Limited, and he has been redesignated as a non-executive director of these companies since October 2017. Mr. ZHANG has served as the senior vice president of the Company since October 2017. Mr. ZHANG is currently an executive director of a number of subsidiaries of the Company including Jinmao Xinan Enterprise Management (Chongqing) Limited. Mr. ZHANG joined Sinochem Group in 2002 and held a number of senior positions including the general manager of Shanghai Orient Terminal Co., Ltd. Before joining Sinochem Group Co., Ltd., he worked at Shanghai Offshore Petroleum Bureau of China Petrochemical Corporation from 1995 to 2002. Mr. ZHANG has over 20 years of experience in large-scale project development and management, project investment planning and corporate governance. Mr. ZHANG graduated from China University of Geosciences (Wuhan) with a bachelor's degree in oil and gas reservoir engineering in June 1995 and obtained a executive master's degree in business administration from China Europe International Business School in September 2008. He obtained the Professional Certificate of Specialty and Technology and was awarded with the title of Senior Economist in December 2011. He was a delegate in the 14th Session of the Shanghai Municipal People's Congress.

Mr. TAO, who was born in October 1975, has been a vice president of the Company since January 2017 and a senior vice president of the Company since October 2017. Upon joining China Jin Mao (Group) Co., Ltd. in July 2000, Mr. TAO has served as the manager of planning management at the corporate planning department and the general manager of the strategic planning department. He successively served as the general manager of the strategic operations department, general manager of the cost contracting department and assistant to the president of the Company from October 2009. Mr. TAO currently serves as an executive director and chairman of a number of subsidiaries of the Company, including Jinmao (Shanghai) Real Estate Co., Ltd., Franshion Properties (Hangzhou) Co., Ltd., Franshion Properties (Ningbo) Co., Ltd. and Franshion Properties (Suzhou) Co., Ltd. Mr. TAO has more than 15 years of experience in hotel and real estate development and management, and accumulated extensive practical experience in areas of corporate management, strategic management, operations management, etc. Mr. TAO obtained a bachelor's degree in Information Management from Northeast Normal University in July 1997 and a master's degree in Economics from Fudan University in July 2000.

Mr. WEI Zhe
Senior Vice President

Mr. WEI, who was born in June 1970, has been a vice president of the Company since January 2017 and a senior vice president of the Company since October 2017. Upon joining the Company in October 2013, he served as an assistant to the president of the Company. He is currently the chairman, executive director and general manager of a number of subsidiaries of the Company, including Guangzhou Jinmao Properties Co., Ltd. and Foshan Maoxing Property Development Co., Ltd. Mr. WEI began his career in July 1991. He was the deputy secretary of the Youth League General Branch of the Design Review Office of Shaanxi Provincial Planning Commission from July 1991 to May 1995. He worked at China State Construction Engineering Corporation Limited from May 1995 to October 2013, during which he served as the architectural designer and the person-in-charge of project design of China Construction Northwest Design & Research Institute, senior architect of the planning and design centre of China Overseas Property Group Co., Ltd., director and deputy chief architect of China Overseas Property (Xi'an) Co., Ltd., deputy director of design of China Overseas Property Group Co., Ltd. (North China), and director and design director of China Overseas Property Chongqing Co., Ltd. He served as the general manager of China State Construction Land, Changsha Branch and general manager of Changsha CSC Investment Co., Ltd. from July 2011 to October 2013. Mr. WEI is a Grade-1 registered architect and has accumulated more than 20 years of extensive experience in design and real estate project development and management. Mr. WEI obtained a bachelor's degree in Architecture from North-western Institute of Architectural Engineering in July 1991.

Mr. LIAO Chi Chiun
Company Secretary

Mr. LIAO, who was born in January 1968, has been the Chief Accountant, Qualified Accountant and Company Secretary of the Company since March 2007. Prior to joining the Company, he served as an accountant of SEA Holdings Limited between 1997 and 2006. He has over 20 years of experience in Hong Kong and PRC accounting practice relating to property leasing and development. Mr. LIAO earned a BA (Hons) degree in Accounting from De Montfort University, England in 1995. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the HKICPA.

Corporate Governance Report

CODE ON CORPORATE GOVERNANCE

Since its establishment, the Company has been committed to enhancing the level of its corporate governance. The Company has adopted its own code on corporate governance which sets out all code provisions, except as described below, and most of the recommended best practices set out in the Corporate Governance Code in Appendix 14 to the Listing Rules (the "Corporate Governance Code"). The Company will continue to improve its corporate governance practices, focusing on maintenance and enhancement of the management quality of the Board, internal control and high transparency to shareholders, so as to increase the confidence of shareholders in the Company. The Company believes that good corporate governance is crucial to maintaining its long-term healthy and sustainable development and is vital for the interests of its shareholders.

Provision A.4.2 of the Corporate Governance Code stipulates that a Director appointed to fill a casual vacancy shall be subject to re-election by shareholders at the first general meeting after the appointment, while the Articles of Association of the Company provides that such a Director shall be subject to re-election by the shareholders at the first annual general meeting after the appointment. There is minor difference between the practice of the Company and that of the Corporate Governance Code, and the Company believes that the election by the shareholders at the first annual general meeting after the appointment of the Director who fills a casual vacancy will not adversely affect the operation of the Company.

In 2020, the Company complied with all provisions of its own code on corporate governance, except for paragraphs A.5.1 and E.1.2 of the Corporate Governance Code.

Pursuant to the requirements of paragraph A.5.1 of the Corporate Governance Code, issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors. Following the retirement of Mr. LAU Hon Chuen, Ambrose as an independent non-executive Director, chairman of the Remuneration and Nomination Committee and chairman of Independent Board Committee of the Company on 10 June 2020, the composition of the Remuneration and Nomination Committee of the Company no longer fulfils the requirement of such paragraph A.5.1. Mr. GAO Shibin, an independent non-executive Director, was appointed by the Board as a member of the Remuneration and Nomination Committee with effect from 16 July 2020, and Mr. ZHONG Wei, an independent non-executive Director, was appointed as the chairman of the Remuneration and Nomination Committee and each of Mr. CHENG Yong and Mr. WANG Wei, each being a non-executive Director, was appointed as a member of the Remuneration and Nomination Committee with effect from 27 November 2020. The Company has re-complied with the requirement of paragraph A.5.1 of the Corporate Governance Code since 27 November 2020.

Pursuant to the requirements of paragraph E.1.2 of the Corporate Governance Code, the chairman of the Board shall attend the annual general meeting. Mr. NING Gaoning, the Chairman of the Company, failed to attend the 2019 annual general meeting of the Company due to other business commitments. Mr. LI Congrui, an executive Director and the Chief Executive Officer of the Company, chaired the meeting on his behalf.

BOARD OF DIRECTORS

The Board is accountable to the shareholders and is responsible for the Group's overall strategy, internal control and risk management system. In order to fulfil its responsibilities, the Board has established and adhered to explicit operating policies and procedures, reporting hierarchy and delegated authority. The management is authorised to handle the daily operations of the Group.

The Board is responsible for managing the overall business of the Company and overseeing the functions performed by the subordinate special committees. In particular, the internal control practices are mainly reflected in the following areas:

- management and monitoring of the Group's assets, liabilities, revenues and expenditures as well as proposing changes in areas critical to the Group's performance;

- strategic capital investments and new projects – the implementation of stringent project review and approval process, purchasing and tendering procedures and diligent assessment of its implementation upon completion;

- financial and operational performance – through overall strategic planning, the implementation and maintenance of the effective financial management system and the improvement of the performance-driven operational monitoring system;

- management of relationship with stakeholders of the Company – through frequent communication with partners, governments, customers and other parties who have legal interests in the business of the Company;

- risk management – continuous risk management through review of the reports from the Audit and Risk Management Department to identify, evaluate and appropriately manage the risks faced by the Company; and

- corporate governance – formulation and review of the Company's corporate governance policies and practices; review and monitoring of the training and continuous professional development of Directors and senior management; review and monitoring of the Company's policies and practices in relation to compliance with laws and regulatory requirements; formulation, review and monitoring of the code of conduct for employees and Directors; as well as review of the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

With respect to Board diversity, the Directors have different professional backgrounds, providing professional advice to the Company in their respective area of expertise. As of the date of this report, the Board consisted of the following twelve Directors. The term of office of each of the Directors is three years from their respective dates of appointment:

NON-EXECUTIVE DIRECTORS

Mr. NING Gaoning (Chairman)
Mr. YANG Lin
Mr. AN Hongjun
Mr. CHENG Yong
Mr. WANG Wei

EXECUTIVE DIRECTORS

Mr. LI Congrui (Chief Executive Officer)
Mr. JIANG Nan (Chief Financial Officer)
Mr. SONG Liuyi (Senior Vice President)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. SU Xijia
Mr. SUEN Man Tak
Mr. GAO Shibin
Mr. ZHONG Wei

The respective terms of office of Mr. LI Congrui, Mr. YANG Lin and Mr. SU Xijia as the Directors of the Company expired at the annual general meeting held on 10 June 2020. They, being eligible for re-election, were re-elected as the Directors of the Company.

Mr. LAU Hon Chuen, Ambrose retired as an independent non-executive Director, chairman of the Remuneration and Nomination Committee and chairman of Independent Board Committee of the Company with effect from 10 June 2020 due to his other engagements. Mr. LAU has confirmed that he has no disagreement with the Board and there are no matters relating to his retirement that need to be brought to the attention of the shareholders.

Mr. GAO Shibin, an independent non-executive Director, was appointed by the Board as a member of the Remuneration and Nomination Committee with effect from 16 July 2020. With effect from 24 August 2020, (i) Mr. CHENG Yong and Mr. WANG Wei were appointed by the Board as non-executive Directors of the Company; and (ii) Mr. ZHONG Wei was appointed by the Board as an independent non-executive Director of the Company. With effect from 27 November 2020, (i) Mr. SUEN Man Tak was appointed by the Board as an independent non-executive Director and a member of the Audit Committee of the Company; (ii) Mr. AN Hongjun, a non-executive Director, was appointed by the Board as a member of the Audit Committee, and ceased to be a member of the Remuneration and Nomination Committee; (iii) Mr. ZHONG Wei, an independent non-executive Director, was appointed by the Board as the chairman of the Remuneration and Nomination Committee, and each of Mr. CHENG Yong and Mr. WANG Wei, each being a non-executive Director, was appointed by the Board as a member of the Remuneration and Nomination Committee; and (iv) Mr. SU Xijia, an independent non-executive Director, was appointed by the Board as the chairman of the Independent Board Committee.

Mr. CHENG, Mr. WANG, Mr. ZHONG and Mr. SUEN will be subject to shareholders' election at the annual general meeting of the Company to be held in June 2021 in accordance with the Articles of Association of the Company.

As of the date of this report, the composition of the special committees under the Board of the Company is as follows:

Audit Committee: Mr. SU Xijia (Chairman), Mr. YANG Lin, Mr. AN Hongjun, Mr. SUEN Man Tak and Mr. GAO Shibin

Remuneration and Nomination Committee: Mr. ZHONG Wei (Chairman), Mr. SU Xijia, Mr. GAO Shibin, Mr. CHENG Yong and Mr. WANG Wei

Strategy and Investment Committee: Mr. LI Congrui (Chairman), Mr. JIANG Nan, Mr. GAO Shibin and Mr. SONG Liuyi

Independent Board Committee: Mr. SU Xijia (Chairman), Mr. SUEN Man Tak, Mr. GAO Shibin and Mr. ZHONG Wei

Save as disclosed above, there was no other change in the Company's Directors during the Period under Review and as at the date of this report.

Biographical details of the Directors are set out from pages 97 to 105 of this report. The Board members have no financial, business, family or other material/relevant relationships with each other. The Company has arranged appropriate insurance coverage in respect of potential legal actions against its Directors and reviews the coverage of the insurance every year.

The Board has a balanced composition. Each Director possesses the knowledge, experience and expertise required for the business operation and development of the Group. All Directors are aware that they are severally and collectively accountable to the shareholders. They also fulfil their duties and responsibilities diligently to make contribution to the outstanding results of the Group.

The current non-executive Directors are not involved in the Company's daily management but they provide the Company with a wide range of expertise and experience. Their participation in the Board and the committee meetings brings independent judgment on issues relating to the Company's strategies, performance, conflicts of interest and management procedures, to ensure that adequate checks and balances are provided and the interest of all shareholders are taken into account. The Board believes that the balance between executive and non-executive Directors is reasonable and appropriate to safeguard the interests of shareholders, other related parties and the Group.

Following the retirement of Mr. LAU Hon Chuen, Ambrose on 10 June 2020, (i) the number of independent non-executive directors of the Board falls below the minimum number of independent non-executive directors required under Rule 3.10(1) and Rule 3.10A of the Listing Rules; (ii) the Company no longer fulfils the requirement of establishing a remuneration committee chaired by an independent non-executive director and comprising a majority of independent non-executive directors under Rule 3.25 of the Listing Rules; and (iii) the Company no longer fulfils the requirement of establishing a nomination committee chaired by the chairman of the board or an independent non-executive director and comprising a majority of independent non-executive directors under Code Provision A.5.1 of the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

Following the appointments of members of the Remuneration and Nomination Committee on 16 July 2020 and the appointments of four directors on 24 August and 27 November 2020 and further adjustments of composition of the Remuneration and Nomination Committee, the Company has re-complied with all the abovementioned requirements since 27 November 2020.

As at the end of the Reporting Period and the date of this report, the Company has four independent non-executive Directors in compliance with the requirements under the Listing Rules that the number of independent non-executive directors shall account for at least one-third of the members of the board and at least one of them shall have appropriate financial management expertise. Each independent non-executive Director has confirmed his independence to the Company, and the Company is of the view that these Directors are independent of the Company under the guidelines set out in Rule 3.13 of the Listing Rules.

The Directors have access to appropriate business documents and information about the Company on a timely basis. The Directors have free access to the management for enquiries and further information when necessary. All Directors and the special committees under the Board also have recourse to external legal counsels and other professionals for independent advice at the Company's expense as and when the need arises.

The Directors actively participate in continuous professional development, develop and refresh their knowledge and skills to ensure that their contributions to the Board remain informed and relevant. During the Reporting Period, all Directors participated in trainings relating to the real estate industry and forums on the digital technology, economic development and their interrelations as well as other related topics. The Directors also participated in a number of external trainings and conferences, respectively. In particular, Mr. YANG Lin attended the "Capability Enhancement Training for Chief Accountants of State-owned Enterprises" (央企總會計師能力提升培訓) organised by the State-owned Assets Supervision and Administration Commission of the State Council, and read books such as "Xi Jinping: The Governance of China (Volume III)" and Red Star over China; Mr. AN Hongjun participated in over 10 meetings where topics were related to China's and global investment outlook and prospect analysis; Mr. CHENG Yong read Organizational Culture and Leadership, Competing for the Future, The Value and other books on management; Mr. WANG Wei attended various important meetings of real estate investment industry, including the "Urban Land Institute (ULI) Asia Pacific Summit", "ULI Annual Meeting", "ULI China Mainland Investment Summit" and "ULI China Mainland: CEO Forum"; Mr. JIANG Nan attended the "2020 Seminar on Major Industries of Bank of Communications" (交通銀行2020年重點行業研討會議), "Regulatory Policies and Practice Trainings on Risk Management and Internal Control" and "Trainings on Practical Application of Risk Appetite and Risk Quantitative Analytical Methods"; Mr. SONG Liuyi attended the "Executive Forum — The Benefits and Challenges of Digital Transformation" (「首席説」系列論壇 — 數字化轉型的獲與惑) organised by China Europe International Business School; Mr. SUEN Man Tak attended the online meetings and training organised by the Shanghai Stock Exchange, KPMG, The Competition Commission of Hong Kong and Asian Financial Economist Association (亞洲金融經濟師學會) on topics such as "Qualification Training of Independent Directors", "The KPMG INED Forum", "Competition Ordinance" and "Cross-border Payments"; Mr. GAO Shibin attended the online trainings organised by Tsinghua University and the Royal Institution of Chartered Surveyors on topics such as "Transformation of Commercial Real Estate under the Background of New Retail and Corresponding Strategies", "Project Development and Positioning Strategies", "Tenants Selection and Attraction" and "Tenants Maintenance and Risk Management/Market Survey Analysis and Valuation for Commercial Real Estate", "Future Calculation in the Era of Artificial Intelligence", "Intelligent Logistics" and "Cross-cultural Management and Communication", etc.

BOARD MEETINGS

The Board meets regularly and Board meetings are held at least four times a year to review the financial performance of the Company, significant issues and other matters that require decisions of the Board.

The Company has made proper arrangements to give all Directors the opportunity to present matters for discussion in the agenda of each Board meeting. All Directors are given the meeting agenda and relevant documents prior to each Board meeting.

The Board office of the Company assists in preparing agenda for Board meetings and ensures that all applicable rules and regulations regarding the meetings are followed.

Apart from the consent obtained through circulation of twelve written resolutions to all Board members, during the Period under Review, the Board held five meetings, during which the Directors considered and approved various matters, mainly including the 2019 annual report and the 2020 interim report of the Company, China Jinmao's 2019 Sustainable Development Report, annual mandate for the issuance of onshore and offshore notes, the renewal of liability insurance for directors, supervisors and senior management for the year 2020-2021; and subjects for discussion regarding privatisation of Jinmao Hotel, share placing of the Company, the signing of framework financial service agreement with various subsidiaries under Ping An Insurance (Group) Company of China, Ltd. and Sinochem Finance Co., Ltd. and shares acquisition of Wuhan Huazi Enterprise Management Consulting Co., Ltd. In addition, the Directors regularly review the relevant matters of corporate governance, including interpellating on the work reports and business plans of all departments of the Company's headquarters and member companies, review of the Company's compliance with the policies and practices on laws and regulatory requirements, training and continuous professional development of Directors and senior management, code of conduct for employees and Directors and the Company's compliance with the Corporate Governance Code. Meeting and resolution participation of each Director during 2020 is set out below:

Position	Name	Meeting attended in person	Meeting attendance rate	Total number of resolutions	Resolution participation rate
Non-executive Director	Mr. NING Gaoning	2/5	40%	10/13	77%
Non-executive Director	Mr. YANG Lin	3/5	60%	11/13	85%
Non-executive Director	Mr. AN Hongjun	4/5	80%	16/17	94%
Non-executive Director	Mr. CHENG Yong*	1/2	50%	3/4	75%
Non-executive Director	Mr. WANG Wei*	2/2	100%	4/4	100%
Executive Director	Mr. LI Congrui	3/5	80%	15/17	88%
Executive Director	Mr. JIANG Nan	5/5	100%	17/17	100%
Executive Director	Mr. SONG Liuyi	5/5	100%	17/17	100%
Independent non-executive Director	Mr. LAU Hon Chuen, Ambrose*	1/1	100%	4/4	80%
Independent non-executive Director	Mr. SU Xijia	3/5	60%	15/17	88%
Independent non-executive Director	Mr. SUEN Man Tak*	1/1	100%	2/2	100%
Independent non-executive Director	Mr. GAO Shibin	4/5	80%	16/17	94%
Independent non-executive Director	Mr. ZHONG Wei*	2/2	100%	5/5	100%

* Mr. LAU Hon Chuen, Ambrose ceased to be a Director of the Company from 10 June 2020; Mr. CHENG Yong, Mr. WANG Wei and Mr. ZHONG Wei were appointed as Directors of the Company with effect from 24 August 2020; Mr. SUEN Man Tak was appointed as a Director of the Company with effect from 27 November 2020.

The Directors are given sufficient information both at meetings and at regular intervals so that they can maintain effective control over strategic, financial, operational, compliance and corporate governance issues. They also have unrestricted access to independent professional advice and the advice and services from the Company Secretary to ensure compliance with all procedures of the Board meetings. The Company Secretary keeps minutes of each meeting of the Board and the subordinate committees, which are available to all Directors for review at any time.

The Company continuously updates all Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance with the requirements by the Directors, and to maintain good corporate governance practices.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The positions of Chairman and Chief Executive Officer of the Company are held by different persons.

Mr. NING Gaoning has been serving as a non-executive Director and the Chairman of the Company since 12 May 2016. Mr. LI Congrui was appointed as the Vice President of the Company in April 2009 and has been serving as an executive Director of the Company since 17 June 2011. He resigned as the Vice President of the Company and was redesignated as an executive Director and the Chief Executive Officer with effect from 16 January 2013.

There is a clear division of these two positions of Chairman and Chief Executive Officer of the Company to ensure a balanced distribution of power and authority. The Chairman of the Company is responsible for leading and supervising the operation of the Board and providing leadership to the Board in terms of formulating overall strategies, business directions and policies of the Company. The Chairman of the Company also makes effective plans for Board meetings and ensures that the Board acts in the best interests of the Company and its shareholders. The Chief Executive Officer of the Company is directly responsible for the management of daily operation of the Company, formulation and execution of policies of the Company, and is accountable to the Board for the overall operation of the Company. The Chief Executive Officer also advises the Board on any significant developments and issues.

RULES FOR NOMINATION, APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS AND BOARD DIVERSITY

The Company has a set of formal, prudent and transparent procedures for the appointment and succession of Directors. According to the Articles of Association of the Company, a Director shall be appointed or removed by an ordinary resolution at the general meeting; the Board has the right to appoint any Director to fill a casual vacancy or appoint a new member to the Board, subject to re-election by the shareholders at the first annual general meeting immediately after the appointment. All Directors (including executive and non-executive Directors) of the Company are appointed for a term of three years. A Director may be re-elected at the general meeting after expiration of his/her term.

According to the Articles of Association of the Company, a Director shall be recommended by the Board or be nominated by any shareholder (other than the person to be nominated) of the Company who is entitled to exercise voting rights at a general meeting during the period from the date of despatch of the notice of the general meeting to 7 days before the date on which such general meeting is duly convened. The Remuneration and Nomination Committee of the Company will also provide advice to the Board in respect of the nomination. Qualifications and competence of the nominees should be taken into consideration during nomination.

To achieve sustainable and balanced development, the Company considers that having a diversified Board is crucial to fulfilling its strategic objectives and achieving sustainable development. In determining the composition of the Board, the Company seeks to achieve Board diversity through the consideration of a number of factors. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The selection of candidates by the Company is based on a number of criteria on diversity, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. During the Reporting Period, the Remuneration and Nomination Committee made recommendations to the Board with respect to the re-election of Directors having due regard for the above diversity requirements. In particular, during the process of identifying candidates to fill the vacancy of the independent non-executive Directors, the Remuneration and Nomination Committee has taken into account Mr. ZHONG Wei's experience in the areas of corporate governance, finance and real estate research as well as Mr. SUEN Man Tak's strong legal background and expertise. The Board reviewed the current composition of Board diversity and confirmed that the members of the Board of the Company have diversified backgrounds, professional experience and skills, including property development and investment, corporate management, capital market, law, financial accounting and financial investment. For future appointment and re-appointment, the Remuneration and Nomination Committee will also make recommendations to the Board with respect to the appointment of Directors according to the diversity policy of the Company so as to promote gender diversity of Board members, achieve Board diversity and the best interests of shareholders as a whole on an ongoing basis.

The diversity of the Board is set out below:

Age	
40 – 49	4 persons
50 – 59	5 persons
60 or above	3 persons

Term of directorship	
5 years or less	7 persons
6 – 10 years	4 persons
more than 10 years	1 person

Roles	
Executive Director	3 persons
Non-executive Director	5 persons
Independent non-executive Director	4 persons

RESPONSIBILITIES OF DIRECTORS

Each Director is required to keep abreast of his responsibilities as a Director and of the operation and business activities of the Company from time to time. Non-executive Directors have the same duties of care and skills as executive Directors.

The non-executive Directors of the Company have sufficient experience and talent and fully participate in the Board to fulfil the functions specified in the provisions A.6.2(a) to (d) of the Corporate Governance Code.

RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for the preparation of financial statements of each financial year, which give a true and fair view of the operating results and financial status of the Company. In preparing the financial statements, the Directors of the Company have selected and applied appropriate accounting policies, and have made prudent and reasonable judgments.

The statement of the auditor of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on page 161.

THE SPECIAL COMMITTEES UNDER THE BOARD

In order to review the specific matters, the Company has established four special committees under the Board, namely the Remuneration and Nomination Committee, the Audit Committee, the Independent Board Committee and the Strategy and Investment Committee.

REMUNERATION AND NOMINATION COMMITTEE

As at the date of this report, the members of the Remuneration and Nomination Committee of the Company are Mr. ZHONG Wei, Mr. SU Xijia and Mr. GAO Shibin as independent non-executive Directors, and Mr. CHENG Yong and Mr. WANG Wei as non-executive Directors. The chairman of the Remuneration and Nomination Committee is Mr. ZHONG Wei. During the Period under Review, Mr. LAU Hon Chuen, Ambrose retired as the chairman of the Remuneration and Nomination Committee with effect from 10 June 2020. Mr. GAO Shibin was appointed as a member of the Remuneration and Nomination Committee with effect from 16 July 2020. Mr. AN Hongjun ceased to be a member of the Remuneration and Nomination Committee; Mr. ZHONG Wei was appointed as the chairman of the Remuneration and Nomination Committee; and Mr. CHENG Yong and Mr. WANG Wei were appointed as members of the Remuneration and Nomination Committee, all with effect from 27 November 2020.

The functions of the Remuneration and Nomination Committee include:

- to review the size and composition of the Board at least annually based on the operation, scale of assets and shareholding structure of the Company, and make recommendations to the Board;

- to examine the standards and procedures for election of candidates for Directors and senior management and make recommendations; review the qualifications and abilities of candidates for directorship and management and make recommendations;

- to assess the independence of independent non-executive Directors;

- to make recommendations to the Board on the remuneration policies, share option/incentive schemes for Directors and senior management and on the establishment of formal and transparent procedures for developing such policies; and

- to determine, with delegated responsibility, the remuneration packages of all executive Directors and senior management; to review and approve the management's remuneration proposals with reference to the Board's corporate strategies, policies and objectives; and make recommendations in respect of the remuneration of the non-executive Directors to the Board.

The Remuneration and Nomination Committee may seek professional advice if necessary and will be provided with sufficient resources to perform its duties.

In 2020, the Remuneration and Nomination Committee's determination of remuneration packages and approval of incentive proposals included the following:

- assessed the performance of executive Directors;

- determined the remuneration packages of Directors and senior management based on the results performance of the Company and with reference to the market rates;

- approved the relevant matters in relation to the initial grant under the new shares options scheme; and

- made recommendations to the Board with respect to the re-election of Directors according to the policies and procedures for nomination of Directors with due regards to election and recommendation criteria including gender, age, cultural and educational background, professional experience, skills and knowledge.

The Remuneration and Nomination Committee entered into 5 written resolutions in respect of the above matters in 2020. Resolution participation of each member is set out below:

Position	Name	Total number of resolutions	Resolution participation rate
Independent non-executive Director	Mr. LAU Hon Chuen, Ambrose*	1/1	100%
Independent non-executive Director	Mr. SU Xijia	5/5	100%
Independent non-executive Director	Mr. ZHONG Wei*	–	–
Independent non-executive Director	Mr. GAO Shibin*	4/4	100%
Non-executive Director	Mr. AN Hongjun*	5/5	100%
Non-executive Director	Mr. CHENG Yong*	–	–
Non-executive Director	Mr. WANG Wei*	–	–

* Mr. LAU Hon Chuen, Ambrose retired as the chairman of the Remuneration and Nomination Committee with effect from 10 June 2020. Mr. GAO Shibin was appointed as a member of the Remuneration and Nomination Committee with effect from 16 July 2020. Mr. AN Hongjun ceased to be a member of the Remuneration and Nomination Committee; Mr. ZHONG Wei was appointed as the chairman of the Remuneration and Nomination Committee; and Mr. CHENG Yong and Mr. WANG Wei were appointed as members of the Remuneration and Nomination Committee, all with effect from 27 November 2020.

THE AUDIT COMMITTEE

The Audit Committee of the Company is responsible for communicating with management and internal and external auditors, as well as reviewing and overseeing the Company's financial reporting and audit procedures jointly with them. As at the date of this report, the members of the Audit Committee are Mr. SU Xijia, Mr. SUEN Man Tak and Mr. GAO Shibin as independent non-executive Directors, and Mr. YANG Lin and Mr. AN Hongjun as non-executive Directors. The chairman of the Audit Committee is Mr. SU Xijia. During the Period under Review, Mr. AN Hongjun and Mr. SUEN Man Tak were appointed as members of the Audit Committee on 27 November 2020.

All members of the Audit Committee have financial backgrounds, which enable them to precisely assess the financial conditions, compliance and risk exposure of the Company, as well as to impartially perform their duties and responsibilities.

The functions of the Audit Committee include:

- to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor, and to deal with any issues in respect of resignation or dismissal of the auditor;

- to discuss the nature and scope of the audit and the relevant reporting responsibilities with the external auditor before auditing, and to review and examine whether the external auditor is independent and objective and whether the audit procedures are effective according to applicable standards;

- to develop and implement policies on the engagement of external auditors for non-audit services, and report and make recommendations to the Board with respect to any actions to be taken or areas for improvement;

- to monitor the integrity of the Company's financial statements, reports and accounts, interim reports and quarterly reports (if any), and to review significant opinions regarding financial reporting contained therein, to consider any material matters or unusual matters that are reflected or are required to be reflected in such reports and accounts, and to consider any matters proposed by the person in charge of accounting and finance work, compliance officer or auditor of the Company as appropriate;

- to review the financial control of the Company and review the risk management and internal control system of the Company, to discuss the risk management and internal control system with the management to ensure that the management has performed its duties in establishing an effective system, and to examine the material investigation findings and the management's responses in respect of risk management and internal control matters;

- to ensure coordination between internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

- to review the Company's financial and accounting policies and practices, to review the external auditor's management letter, to timely respond to any queries raised by the management and the Board, and to report to the Board as and when necessary;

- to have the right to establish a system for direct reporting by employees of the Company, to conduct investigations on any abnormalities of the Company in the manner as it considers necessary and appropriate, and to report to the Board as and when necessary. The committee shall also have the right to direct the Company to make proper arrangements for such issues, including conducting fair and independent investigations and taking appropriate actions; and

- to act as the key representative body for overseeing the Company's relation with the external auditor.

In 2020, the financial reporting and control reviews undertaken by the Audit Committee included the following:

— reviewed the integrity and accuracy of the 2019 annual report, the 2020 interim report and formal announcements relating to the Group's financial performance;

— reviewed the 2020 work report and 2021 work plans for internal audit and internal control of the Company, confirmed the effectiveness of the internal audit and internal control functions, and carried out profound communication and discussion on the review of key internal audit projects, feedback communication with the management and the board of directors, and the cross-industry benchmarking; and

— reviewed the annual pre-audit results, profit forecast, audit strategies and significant issues for 2020.

The Audit Committee held three meetings in 2020. Resolution participation of each member is set out below:

Position	Name	Total number of resolutions	Resolution participation rate
Independent non-executive Director	Mr. SU Xijia	3/3	100%
Non-executive Director	Mr. YANG Lin	3/3	100%
Non-executive Director	Mr. AN Hongjun*	1/1	100%
Independent non-executive Director	Mr. SUEN Man Tak*	1/1	100%
Independent non-executive Director	Mr. GAO Shibin	3/3	100%

* Mr. AN Hongjun and Mr. SUEN Man Tak were appointed as members of the Audit Committee on 27 November 2020.

The chief financial officer, the deputy chief financial officer, the qualified accountant and the auditor of the Company attended all these meetings including the three meetings which reviewed the integrity and accuracy of the Company's 2019 annual report, 2020 interim report and formal announcements relating to the Group's financial performance.

INDEPENDENT BOARD COMMITTEE

As at the date of this report, the members of the Independent Board Committee of the Company are Mr. SU Xijia, Mr. SUEN Man Tak, Mr. GAO Shibin and Mr. ZHONG Wei. The chairman of the Independent Board Committee is Mr. SU Xijia. All members are independent non-executive Directors. During the Period under Review, Mr. LAU Hon Chuen, Ambrose resigned as the chairman of the Independent Board Committee on 10 June 2020. Mr. SU Xijia has been appointed as the chairman of the Independent Board Committee with effect from 27 November 2020; and Mr. ZHONG Wei and Mr. SUEN Man Tak have been appointed as members of the Independent Board Committee with effect from 24 August 2020 and 27 November 2020, respectively.

The functions of the Independent Board Committee include:

- to discuss whether to exercise the independent options granted by Sinochem Group to the Company pursuant to the Non-competition Undertaking dated 26 July 2007, and to discuss any business in connection with the Non-competition Undertaking or any redevelopment business in relation to the properties held by Sinochem Group, and any new business opportunities or property redevelopment opportunities of which the Company is notified by Sinochem Group in writing;
- to formulate and implement policies in relation to the appointment of an independent financial adviser or other professional advisers regarding the exercise of options and the pursuit of new business opportunities;
- for connected transactions and transactions subject to independent shareholders' approval under the Listing Rules, or spin-off listing arrangements subject to approval under the Listing Rules, to examine whether the terms thereunder are fair and reasonable, and in the interest of the Group and its shareholders as a whole, and to make recommendations to the Board; and
- to review continuing connected transactions every year and make confirmation in the annual reports and accounts of the Company.

The Independent Board Committee entered into two written resolutions in 2020. It considered the independent option over Shimao Investment as granted by Sinochem Group, and resolved not to exercise the option over Shimao Investment for the time being and to make relevant disclosure in the 2019 annual report and 2020 interim report; considered, and discussed with the independent financial adviser, four connected transactions entered into in 2020 (including the acquisition of 100% equity interests in Wuhan Huazi Enterprise Management Consulting Co., Ltd., transactions contemplated under the financial services framework agreement entered into with various subsidiaries under Ping An Insurance (Group) Company of China, Ltd., issuance of ordinary shares to Sinochem Hong Kong (Group) Company Limited, and transactions contemplated under the renewed framework financial service agreement entered into with Sinochem Finance Co., Ltd.); confirmed various continuing connected transactions of the Company in 2019. Resolution participation of each member is set out below:

Position	Name	Total number of resolutions	Resolution participation rate
Independent non-executive Director	Mr. LAU Hon Chuen, Ambrose*	3/3	100%
Independent non-executive Director	Mr. SU Xijia	5/5	100%
Independent non-executive Director	Mr. SUEN Man Tak*	–	–
Independent non-executive Director	Mr. GAO Shibin	5/5	100%
Independent non-executive Director	Mr. ZHONG Wei*	–	–

* Mr. LAU Hon Chuen, Ambrose resigned as the chairman of the Independent Board Committee on 10 June 2020. Mr. SU Xijia has been appointed as the chairman of the Independent Board Committee with effect from 27 November 2020; and Mr. ZHONG Wei and Mr. SUEN Man Tak have been appointed as members of the Independent Board Committee with effect from 24 August 2020 and 27 November 2020, respectively.

STRATEGY AND INVESTMENT COMMITTEE

During the Period under Review and up to the date of this report, the members of the Strategy and Investment Committee of the Company are executive Directors Mr. LI Congrui, Mr. JIANG Nan, Mr. SONG Liuyi and independent non-executive Director Mr. GAO Shibin. The chairman of the Strategy and Investment Committee is Mr. LI Congrui.

The functions of the Strategy and Investment Committee include:

- to study and formulate the Company's growth strategies, and supervise and monitor the management's execution of the Company's growth strategies;
- to review the new project investment proposals submitted by the management according to the Company's growth strategies; and
- to review the proposals on the establishment of departments in the headquarters submitted by the management.

The Strategy and Investment Committee held 3 meetings and entered into 100 written resolutions in 2020. It considered and approved 256 issues, including a number of city operations projects, the feasibility study reports on the tender for lands, cooperation with funds, equity acquisitions and provision of financial assistance, etc. Resolution participation of each member is set out below:

Position	Name	Total number of resolutions	Resolution participation rate
Executive Director	Mr. LI Congrui	103/103	100%
Executive Director	Mr. JIANG Nan	103/103	100%
Executive Director	Mr. SONG Liuyi	103/103	100%
Independent non-executive Director	Mr. GAO Shibin	103/103	100%

EXTERNAL AUDITOR

In 2020, the remuneration paid or payable to the Company's auditor, Ernst & Young, for the statutory audit and non-audit services amounted to HK$10,851,000 and HK$2,992,000, respectively. The fees for non-audit services provided by Ernst & Young to the Group were mainly in relation to the fees for the review services on the interim financial reports, the services on continuing connected transactions and other professional services.

INTERNAL CONTROL

The Board takes responsibilities for the risk management and internal control systems and is responsible for reviewing the effectiveness of such systems. In 2020, the Directors and the Audit Committee of the Company respectively listened to the special reporting on the Company's internal and external audit and the internal control work summary report, and continued to communicate directly with the personnel from the finance department, the internal audit department, the legal and compliance department and the strategic operations department with respect to key tasks including evaluating the effectiveness of the Company's risk management, operations and compliance management, financial management and internal control systems, and made specific guiding opinions and requirements.

The Company has in place comprehensive internal audit functions and, through its internal control department, conducts regular audits, including annual routine audit, departure audit and special audit where the scope of audits covers all aspects including the execution of the Group's internal regulations and procedures, finance, cost, tender and procurement, project quality, strategic operations, marketing, design, customer service and HSE management to prevent assets from inappropriate use. The Company also maintains proper accounts and ensures that relevant regulations are complied with. In 2020, the internal audit department of the Company carried out 11 routine audits, 10 special audits and 14 training sessions. The above measures aim to manage but not eliminate relevant risks and the above measures can only provide reasonable but not absolute assurance to the achievement of business objectives.

The Company has formulated a complete system concerning risk identification, assessment and management, and constantly made amendments and updates to the system. Various departments at the headquarters are responsible for executing the professional risk assessment, management and monitoring procedures, including 137 management standards and 117 reference guidelines in 18 categories on integrated management, human resources management, strategic operation and management, financial management, fund management, investment management, industrial city management, design management, cost management, tender and procurement management, marketing management, customer relationship management, HSE management, quality management, audit and legal affairs management, innovative development management, party and masses management and discipline inspection management which comprehensively cover various risks associated with property related business and development of the Company. In 2020, among all procedures reviewed, managed and monitored by the headquarters of the Company, executive Directors gave 11,839 approvals in total, all of which were completed via the electronic online approval system.

The Company has in place a regulated, sound and effective internal control system. The headquarters of the Company is responsible for making annual amendments to the organisational structure, the accountability system and institutional documents on a rolling basis, and optimising the management hierarchy and approval procedures. It added 18 new institutional guideline documents, revised the institutional guideline documents 22 times and revised the terms of accountabilities 4 times in 2020. At the same time, it endeavours to strengthen the IT system development, enhance the process monitoring and risk management in the course of business execution, and continuously improve the internal control system. In addition to regular internal audit and inspection of the accountability system by the internal audit department of our headquarters to ensure that the internal control system of the Company is in smooth operation as a whole, all the companies under the Group also regularly implement self-examination of the internal control system as part of their routine internal control efforts. In addition, the routine control measures also include the following: i) professional committees comprising the senior management and the relevant persons-in-charge from the headquarters' functional departments of the Company are established by the Company to regularly review the management of internal controls of the Company, such as budget and assessment, operation, quality and safety, investment as well as customer research and services, and to report to the senior management, and to decide and account for the same. In 2020, the five professional committees of the Company convened 104 regular and ad hoc meetings to consider and approve the enhancement initiatives for the management of a number of professional line functions and the decisions on key achievements of projects; ii) evaluation of the Group's comprehensive operating results, strategic progress and performance is carried out by the strategic operations department of the headquarters on a quarterly, semi-annual and annual basis, the reports of which are subject to the collective review and approval by the management of the Company. The supervision list of key matters is distributed to the relevant subordinate units for implementation and rectification within a specified period. This forms an efficient internal control feedback mechanism of the Company. The internal control system of the Company fully covers the major matters of the Company's operations and high risk areas that draw close attention, such that any material risks and deficiencies can be evaluated, supplemented and rectified in a timely manner.

After careful evaluation, the Directors of the Company all consider that the Group's existing risk management and internal control system is effective and adequate.

INSIDE INFORMATION

The Company has taken prudent measures in handling inside information, for which the Company has formulated effective confidentiality systems and measures, such as the formulation of the "Board Meeting and Listing Compliance Management System of China Jinmao" (《中國金茂董事會會議及上市合規管理制度》), which provides that inside information shall be kept strictly confidential prior to public disclosure, among which the personnel who have access to inside information must ensure confidentiality of the information, and should not, in any manner, divulge the information of the Company to external parties without authorisation. Besides, consultants and intermediaries engaged by the Company shall enter into strict confidentiality agreements with the Company to ensure the inside information is properly handled. At the same time, to ensure the inside information is disclosed in a timely and proper manner, any matters that constitute inside information must be first reviewed by the compliance officers and investor relations officers of the Company and obtain consent from the relevant executive Directors before due disclosure.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules to regulate directors' securities transactions. Having made specific enquiries to all Directors, all Directors have confirmed that they have complied with the requirements set out in the Model Code for the year ended 31 December 2020.

All employees of the Group shall comply with the "Board Meeting and Listing Compliance Management System of China Jinmao" formulated by the Company with reference to the requirements set out in Appendix 10 of the Listing Rules in their dealings in the securities of the Company.

RIGHTS OF SHAREHOLDERS

Shareholders have the right to raise questions and make suggestions on the business of the Company. All shareholders shall have equal rights according to their respective shareholding and assume corresponding obligations. Shareholders are entitled to get access to and participate in the material matters of the Company as prescribed by laws, administrative regulations and the Articles of Association of the Company.

MOVING A RESOLUTION AT AN ANNUAL GENERAL MEETING

Pursuant to Section 615 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), a shareholder may submit a written requisition to move a resolution at an annual general meeting if it has received requests that it do so from:

(a) the members of the Company representing at least 2.5% of the total voting rights of all the members who have a right to vote on the resolution at the annual general meeting to which the requests relate; or

(b) at least 50 members who have a right to vote on the resolution at the annual general meeting to which the requests relate.

A request -

(a) may be sent to the Company in hard copy form or in electronic form;

(b) must identify the resolution of which notice is to be given;

(c) must be authenticated by the person or persons making it; and

(d) must be received by the Company not later than -

    (i) six weeks before the annual general meeting to which the requests relate; or

    (ii) if later, the time at which notice is given of that meeting.

PROPOSING A CANDIDATE FOR ELECTION AS A DIRECTOR

Pursuant to paragraph (2)(b) of Article 77 of the Articles of Association of the Company, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the shareholder should give the Company Secretary a written notice of his intention to propose a resolution for the appointment or reappointment of the person as a Director of the Company and a notice executed by that person of his willingness to be appointed or re-appointed, no earlier than the day after the despatch of the notice of the general meeting and no later than seven days prior to the date fixed for such general meeting.

CONVENING A GENERAL MEETING

Pursuant to Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), a general meeting may be called upon if the company has received requests to do so from members of the company representing at least 5% of the total voting rights of all the members having a right to vote at general meetings.

(a) A request -

  (i) must state the general nature of the business to be dealt with at the meeting; and

  (ii) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting;

(b) Requests may consist of several documents in like form; and

(c) A request -

  (i) may be sent to the Company in hard copy form or in electronic form; and

  (ii) must be authenticated by the person or persons making it.

SHAREHOLDERS' ENQUIRIES TO THE BOARD

Enquiries from shareholders to the Board may be directed to us by the means as stated in the section under "Corporate Information" in this report.

GENERAL MEETING

The Company maintains and facilitates exchange and communication between shareholders and the Board through a number of communication methods, including general meetings, announcements and circulars to shareholders.

The Company held an annual general meeting on 10 June 2020, which considered and approved the audited financial statements, the report of the Directors and the auditor's report for the year ended 31 December 2019; declared the final dividend for the year ended 31 December 2019; re-elected Mr. LI Congrui, Mr. YANG Lin and Mr. SU Xijia as Directors of the Company; authorised the Board of the Company to determine the remuneration of Directors of the Company; re-appointed Ernst & Young as the auditor of the Company and authorised the Board to determine its remuneration; and considered and approved the general mandate to issue shares and repurchase shares. Save for independent non-executive Director Mr. Lau Hon Chuen, Ambrose and non-executive Directors Mr. NING Gaoning, Mr. YANG Lin and Mr. AN Hongjun who were unable to attend the meeting due to other business commitments, all of the remaining Directors attended the annual general meeting held on 10 June 2020.

An extraordinary general meeting of the Company was convened on 8 May 2020 to approve, confirm, adopt and ratify the equity transfer agreement entered into between Beijing Franshion Yicheng Properties Company Limited and Sinochem Asset Management Co., Ltd. in relation to the acquisition of 100% equity interests in Wuhan Huazi Enterprise Management Consulting Co., Ltd., and deposit services, loan services and financing factoring services (including the maximum daily balance of each service) contemplated under the financial services framework agreement between the Company and various subsidiaries under Ping An Insurance (Group) Company of China, Ltd. Save for independent non-executive Director Mr. LAU Hon Chuen, Ambrose and non-executive Directors Mr. NING Gaoning, Mr. YANG Lin and Mr. AN Hongjun who were unable to attend the meeting due to other business commitments, all of the remaining Directors attended the extraordinary general meeting held on 8 May 2020.

An extraordinary general meeting of the Company was convened on 24 August 2020 to approve, ratify and confirm the subscription of ordinary shares contemplated under the subscription agreement between the Company and Sinochem Hong Kong (Group) Company Limited and the deposit services (including the maximum daily balance of the total deposits) under the renewed framework financial service agreement between the Company and Sinochem Finance Co., Ltd. Save for non-executive Directors Mr. NING Gaoning, Mr. YANG Lin and Mr. AN Hongjun who were unable to attend the meeting due to other business commitments, all of the remaining Directors attended the extraordinary general meeting held on 24 August 2020.

Report of the Directors

The Board presents its report and the audited financial statements of the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and the principal activities of its subsidiaries are focusing on city operations, property development, technology and services, commercial leasing, retail operations and hotel operations. Details of the subsidiaries of the Company are set out in note 4 to the financial statements.

BUSINESS REVIEW

For details of the business operations, future business development and major risks faced by the Company during the Reporting Period, please refer to the section headed "Chairman's Statement" from pages 8 to 13, and the section headed "Management Discussion and Analysis" from pages 16 to 87 in this report.

For details of the environmental policies and performance of the Company during the Reporting Period, please refer to the "Green Strategy" in the section headed "Management Discussion and Analysis" from pages 72 to 78 and the "Contributing a Culture of Green for our Environment" in the section headed "Corporate Social Responsibilities" from pages 92 to 93 in this report.

For details of the material relationship between the Company and its employees, customers, suppliers and other persons of significant influence to the Company during the Reporting Period, please refer to the section headed "Corporate Social Responsibilities "from pages 91 to 96 in this report.

The above discussion forms part of the Report of the Directors.

Taking into account the laws, regulations, policies and documents that have a material impact on the business of the Company, including but not limited to the "Civil Code of the People's Republic of China", the "Land Administration Law of the People's Republic of China", the "Urban Real Estate Administration Law of the People's Republic of China", the "Bidding Law of the People's Republic of China", the "Measures on the Administration of Sale of Commodity Houses", the "Company Law of the People's Republic of China" and foreign-invested related laws and regulations, as well as the documents issued by relevant government authorities from time to time including the State Administration of Foreign Exchange, the Ministry of Housing and Urban-Rural Development, the Ministry of Finance, the China Securities Regulatory Commission and the People's Bank of China (the "PBOC"), the Company confirmed that, during the Reporting Period, there were no circumstances of administrative punishments or inspections by relevant government authorities as a result of violation of laws, regulations, policies and documents that have a material impact on the business of the Company, and the Company and its subsidiaries were in compliance with all applicable laws and regulations. The Company has formulated the comprehensive administration standards and approval procedures for legal affairs and continued to revise them for improvement. In 2020, the Group reviewed and approved a total of 15,399 contracts according to the standardised procedures via the network office automation platform with a rate of 100% of the contracts reviewed by legal specialists, and avoided contract default risks through ongoing supervision of contract execution. In addition, in 2020, the Company organised 124 legal trainings for employees, regularly published a total of 23 articles on topics including legal news, latest laws and regulations and legal research reports on the column "Law-Ruling Jinmao" on the network office automation platform, enhanced the construction of the legal risk prevention and control system throughout the real-estate process including investment, marketing, tender and procurement, engineering, design, and customer relationship. The Company published the prevention guidelines and documents, etc. of legal risks faced by it under the COVID-19 pandemic, and prepared a compliance manual covering the summary of policies and regulations, analysis of past cases, summarisation of excellent experience and management improvement initiatives based on the latest regulations and policies in respect of state-owned assets supervision and administration, so as to ensure continuingly effective operation of the legal risk prevention and control system of the Company by making sure that the employees of the Company are aware of and in compliance with the relevant laws and regulations when discharging their duties.

RESULTS AND DIVIDENDS

Details of the Group's results for the year ended 31 December 2020 are set out in the consolidated statement of profit or loss on page 168 of this report.

The dividend distribution policy of the Company is to distribute dividend to its shareholders when the Group records profit for a financial period. The dividend to be distributed to shareholders will be determined based on the profit attributable to owners of the parent (net of fair value of investment properties (net of deferred tax) and excluding the factor of impairment of properties) for that period, multiplied by a dividend distribution ratio of around 40%. In determining the specific dividend distribution ratio, the Board will take into account the financial performance, cash flow and capital commitments, etc. of the Group.

On 25 August 2020, the Board resolved to make payment of an interim dividend of HK12 cents per share to the shareholders of the Company. The interim dividend was paid on 30 October 2020.

The Board recommended the payment of a final dividend of HK14 cents per share for the year ended 31 December 2020. The proposed final dividend shall be subject to approval of shareholders at the forthcoming annual general meeting. Upon determining the date of the annual general meeting, the Company will issue a notice on the closure of register with respect to the annual general meeting and final dividend. The final dividend is expected to be paid by 31 August 2021. Details of the payment of the dividend will be set out in the notice convening the annual general meeting.

SHARE CAPITAL AND SHARE OPTIONS

As at 31 December 2020, the total issued share capital of the Company was 12,736,243,290 ordinary shares.

Details of movement in the Company's share capital and share options in 2020 are set out in notes 38 and 39 to the financial statements, respectively.

Share Placing and Subscription of New Shares

As stated in the announcements of the Company dated 6 July 2020 and 13 July 2020, the Company successfully placed 602,340,000 ordinary shares (the "Placing") (representing approximately 4.86% of the issued share capital of the Company as enlarged by the Placing) to no less than six independent professional, institutional and/or individual investors on 13 July 2020, at a price of HK$5.70 per share (the closing price of the shares on the Hong Kong Stock Exchange was HK$6.10 per share as at the last trading day prior to the signing of the relevant agreement, i.e. 3 July 2020). The net proceeds from the Placing amounted to approximately HK$3,416 million (representing a net price of approximately HK$5.67 per placing share). As stated in the announcements of the Company dated 6 July 2020 and 31 August 2020 and the circular of the Company dated 7 August 2020, the Company issued 349,450,000 ordinary shares to Sinochem Hong Kong (Group) Company Limited ("Sinochem Hong Kong") on 31 August 2020 (the "Subscription"), which represented approximately 2.74% of the issued share capital of the Company as enlarged by the Placing and Subscription, at a price of HK$5.70 per share (the closing price of the shares on the Hong Kong Stock Exchange was HK$6.10 per share as at the last trading day prior to the signing of the relevant agreement, i.e. 3 July 2020). The net proceeds from the Subscription are expected to be approximately HK$1,992 million (representing a net price of approximately HK$5.70 per subscription share). The net proceeds from the Placing and Subscription are intended to be used by the Company for land bidding, debt repayment and the Group's general working capital. The Subscription was approved by the independent shareholders of the Company on 24 August 2020. Upon completion of the Placing and Subscription, the total issued share capital of the Company has increased to 12,734,452,490 shares. The Placing can supplement the Group with necessary funding for its expansion and growth, whilst further broadening the shareholder base and the capital scale of the Company. The Subscription reflects the confidence and commitment of Sinochem Hong Kong, the controlling shareholder of the Company, towards the long-term and sustainable development of the Company, and that the continuing support of the controlling shareholder of the Company is crucial to ensure the business stability and long-term development of the Group.

As of the date of this report, the proceeds of Placing and Subscription have been fully utilized, which are substantially in line with the intended use of the proceeds. Details are as follows:

		Land acquisition (HK$ million)	Debt repayment (HK$ million)	General working capital (HK$ million)
Placing	Disclosed intended use	8.50	12.80	13.00
	Actual use	8.55	12.40	13.35
Subscription	Disclosed intended use	no more than 30%	0.00	no less than 70%
	Actual use	4.60	0.00	15.32

Privatisation of Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited

As stated in the joint announcements of the Company, Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited dated 12 June 2020, 19 June 2020, 23 June 2020, 3 July 2020, 3 August 2020, 17 August 2020, 10 September 2020, 25 September 2020, and 29 September 2020 respectively, the Company has completed the privatisation of Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited, which involved (i) the cancellation and extinguishment of the ordinary shares, preference shares and units comprising the share stapled units of Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited; and (ii) withdrawal of the listing of share stapled units on the Hong Kong Stock Exchange. In consideration thereof, each holder of share stapled units was entitled to receive the cancellation price, being HK$4.80 in cash for each share stapled unit cancelled and extinguished. The aggregate cash paid by the Company as the offeror totalled to approximately HK$3,190.5 million. The privatisation was carried out by way of a scheme of arrangement under Section 86 of the Companies Law (Cap. 22 of the Cayman Islands), and Clause 34.2 of the trust deed constituting Jinmao Hotel. The scheme became effective on 28 September 2020 (Cayman Islands time), and the withdrawal of the listing of share stapled units on the Hong Kong Stock Exchange became effective on 5 October 2020.

Share Buyback

As stated in the next day disclosure returns of the Company dated 28 January 2021, 29 January 2021, 1 February 2021, 2 February 2021, 3 February 2021, 4 February 2021, 9 February 2021, 10 February 2021, 11 February 2021, 19 February 2021, and 1 March 2021 respectively, the Company bought back on the Hong Kong Stock Exchange a total of 51,602,000 shares of the Company, representing approximately 0.4381% of the total number of issued shares upon the passing of share buyback mandate at the annual general meeting, at a total consideration of HK$161,243,654.6 (excluding commission and other expenses). The monthly report of share repurchase is as follows:

Month of repurchase	Number of shares repurchased	Highest price paid per Share (HK$)	Lowest price paid per Share (HK$)	Aggregate price paid (HK$)
January 2021	18,262,000	3.06	2.99	55,385,406.6
February 2021	33,340,000	3.28	3.10	105,858,248.0

The Company believes that share buyback is in the best interests of the Company and the shareholders, and may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per share and/or earnings per share. The Company cancelled the above shares on 19 February 2021 and 1 March 2021, respectively. After the cancellation of the aforesaid shares, the total number of issued shares of the Company decreased to 12,686,266,490 shares.

RESERVES

Movements in reserves of the Company and of the Group in 2020 are set out in note 40 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2020, the Company's reserves available for distribution, calculated in accordance with the provisions of Sections 291, 297 and 299 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), amounted to HK$2,876,270,000 (equivalent to RMB2,254,173,000), of which HK$1,783,074,000 (equivalent to RMB1,494,751,000) has been proposed as a final dividend for the Year. In addition, the Company's share capital in the amount of HK$6,109,789,000, being the amount of the share premium which has become part of the share capital pursuant to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to major customers and purchases from major suppliers of the Group in the Year are set out below:

	For the year ended 31 December 2020 Percentage of total turnover (%)
Five largest customers	11%
The largest customer	5%

	Percentage of total purchase (%)
Five largest suppliers	2%
The largest supplier	1%

The above five largest customers and suppliers of the Group are independent third parties. To the best knowledge of the Directors, none of the Directors of the Company or any of their close associates or any shareholders who own more than 5% of the Company's shares had any interest in the Group's five largest customers or five largest suppliers.

BANK AND OTHER BORROWINGS

Particulars of the bank and other borrowings of the Company and the Group as at 31 December 2020 are set out in note 34 to the financial statements.

CHARITABLE DONATIONS

During the Year, the subsidiaries of the Company in Shanghai, Jinan and other places donated a total of RMB8,742,319 for public welfare including school education, healthcare and targeted poverty alleviation.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movement in the property, plant and equipment and investment properties of the Group during the Year are set out in notes 14 and 18 to the financial statements.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and restated as appropriate, is set out on page 312 of this report. The summary does not form part of the audited financial statements.

DIRECTORS OF THE LISTED COMPANY AND ITS SUBSIDIARIES

During the Year and up to the date of this report, the Directors of the Company include:

Non-executive Directors

Mr. NING Gaoning
Mr. YANG Lin
Mr. AN Hongjun
Mr. CHENG Yong (Appointed on 24 August 2020)
Mr. WANG Wei (Appointed on 24 August 2020)

Executive Directors

Mr. LI Congrui
Mr. JIANG Nan
Mr. SONG Liuyi

Independent non-executive Directors

Mr. LAU Hon Chuen, Ambrose (Retired on 10 June 2020)
Mr. SU Xijia
Mr. SUEN Man Tak (Appointed on 27 November 2020)
Mr. GAO Shibin
Mr. ZHONG Wei (Appointed on 24 August 2020)

During the Year and up to the date of this report, the list of directors of the Company's subsidiaries is published on the website of the Company at www.chinajinmao.cn.

DIRECTORS' SERVICE CONTRACTS

As at 31 December 2020, none of the Directors had a service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation other than statutory compensation.

SENIOR MANAGEMENT

Biographical details of the current senior management of the Company are set out on pages 97 to 105 of this report.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors' remuneration is determined by reference to Directors' duties and responsibilities, individual performance and the results of the Group.

For the year ended 31 December 2020, details of the remuneration of the Directors and senior management of the Company are set out in notes 9 and 48 to the financial statements. There was no arrangement under which a Director waived or agreed to waive any remuneration during the Year.

DIRECTORS' (OR THEIR CONNECTED ENTITIES') INTEREST IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

None of the Directors (or their connected entities) was materially interested, directly or indirectly, in any transactions, arrangements or contracts of significance entered into by the Company or its controlling shareholders or any of their respective subsidiaries as at 31 December 2020 or at any time during the Year. The Company did not provide any loan to any of the Directors or the management personnel of the Company during the Year.

DIRECTORS' RIGHTS TO SUBSCRIBE FOR SHARES

Save as disclosed in the section headed "Share Option Scheme" under the "Report of the Directors" in this report, no arrangements to which the Company or its controlling shareholders or any of their respective subsidiaries is a party, whose purposes are, or one of whose purposes is, to enable any Director to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, subsisted as at 31 December 2020 or at any time during the Year.

PERMITTED INDEMNITY PROVISION

The Company has arranged appropriate insurance coverage in respect of legal actions against its Directors, which was in force during the Year and up to the date of this report.

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS

Sinochem Group is the ultimate controlling shareholder of the Company. The contracts of significance entered into between Sinochem Group or its subsidiaries and the Company or its subsidiaries are mainly agreements of connected transactions and continuing connected transactions conducted between them, and the Non-competition Undertaking between Sinochem Group and the Company dated 26 July 2007, as detailed in sections headed "Connected Transactions", "Continuing Connected Transactions" and "Compliance with Non-Competition Agreement" below.

COMPLIANCE WITH NON-COMPETITION AGREEMENT

Sinochem Group has provided a written confirmation stating that Sinochem Group and its subsidiaries (other than those which form part of the Group) complied with their obligations under the Non-competition Undertaking during 2020.

EMPLOYEES AND REMUNERATION POLICIES

For details regarding the employees and remuneration policies of the Group during the Year, please refer to the section headed "Corporate Social Responsibilities" on pages 91 to 96 of this report.

RETIREMENT SCHEMES

The Group contributes on a monthly basis to various defined contribution retirement benefit schemes (the "Retirement Schemes") administrated and organised by the relevant municipal and provincial governments in the PRC. The municipal and provincial governments undertake to pay retirement benefits under the Retirement Schemes to employees when they retire, and the Group is not required to provide other post-retirement benefits to the employees, except for the contributions made under the Retirement Schemes.

The Group also participates in a mandatory provident fund scheme (the "MPF Scheme") required by the government of Hong Kong, which is a defined contribution retirement benefit scheme. Contributions to these schemes are expenses as incurred.

Neither the Retirement Schemes nor the MPF Scheme has any requirement concerning forfeited contributions.

Contributions to the retirement benefit schemes by the Group for the year ended 31 December 2020 were RMB79,724,000.

MANAGEMENT CONTRACT

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

SHARE OPTION SCHEME

The Company adopted a share option scheme on 22 November 2007 (the "2007 Scheme"), which has expired on 21 November 2017. On 29 January 2019, the Company convened an extraordinary general meeting, and approved and adopted a new share option scheme (the "New Scheme"), the purpose of which is to enhance the commitment of the participants to the Company and encourage them to pursue the objectives of the Company.

According to the terms of the New Scheme, the Board shall at its absolute discretion grant to any participant a certain number of options at any time within 10 years after the approval date of the New Scheme. Participants, i.e. recipients of the options granted, include any existing executive or non-executive Directors of any member of the Group and any senior management, key technical and professional personnel, managers and employees of any member of the Group, but do not include any independent non-executive Directors of the Company.

The number of shares to be issued at any time upon exercise of all options granted under the New Scheme and other share option schemes of the Company shall not in aggregate exceed 10% of the then issued share capital of the Company. Accordingly, the Company may issue up to 1,155,352,832 shares to the participants under the New Scheme, representing 9.8% of the issued share capital of the Company as at the date of this report.

Unless an approval of shareholders is obtained at a general meeting, if the total number of shares issued and shares which may fall to be issued upon exercise of the share options (including exercised, cancelled and outstanding share options) granted under the New Scheme and any other share option schemes of the Company to a participant in any 12-month period in aggregate exceeds 1% of the issued share capital of the Company at any time, no further share options shall be granted to such participant. Upon acceptance of the grant, the grantee undertakes that he/she will, at the request of the Company, pay a consideration of HK$1 or equivalent (to be determined on the date when the offer of the grant is accepted) to the Company for acceptance of the offer of the grant of the share option.

More details of the 2007 Scheme and the New Scheme are set out in note 39 to the financial statements.

GRANT AND EXERCISE OF SHARE OPTIONS

On 5 May 2008, the Company granted 5,550,000 share options to eligible participants pursuant to the 2007 Scheme. 60% of these share options were lapsed as the performance review results for the year did not meet the target performance results; the remaining 40% of the share options were vested and the exercisable period was expired on 4 May 2015. On 28 November 2012, 58,267,500 share options were granted to eligible participants by the Company. 40% of these share options were lapsed as the performance review results for the year did not meet the target performance results; the remaining 60% of the share options were vested and the exercisable period had expired on 27 November 2019.

On 17 October 2016, the Company granted 172,350,000 share options to eligible participants pursuant to the 2007 Scheme and the exercise price was HK$2.196 per share, being the average closing price per share as stated in the Hong Kong Stock Exchange's daily quotation sheet for the last five consecutive trading days prior to the date of grant. Such options shall vest after two years from the date of grant of the options at the earliest. The share options shall only vest if the pre-set performance targets of the Group, the division to which the grantee is a member and the individual grantees are achieved. Otherwise, the share options shall lapse.

On 6 September 2018, the Remuneration and Nomination Committee of the Board of the Company approved the release of lock-up restrictions on the grantees who fulfil the conditions on a pro rata basis of up to one-third of the share options granted by the Company on 17 October 2016 (where the percentage may decrease on a pro rata basis depending on the rating of the individual performance assessment of the grantees) according to the 2007 Scheme (the amendment to which was approved by the Board on 23 August 2012), results of performance assessment of the grantees and the "Explanation on the Fulfilment of Conditions of the First Batch of Share Options Granted by China Jinmao (2016) for the Third Time (based on the 2017 performance)" provided by the external independent professional advisor.

On 8 February 2019, the Company granted 265,950,000 share options to eligible participants pursuant to the New Scheme and the exercise price was HK$3.99 per share, being the closing price per share on the Hong Kong Stock Exchange on the date of grant. Such options shall vest after two years from the date of grant of the options at the earliest, and the exercise period shall not exceed seven years from the date of grant. The share options shall only vest if the pre-set performance targets of the Group, the division to which the grantee is a member and the individual grantees are achieved. Otherwise, the share options shall lapse.

On 26 August 2019, the Remuneration and Nomination Committee of the Board of the Company approved the release of lock-up restrictions on the grantees who fulfil the conditions on a pro rata basis of up to one-third of the share options granted by the Company on 17 October 2016 (where the percentage may decrease on a pro rata basis depending on the rating of the individual performance assessment of the grantees) according to the 2007 Scheme (the amendment to which was approved by the Board on 23 August 2012), results of performance assessment of the grantees and the "Explanation on the Fulfilment of Conditions of the Second Batch of Share Options Granted by China Jinmao (2016) for the Third Time (based on the 2018 performance)" provided by the external independent professional advisor.

On 9 September 2019, the Company granted in a total of 9,000,000 share options to Mr. LI Congrui, Mr. JIANG Nan and Mr. SONG Liuyi, the executive Directors of the Company, pursuant to the New Scheme and the exercise price was HK$4.58 per share, being the closing price per share on the Hong Kong Stock Exchange on the date of grant. Such options shall vest after two years from the date of grant of the options at the earliest, and the exercise period shall not exceed seven years from the date of grant. The share options shall only vest if the pre-set performance targets of the Group, the division to which the grantee is a member and the individual grantees are achieved. Otherwise, the share options shall lapse.

On 5 August 2020, the Remuneration and Nomination Committee of the Board of the Company approved the release of lock-up restrictions on the grantees who fulfil the conditions on a pro rata basis of up to one-third of the share options granted by the Company on 17 October 2016 and 8 February 2019, respectively (where the percentage may decrease on a pro rata basis depending on the rating of the individual performance assessment of the grantees) according to the 2007 Scheme (the amendment to which was approved by the Board on 23 August 2012) and the New Scheme, results of performance assessment of the grantees and the "Explanation on the Fulfilment of Conditions of the Third Batch of Share Options Granted by China Jinmao in 2016 (based on the 2019 performance) and Breakdown of the Release" and the "Explanation on the Fulfilment of Conditions of the First Batch of Share Options Granted by China Jinmao in 2019 (based on the 2019 performance) and Breakdown of the Release" provided by the external independent professional advisor.

The following share options were outstanding under the 2007 Scheme and New Scheme during the year ended 31 December 2020:

Name or category of grantees	Number of share options As at 1 January 2020	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	As at 31 December 2020	Date of grant of share options	Exercise period of share options (both days inclusive)	Exercise price of share options (HK$)	Closing price of the shares of the Company immediately preceding the grant date of share options (HK$)
Directors										
Mr. LI Congrui	500,000	–	–	–	–	500,000	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	500,000	–	–	–	–	500,000	17 October 2016	17 October 2019 to 16 October 2023	2.196	2.15
	500,000	–	–	–	–	500,000	17 October 2016	17 October 2020 to 16 October 2023	2.196	2.15
	1,000,000	–	–	–	–	1,000,000	9 September 2019	9 September 2021 to 8 September 2026	4.58	4.71
	1,000,000	–	–	–	–	1,000,000	9 September 2019	9 September 2022 to 8 September 2026	4.58	4.71
	1,000,000	–	–	–	–	1,000,000	9 September 2019	9 September 2023 to 8 September 2026	4.58	4.71
Mr. JIANG Nan	500,000	–	–	–	–	500,000	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	500,000	–	–	–	–	500,000	17 October 2016	17 October 2019 to 16 October 2023	2.196	2.15
	500,000	–	–	–	–	500,000	17 October 2016	17 October 2020 to 16 October 2023	2.196	2.15
	1,000,000	–	–	–	–	1,000,000	9 September 2019	9 September 2021 to 8 September 2026	4.58	4.71
	1,000,000	–	–	–	–	1,000,000	9 September 2019	9 September 2022 to 8 September 2026	4.58	4.71
	1,000,000	–	–	–	–	1,000,000	9 September 2019	9 September 2023 to 8 September 2026	4.58	4.71

Name or category of grantees	As at 1 January 2020	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	As at 31 December 2020	Date of grant of share options	Exercise period of share options (both days inclusive)	Exercise price of share options (HK$)	Closing price of the shares of the Company immediately preceding the grant date of share options (HK$)
	Number of share options									
Mr. SONG Liuyi	500,000	–	–	–	–	500,000	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	500,000	–	–	–	–	500,000	17 October 2016	17 October 2019 to 16 October 2023	2.196	2.15
	500,000	–	–	–	–	500,000	17 October 2016	17 October 2020 to 16 October 2023	2.196	2.15
	1,000,000	–	–	–	–	1,000,000	9 September 2019	9 September 2021 to 8 September 2026	4.58	4.71
	1,000,000	–	–	–	–	1,000,000	9 September 2019	9 September 2022 to 8 September 2026	4.58	4.71
	1,000,000	–	–	–	–	1,000,000	9 September 2019	9 September 2023 to 8 September 2026	4.58	4.71
Sub total	4,500,000	–	–	–	–	4,500,000	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	9,000,000	–	–	–	–	9,000,000	9 September 2019	9 September 2021 to 8 September 2026	4.58	4.71
Employees in aggregate	6,517,800	–	(2,559,000)	–	–	3,958,800	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	35,628,200	–	(11,329,000)	–	–	24,299,200	17 October 2016	17 October 2019 to 16 October 2023	2.196	2.15
	42,612,000	–	(1,040,800)	–	(1,160,000)	40,411,200	17 October 2016	17 October 2020 to 16 October 2023	2.196	2.15
	86,694,000	–	–	–	(2,250,000)	84,444,000	8 February 2019	8 February 2021 to 7 February 2026	3.99	4.00
	86,694,000	–	–	–	(2,250,000)	84,444,000	8 February 2019	8 February 2022 to 7 February 2026	3.99	4.00
	86,712,000	–	–	–	(2,250,000)	84,462,000	8 February 2019	8 February 2023 to 7 February 2026	3.99	4.00

Name or category of grantees	As at 1 January 2020	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	As at 31 December 2020	Date of grant of share options	Exercise period of share options (both days inclusive)	Exercise price of share options (HK$)	Closing price of the shares of the Company immediately preceding the grant date of share options (HK$)
	Number of share options									
Total	89,258,000	–	(14,928,800)	–	(1,160,000)	73,169,200	17 October 2016	17 October 2018 to 16 October 2023	2.196	2.15
	260,100,000	–	–	–	(6,750,000)	253,350,000	8 February 2019	8 February 2021 to 7 February 2026	3.99	4.00
	9,000,000	–	–	–	–	9,000,000	9 September 2019	9 September 2021 to 8 September 2026	4.58	4.71

DIRECTORS AND CHIEF EXECUTIVES' INTEREST IN SHARES OR UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Save as disclosed below, as at 31 December 2020, none of the Directors and chief executives of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were required, pursuant to the Model Code as set out in the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

Interest in the shares or underlying shares of the Company

Name	Capacity	Number of shares held	Number of underlying shares held (Note)	Approximate percentage of the issued share capital
Mr. LI Congrui	Beneficial owner	2,000,000(L)	4,500,000(L)	0.051%
Mr. JIANG Nan	Beneficial owner	2,000,000(L)	4,500,000(L)	0.051%
Mr. SONG Liuyi	Beneficial owner	2,000,000(L)	4,500,000(L)	0.051%

(L) Denotes long positions

Note: Represents the underlying shares subject to share options which are unlisted physically settled equity derivatives.

SUBSTANTIAL SHAREHOLDERS' INTEREST

So far as is known to the Directors of the Company, as at 31 December 2020, the following persons (other than the Directors or chief executives of the Company) had interest and short positions in the shares, or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein, or which had already been notified to the Company and the Hong Kong Stock Exchange:

Name of the substantial shareholder	Nature	Capacity/nature of Interest	Number of ordinary shares	Approximate percentage of the issued share capital
Sinochem Hong Kong (Group) Company Limited ("Sinochem Hong Kong")	Long position	Beneficial owner	4,476,188,025	35.15%
Sinochem Corporation	Long position	Interest of controlled corporation[Note 1]	4,476,188,025	35.15%
Sinochem Group Co., Ltd.	Long position	Interest of controlled corporation[Note 1]	4,476,188,025	35.15%
Ping An Life Insurance Company of China, Ltd. ("Ping An Life Insurance")	Long position	Beneficial owner	1,787,077,435	14.03%
Ping An Insurance (Group) Company of China, Ltd.	Long position	Interest of controlled corporation[Note 2]	1,790,061,831	14.05%
New China Life Insurance Company Ltd.	Long position	Beneficial owner	1,079,321,860	8.47%
	Long position	Interest of controlled corporation[Note 3]	14,000,000	0.11%
UBS Group AG	Long position	Interest of controlled corporation[Note 4]	887,151,789	6.97%

Note 1: Sinochem Group Co., Ltd. holds the entire equity interests in Sinochem Corporation, which in turn holds the entire equity interests in Sinochem Hong Kong. For the purpose of the SFO, Sinochem Group Co., Ltd. and Sinochem Corporation are both deemed to be interested in the shares beneficially owned by Sinochem Hong Kong.

Note 2: Ping An Insurance (Group) Company of China, Ltd. holds 99.51% equity interests in Ping An Life Insurance and the entire equity interests in Ping An of China Asset Management (Hong Kong) Company Limited. For the purpose of the SFO, Ping An Insurance (Group) Company of China, Ltd. is deemed to be interested in 1,787,077,435 shares beneficially owned by Ping An Life Insurance and 2,984,396 shares beneficially owned by Ping An of China Asset Management (Hong Kong) Company Limited.

Note 3: New China Life Insurance Company Ltd. is deemed to be interested in 14,000,000 shares beneficially owned by New China Capital Management Limited, a corporation indirectly controlled by New China Life Insurance Company Ltd.

Note 4: UBS Group AG is deemed to have interests in the shares of the Company held by UBS AG, UBS Switzerland AG, UBS Asset Management (Shanghai) Limited, UBS Asset Management (Americas) Inc., UBS Asset Management (Australia) Ltd, UBS Asset Management (Canada) Inc., UBS Asset Management (Deutschland) GmbH, UBS Asset Management (Hong Kong) Ltd, UBS Asset Management (Japan) Ltd, UBS Asset Management Life Ltd, UBS Asset Management (Singapore) Ltd, UBS Asset Management Switzerland AG, UBS Asset Management Trust Company, UBS Asset Management (UK) Limited, UBS Fund Management (Luxembourg) S.A. and UBS Fund Management (Switzerland) AG, and such companies are subsidiaries of UBS Group AG. Among such long positions, 64,000 shares are cash settled unlisted derivatives.

Note 5: On 6 August 2019, Sinochem Hong Kong delivered 1,787,077,435 shares to Ping An Life Insurance pursuant to a placing and subscription agreement dated 26 July 2019. Ping An Life Insurance is granted a pre-emptive right to off-market transfers and is thus deemed to be interested in 4,476,188,025 shares held by Sinochem Hong Kong by virtue of s.317 of the SFO, and Sinochem Hong Kong is deemed to be interested in 1,787,077,435 shares held by Ping An Life Insurance by virtue of s.317 of the SFO.

Save as disclosed above, as at 31 December 2020, the Directors of the Company were not aware of any person (other than the Directors or chief executives of the Company) who had interest or short positions in the shares and underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein, or which had already been notified to the Company and the Hong Kong Stock Exchange.

CONTINUING CONNECTED TRANSACTIONS

During the Period under Review and up to the date of this report, the Company entered into non-exempt continuing connected transactions, including:

I. Continuing connected transactions exempt from the independent shareholders' approval requirement:

1 Framework lease agreement between China Jin Mao Group Co., Ltd. ("Jin Mao Group") and Sinochem Group;

2 Framework lease agreement and supplemental agreement between the Company and Sinochem Group;

3 Loan framework agreement between Franshion Properties (Hangzhou) Limited ("Hangzhou Properties"), Sky Power Properties Limited ("Sky Power Properties") and Sinochem Lantian Co., Ltd. ("Sinochem Lantian");

4 Loan framework agreement between Jinmao Investment (Changsha) Co., Ltd. ("Jinmao Changsha"), Shanghai Jinmao Economic Development Co., Ltd. ("Jinmao Development") and Changsha CSC Investment Co., Ltd. ("CSC Changsha");

5 Entrustment loan framework agreement between Changsha Meixi Lake Jin Yue Properties Limited ("Jin Yue Properties"), Changsha Jinmao Real Estate Co., Ltd. ("Changsha Jinmao") and Meixi Lake Investment (Changsha) Co., Ltd. ("Meixi Lake Investment");

6 Factoring service framework agreement between the Company and Sinochem Commercial Factoring Co., Ltd. ("Sinochem Factoring");

7 Loan framework agreement between Chongqing Xingqian Real Estate Co., Ltd. ("Xingqian Real Estate") and its direct and indirect shareholders (including the Company, Ping An Real Estate Company Limited ("Ping An Real Estate"), Jinmao Xinan Enterprise Management (Chongqing) Limited ("Jinmao Xinan"), Fubao Investment Management Limited ("Fubao"), Step Fancy Investments Limited ("Step Fancy"), and Year Fine Limited ("Year Fine"));

8 Entrustment loan framework agreement between Ningbo Yingmao Properties Development Co., Ltd. ("Yingmao Properties"), Wide Sea Limited ("Wide Sea") and Shenzhen Pingjia Investment and Management Co., Ltd. ("Pingjia Investment");

9 Loan framework agreement between 12 project companies including Qingdao Fanghui Properties Co., Ltd. ("Qingdao 12 Project Companies"), Beijing Xingmao Properties Co., Ltd. ("Xingmao Properties"), Win Cheer Limited ("Win Cheer"), Tongxiang Haoji Properties Co., Ltd. ("Haoji Properties"), Tongxiang Haoqing Properties Co., Ltd. ("Haoqing Properties") and China Overseas Enterprise Development Group Co., Ltd. ("China Overseas Development");

10 Cash pooling accession agreement between the Company, Sinochem Hong Kong and Bank Mendes Gans N.V. (the "Bank");

11 Loan framework agreement between Shanghai Rongdi Real Estate Development Co., Ltd. ("Shanghai Rongdi"), Shanghai Rongyu Real Estate Development Co., Ltd. ("Shanghai Rongyu"), Shanghai Maohuan Enterprise Management Co., Ltd. ("Shanghai Maohuan"), Shenzhen Deli Enterprise Management Co., Ltd. ("Shenzhen Deli") and Rongqiao Group Co., Ltd. ("Rongqiao Group").

II. Continuing connected transactions approved or to be approved by independent shareholders:

12 Renewed framework financial service agreement between the Company and Sinochem Finance Co., Ltd. ("Sinochem Finance");

13 Financial services framework agreement between the Company, Ping An Bank Co., Ltd. ("Ping An Bank"), China Ping An Trust Co., Ltd. ("Ping An Trust"), Shenzhen Qianhai Pingyu Commercial Factoring Co., Ltd. ("Pingyu Factoring"), Ping An Property & Casualty Insurance Company of China, Ltd. ("Ping An Property & Casualty"), Ping An Annuity Insurance Company of China, Ltd. ("Ping An Annuity"), Ping An Real Estate and Ping An Asset Management Co., Ltd. ("Ping An Asset Management").

For these continuing connected transactions, the Company confirms that it had complied with the requirements under Chapter 14A of the Listing Rules. During the Year, when conducting these continuing connected transactions, the Company had complied with the pricing policies and guidelines formulated when such transactions were entered into. Set out below is a summary of all these transactions:

I. CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM THE INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENT

1 Framework lease agreement between Jin Mao Group and Sinochem Group

On 21 December 2018, Jin Mao Group entered into a framework lease agreement with Sinochem Group with respect to the lease of the relevant units in Jin Mao Tower (the "Jin Mao Framework Lease Agreement"). The Jin Mao Framework Lease Agreement, which took effect on 1 January 2019, is valid for a period of three years. For the three years ending 31 December 2021, the annual transaction caps (including rent, property management fee and other charges) are RMB61.11 million, RMB85.46 million and RMB103.14 million, respectively.

Prior to the completion of privatisation of Jinmao Hotel and Jinmao (China) Hotel Investments and Management Limited (please refer to the section headed "Share Capital and Share Options" under the "Report of the Directors" in this report for details), Jin Mao Group is a non-wholly-owned subsidiary of the Company. Upon the completion of privatisation, Jin Mao Group has become a wholly-owned subsidiary of the Company. Sinochem Group is the ultimate controlling shareholder of the Company and hence a connected person of the Company. Accordingly, the Jin Mao Framework Lease Agreement and the transactions contemplated under the specific lease contracts constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. For the year ended 31 December 2020, the transaction amount did not exceed the annual cap.

Please refer to the sub-section under "Framework lease agreement between the Company and Sinochem Group" below for further details.

2 Framework lease agreement between the Company and Sinochem Group

The Company and Sinochem Group entered into two framework lease agreements for lease of the relevant units in Beijing Chemsunny World Trade Centre, Sinochem Tower and Jin Mao Tower on 31 December 2008 and 31 July 2009, respectively (the "Original Framework Lease Agreements"). In order to streamline and optimise the regulation of the leasing relationship in respect of the relevant units in Beijing Chemsunny World Trade Centre, Sinochem Tower and Jin Mao Tower between the Company (and its subsidiaries) and Sinochem Group (and its associates), the Company entered into with Sinochem Group a comprehensive framework lease agreement (the "New Framework Lease Agreement") on 11 November 2011 in place of the two Original Framework Lease Agreements. The New Framework Lease Agreement was considered and approved by the independent shareholders of the Company at the extraordinary general meeting held on 22 December 2011. The New Framework Lease Agreement is valid for a term of ten years commencing from 1 January 2012. Pursuant to the New Framework Lease Agreement:

(1) The two Original Framework Lease Agreements shall be terminated on 31 December 2011 and the New Framework Lease Agreement shall take effect on 1 January 2012.

(2) Pursuant to the two Original Framework Lease Agreements, all the existing specific lease contracts in respect of the relevant units in Beijing Chemsunny World Trade Centre, Sinochem Tower in Beijing, China and the relevant units in Jin Mao Tower in Shanghai, China entered into between the Company (and its subsidiaries) and Sinochem Group (and its associates) respectively shall be included in and regulated by the New Framework Lease Agreement upon the termination of the Original Framework Lease Agreements.

(3) The rent under the New Framework Lease Agreement shall be determined based on the relevant specific lease contracts, which includes the property management fee of the relevant units and various miscellaneous expenses actually incurred, including but not limited to car park rental, car park management fee, car parking fee, water charge, electricity charge, gas charge, phone bill, overtime air-conditioning charge, maintenance fee and catering fee (if applicable). The rent shall be paid by lessees in accordance with the provisions of the specific lease contracts.

(4) On 21 December 2018, taking into consideration the estimated transaction amount under the Jin Mao Framework Lease Agreement (please refer to the section headed "Framework lease agreement between Jin Mao Group and Sinochem Group" above for details), the annual caps (including rent, property management fee and other charges) prescribed by the Company for the three years ending 31 December 2021 with respect to the leased properties under the New Framework Lease Agreement would be RMB481.66 million, RMB526.85 million and RMB597.58 million, respectively.

On 18 December 2020, the Company entered into the supplemental agreement to the New Framework Lease Agreement ("the Supplemental Agreement") with Sinochem Group, pursuant to which the specific lease contracts entered into and to be entered into between the parties in respect of the relevant units of Royal International Mansion will be included in and regulated by the New Framework Lease Agreement. The term of the Supplemental Agreement commences from 18 December 2020 until the expiry date of the New Framework Lease Agreement. For the two years ending 31 December 2021, the annual caps for the rentals (including property management fee and other charges) in respect of lease of the relevant units of Royal International Mansion payable by Sinochem Group and its associates under the Supplemental Agreement were RMB23.01 million and RMB75.46 million, respectively.

In 2020, details of the New Framework Lease Agreement, the Supplemental Agreement and the transactions contemplated under the specific lease contracts are as follows:

Connected person		Nature of transaction	Effective period	Currency	Transaction amount in 2020
1.	Two subsidiaries of Sinochem Group Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group		RMB	38,192,056
	1A Manulife-Sinochem Life Insurance Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2017 to 2025	RMB	31,033,978
	1B China Foreign Economy and Trade Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2017 to 2020	RMB	7,158,078
2.	Sinochem Group Co., Ltd. and its 19 subsidiaries	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group		RMB	271,473,917
	2A Sinochem Corporation	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	93,942,336
	2B Sinochem Group Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	8,162,691
	2C China Foreign Economy and Trade Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	39,635,637
	2D China National Seed Group Corp.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	3,815,923
	2E Sinochem Insurance Brokers (Beijing) Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	15,989
	2F Sinochem Fertilizer Company Limited	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	25,534,446
	2G Sinochem Finance Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	15,799,589
	2H Sinochem Juyuan Enterprises Management (Beijing) Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	4,124,977
	2I Sinochem Energy Corporation Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	18,749,418
	2J Sinochem Quanzhou Petrochemical Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	162,541
	2K Sinochem Commerce Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	663
	2L Sinochem Commercial Factoring Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2019 to 2022	RMB	2,882,104
	2M Sinochem Petroleum Exploration and Production Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	10,996,196
	2N Sinochem Petroleum Sales Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	14,172,771

	Connected person	Nature of transaction	Effective period	Currency	Transaction amount in 2020
	2O Sinochem Oil Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	12,016,539
	2P Sinochem Agriculture Holdings Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2017 to 2020	RMB	1,751,463
	2Q Sinochem Information and Technology Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	5,183,945
	2R Sinochem Capital Co., Ltd., Beijing Branch	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2018 to 2020	RMB	14,526,689
3.	14 subsidiaries of Sinochem Group Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group		RMB	70,544,076
	3A Sinochem Corporation	Lease of relevant units in Sinochem Tower from the Group	2019 to 2022	RMB	6,169,695
	3B Beijing Sinochem Jinqiao Trade Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2019 to 2022	RMB	209,421
	3C China Foreign Economy and Trade Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2015 to 2022	RMB	13,842,536
	3D Manulife-Sinochem Life Insurance Co., Ltd., Beijing Branch	Lease of relevant units in Sinochem Tower from the Group	2018 to 2022	RMB	7,750,826
	3E Sinochem International (Holdings) Co., Ltd., Beijing Branch	Lease of relevant units in Sinochem Tower from the Group	2019 to 2022	RMB	3,919,800
	3F Sinochem Commerce Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2019 to 2022	RMB	15,944,380
	3G Sinochem Environment Holdings Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2019 to 2022	RMB	22,343
	3H Sinochem Juyuan Enterprises Management (Beijing) Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2018 to 2021	RMB	525,934
	3I Sinochem Plastics Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2019 to 2022	RMB	10,653,727
	3J Sinochem Agriculture Holdings Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2017 to 2020	RMB	6,293,185
	3K Sinochem Information and Technology Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2017 to 2020	RMB	1,797,825
	3L Sinochem Asset Management Co. Ltd.	Lease of relevant units in Sinochem Tower from the Group	2017 to 2022	RMB	3,372,482
	3M Sinochem Energy Corporation Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2018 to 2020	RMB	25,143
	3N China National Seed Group Corp.	Lease of relevant units in Sinochem Tower from the Group	2018 to 2020	RMB	16,779

Connected person		Nature of transaction	Effective period	Currency	Transaction amount in 2020
4.	Four subsidiaries of Sinochem Group Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group		RMB	10,864,559
	4A Sinochem Fertilizer Company Limited	Lease of relevant units in Royal International Mansion from the Group	2020 to 2021	RMB	1,620,543
	4B Sinochem Agriculture Holdings Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2020 to 2021	RMB	5,025,407
	4C Sinochem Petroleum Sales Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2020 to 2021	RMB	3,472,818
	4D Sinochem Energy and Technology Co., Ltd.	Lease of relevant units in Royal International Mansion from the Group	2020 to 2021	RMB	745,791
Total				RMB	391,074,608

Sinochem Group is the ultimate controlling shareholder of the Company and is therefore a connected person of the Company. Accordingly, the New Framework Lease Agreement, the Supplemental Agreement and the transactions contemplated under the specific lease contracts constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules. For the year ended 31 December 2020, the transaction amount did not exceed the annual cap.

3 Loan framework agreement between Hangzhou Properties, Sky Power Properties and Sinochem Lantian

On 31 August 2018, Hangzhou Properties entered into a loan framework agreement with Sky Power Properties and Sinochem Lantian (the "Hangzhou Framework Agreement"), pursuant to which Hangzhou Properties agreed to provide loans to Sky Power Properties and Sinochem Lantian (or their respective designated loan receiving entities) based on the same terms and conditions and in proportion to their respective shareholdings in Hangzhou Properties. Under the Hangzhou Framework Agreement, the actual interest rate of each of the loans shall be determined by reference to the same term RMB benchmark loan interest rate for financial institutions published by the PBOC from time to time, subject to a floating range of 50% higher or lower than such rate. The parties shall enter into specific loan agreements separately according to the terms and conditions set out in the Hangzhou Framework Agreement. The Hangzhou Framework Agreement shall be valid for three years from 31 August 2018. During the term of the Hangzhou Framework Agreement, the cap on the maximum daily balance (including the accrued interest) of the loans to be provided by Hangzhou Properties to Sinochem Lantian (or its designated loan receiving entity) will be RMB295 million. For the year ended 31 December 2020, the transaction amount did not exceed the annual cap.

Hangzhou Properties is an indirect non-wholly-owned subsidiary of the Company. Sinochem Lantian is owned as to approximately 51% by Sinochem Group, which is the ultimate holding company of the Company. Accordingly, it is a connected person of the Company. As such, the transaction in relation to the provision of loans by Hangzhou Properties to Sinochem Lantian (or its designated loan receiving entity) constitutes the provision of financial assistance by the Company to a connected person, and therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

4 Loan framework agreement between Jinmao Changsha, Jinmao Development and CSC Changsha

On 5 June 2017, Jinmao Changsha entered into an entrusted loan framework agreement with Jinmao Development and CSC Changsha (the "2017 Changsha Framework Agreement"), pursuant to which Jinmao Changsha agreed to provide entrustment loans to Jinmao Development (or its designated non-connected subsidiaries of the Company) and CSC Changsha (or any of its designated shareholders) based on the same terms and conditions and in proportion to their respective shareholdings in Jinmao Changsha. Under the 2017 Changsha Framework Agreement, the actual interest rate of each of the entrustment loans shall be determined by reference to the one-year RMB benchmark loan interest rate for financial institutions published by the PBOC, subject to a floating range of 50% higher or lower than such rate. The parties shall enter into entrustment loan agreements with relevant financial institutions separately according to the terms and conditions set out in the 2017 Changsha Framework Agreement. The 2017 Changsha Framework Agreement shall be valid for three years with effect from 25 June 2017. During the term of the 2017 Changsha Framework Agreement, the cap on the maximum daily balance (including the accrued interest) of the loans to be provided by Jinmao Changsha to CSC Changsha (or any of its designated shareholders) will be RMB1,000 million. The 2017 Changsha Framework Agreement was expired on 24 June 2020.

On 22 June 2020, Jinmao Changsha entered into a loan framework agreement with Jinmao Development and CSC Changsha (the "2020 Changsha Framework Agreement"), pursuant to which Jinmao Changsha shall continue to provide loans to Jinmao Development and CSC Changsha (or their respective designated entities) during the term of the 2020 Changsha Framework Agreement. Under the 2020 Changsha Framework Agreement, the actual interest rate of each of the loans shall be determined by reference to the same term RMB benchmark loan interest rate published by the PBOC from time to time, subject to a floating range of 50% higher or lower than such rate. The parties shall enter into specific loan agreements separately according to the terms and conditions set out in the 2020 Changsha Framework Agreement. The 2020 Changsha Framework Agreement shall be valid for three years with effect from 25 June 2020. During the term of the 2020 Changsha Framework Agreement, the cap on the maximum daily balance (including the accrued interest) of the loans to be provided by Jinmao Changsha to CSC Changsha (or its designated entities) will be RMB1,000 million. For the year ended 31 December 2020, the transaction amount did not exceed the annual cap.

Jinmao Development is a wholly-owned subsidiary of the Company. Jinmao Changsha, owned as to 80% and 20% respectively by Jinmao Development and CSC Changsha, is a non-wholly-owned subsidiary of the Company. CSC Changsha is the substantial shareholder of Jinmao Changsha and is therefore a connected person of the Company at the subsidiary level. Accordingly, the transaction in relation to the provision of loans by Jinmao Changsha to CSC Changsha (or its designated entities) constitutes the provision of financial assistance by the Company to a connected person at the subsidiary level, and therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

5 Entrustment loan framework agreement between Jin Yue Properties, Changsha Jinmao and Meixi Lake Investment

On 14 December 2017, Jin Yue Properties entered into an entrusted loan framework agreement with its shareholders, namely Changsha Jinmao and Meixi Lake Investment (the "Jin Yue Framework Agreement"), pursuant to which Jin Yue Properties agreed to provide entrustment loans to Changsha Jinmao (or its designated non-connected subsidiaries of the Company) and Meixi Lake Investment (or any of its designated shareholders) based on the same terms and conditions and in proportion to their respective shareholdings in Jin Yue Properties. Under the Jin Yue Framework Agreement, the actual interest rate of each of the entrustment loans shall be determined by reference to the one-year RMB benchmark loan interest rate for financial institutions published by the PBOC, subject to a floating range of 50% higher or lower than such rate. The parties shall enter into entrustment loan agreements with relevant financial institutions separately according to the terms and conditions set out in the Jin Yue Framework Agreement. The Jin Yue Framework Agreement shall be valid for three years. During the term of the Jin Yue Framework Agreement, the cap on the maximum daily balance (including the accrued interest) of the loans to be provided by Jin Yue Properties to Meixi Lake Investment (or any of its designated shareholders) will be RMB500 million. The Jin Yue Framework Agreement was expired on 13 December 2020, and for the year ended 31 December 2020, the transaction amount did not exceed the annual cap.

Changsha Jinmao is an indirect wholly-owned subsidiary of the Company. Jin Yue Properties, owned as to 70% and 30% respectively by Changsha Jinmao and Meixi Lake Investment, is an indirect non-wholly-owned subsidiary of the Company. Meixi Lake Investment is the substantial shareholder of Jin Yue Properties and is therefore a connected person of the Company at the subsidiary level. Accordingly, the transaction in relation to the provision of entrustment loans by Jin Yue Properties to Meixi Lake Investment (or any of its designated shareholders) constitutes the provision of financial assistance by the Company to a connected person at the subsidiary level, and therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

6 Factoring service framework agreement between the Company and Sinochem Factoring

On 28 March 2018, the Company and Sinochem Factoring entered into a framework agreement, pursuant to which the Group will utilise the financing factoring services and non-financial factoring services available from Sinochem Factoring from time to time as it deems necessary for a term of three years. Under the framework agreement, the interests and fees payable by the Group to Sinochem Factoring shall not be higher than the interests and fees charged by independent factoring companies in the PRC in providing the same type of factoring services under the same conditions. During the term of the factoring service framework agreement, the cap on the daily maximum balance (including the amount of accounts receivables and accrued interests) in respect of the financing factoring services to be provided by Sinochem Factoring to the Group will be RMB2,000 million, and the annual cap for the fees of the non-financing factoring services to be provided by Sinochem Factoring to the Group will be RMB40 million. For the year ended 31 December 2020, the transaction amount did not exceed the aforesaid two caps.

Sinochem Factoring is an indirect non-wholly-owned subsidiary of Sinochem Group, which is the ultimate controlling shareholder of the Company. Accordingly, Sinochem Factoring is a connected person of the Company. The transactions under the factoring service framework agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

7 Loan framework agreement between Xingqian Real Estate and its direct and indirect shareholders (including the Company, Ping An Real Estate, Jinmao Xinan, Fubao, Step Fancy and Year Fine)

On 23 August 2019, Xingqian Real Estate, an indirect non-wholly-owned subsidiary of the Company, entered into the loan framework agreement with its direct and indirect shareholders (including the Company, Ping An Real Estate, Jinmao Xinan, Fubao, Step Fancy and Year Fine) (the "Xingqian Framework Agreement"), pursuant to which Xingqian Real Estate agreed to provide loans to the Company and Ping An Real Estate (or their respective designated entities) based on the same terms and conditions and in proportion to the effective interest in Xingqian Real Estate held by the Company and Ping An Real Estate through their respective subsidiaries. Under the Xingqian Framework Agreement, the actual interest rate of each of the loans shall be determined by reference to the RMB benchmark loan interest rate for financial institutions of the same term published by the PBOC, subject to a floating range of 50% higher or lower than such rate. The parties shall enter into loan agreements separately according to the terms and conditions set out in the Xingqian Framework Agreement. The Xingqian Framework Agreement shall be valid for three years. During the term of the Xingqian Framework Agreement, the cap on the maximum daily balance (including the accrued interest) of the loans to be provided by Xingqian Real Estate to Ping An Real Estate (or its designated entities) will be RMB900 million. For the year ended 31 December 2020, the transaction amount did not exceed the annual cap.

Ping An Real Estate is an associate of Ping An Life Insurance, which is a substantial shareholder of the Company, and is therefore a connected person of the Company. Step Fancy is a subsidiary of the Company owned as to 63.2% by the Company and 36.8% by Ping An Real Estate through Fubao, its wholly-owned subsidiary. Accordingly, Step Fancy is a connected subsidiary of the Company. Xingqian Real Estate is an indirect non-wholly-owned subsidiary of Step Fancy and also a connected subsidiary of the Company. Therefore, the transactions under the Xingqian Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

8 Entrustment loan framework agreement between Yingmao Properties, Wide Sea and Pingjia Investment

On 17 March 2020, Yingmao Properties, an indirect non-wholly-owned subsidiary of the Company, entered into the entrustment loan framework agreement with its shareholders, namely Wide Sea and Pingjia Investment (the "Yingmao Framework Agreement"), pursuant to which Yingmao Properties agreed to provide entrustment loans to Wide Sea and Pingjia Investment (or their respective designated entities) based on the same terms and conditions and in proportion to the respective shareholding ratio of Wide Sea and Pingjia Investment in Yingmao Properties. Under the Yingmao Framework Agreement, the actual interest rate of each of the entrustment loans shall be determined by reference to the latest loan prime rate for one-year loan as published by the National Interbank Funding Center from time to time, subject to a floating range of 50% higher or lower than such rate. The parties shall enter into specific loan agreements with relevant financial institutions separately according to the terms and conditions set out in the Yingmao Framework Agreement. The Yingmao Framework Agreement shall be for a term of two years commencing from 24 March 2020. During the term of the Yingmao Framework Agreement, the cap on the maximum daily balance (including the accrued interests) of the loans to be provided by Yingmao Properties to Pingjia Investment (or its designated entities) will be RMB550 million. For the year ended 31 December 2020, the transaction amount did not exceed the annual cap.

Pingjia Investment is an associate of Ping An Life Insurance, a substantial shareholder of the Company, and is therefore a connected person of the Company. Yingmao Properties is a subsidiary owned as to 50% by the Company through Wide Sea and the remaining 50% by Pingjia Investment, and is therefore a connected subsidiary of the Company. Accordingly, the transactions under the Yingmao Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

9 Loan framework agreement among Qingdao 12 Project Companies, Xingmao Properties, Win Cheer, Haoji Properties, Haoqing Properties and China Overseas Development

On 14 May 2020, Qingdao 12 Project Companies, the indirect non-wholly-owned subsidiaries of the Company, entered into the loan framework agreement with their shareholders (including Xingmao Properties, Win Cheer, Haoji Properties, Haoqing Properties and China Overseas Development) (the "Qingdao Framework Agreement"), pursuant to which Qingdao 12 Project Companies agreed to provide loans to their shareholders (or their respective designated entities) based on the same terms and conditions and in proportion to the respective shareholding ratio of the Company (through its subsidiaries Xingmao Properties and Win Cheer), Ping An Insurance (Group) Company of China, Ltd. ("Ping An") (through its subsidiaries Haoji Properties and Haoqing Properties) and China Overseas Development in Qingdao 12 Project Companies. Under the Qingdao Framework Agreement, the effective interest rate of each of the loans shall be determined by reference to the loan prime rate for one-year loan as published by the National Interbank Funding Center from time to time, subject to a floating range of 50% higher or lower than such rate. The parties shall enter into specific loan agreements separately according to the terms and conditions set out in the Qingdao Framework Agreement. The Qingdao Framework Agreement shall be for a term of three years commencing from 14 May 2020. During the term of the Qingdao Framework Agreement, the aggregate maximum daily balance (including the accrued interests) of the loans to be provided by Qingdao 12 Project Companies to Haoji Properties and Haoqing Properties (or their respective designated entities) will be RMB770 million. For the year ended 31 December 2020, the transaction amount did not exceed the annual cap.

Haoji Properties and Haoqing Properties are associates of Ping An Life Insurance, a substantial shareholder of the Company, and are therefore connected persons of the Company. Qingdao 12 Project Companies are subsidiaries owned as to 68% by the Company (through Xingmao Properties or Win Cheer) and 14% by Ping An (through Haoji Properties or Haoqing Properties). Accordingly, Qingdao 12 Project Companies are therefore connected subsidiaries of the Company. Accordingly, the transactions under the Qingdao Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

10 Cash pooling accession agreement among the Company, Sinochem Hong Kong and the Bank

On 23 June 2020, the Company (as a new customer) entered into the accession agreement with Sinochem Hong Kong and the Bank, pursuant to which the Company has agreed to become a party to the cash pooling agreement and join the cash pool established by Sinochem Hong Kong (as the principal customer and the guarantor), the Sinochem member companies (each as a customer) and the Bank. Accordingly to the cash pooling agreement, each customer shall open one or more accounts with the Bank, and may from time to time place cash deposits to its accounts or overdraw its accounts; each customer shall pledge to the Bank, by way of a first ranking right of pledge, any and all present and future claims of the relevant customer against the Bank arising from or in connection with its accounts; and Sinochem Hong Kong shall have the right to transfer credit balances among the accounts. On the same day, the Company and Sinochem Hong Kong entered into the cooperation agreement which further regulated their rights and obligations under the cash pooling cooperation arrangement, and provided additional protection to the Company. According to the cooperation agreement, the daily balance (including the accrued interest) of the deposit placed by the Company with the Bank shall not exceed US$100,000,000 and the interest rate of such deposit shall be calculated at overnight LIBOR plus 10 base points. In addition, Sinochem Hong Kong agreed to, before the Company places any deposit to the cash pool, provide the loan of a principal amount of US$100,000,000 (equivalent to the maximum amount of the deposit) to the Company. No security over the assets of the Company will be required for the loan. The interest rate of the loan shall not be higher than the interest rates offered by other financial institutions to the Company for loans of the same currency and duration. If the Company is not able to recover any or part of the deposit, the Company will have the right to set off the amount of the shortfall against its repayment obligation under the loan on a dollar-to-dollar basis. The cash pooling cooperation arrangement shall be for a term from 23 June 2020 to 31 December 2022. For the year ended 31 December 2020, the transaction amount did not exceed the annual cap.

Sinochem Hong Kong is the direct controlling shareholder of the Company and Sinochem Group is the ultimate controlling shareholder of the Company. Each of the Sinochem member companies is a subsidiary of Sinochem Group. Therefore, each of Sinochem Hong Kong and the Sinochem member companies is a connected person of the Company. The cash pooling cooperation arrangement involves a provision of financial assistance among customers of the cash pool (including the Company, Sinochem Hong Kong and the Sinochem member companies), and therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

11 Loan framework agreement among Shanghai Rongdi, Shanghai Rongyu, Shanghai Maohuan, Shenzhen Deli and Rongqiao Group

On 14 January 2021, Shanghai Rongdi (an indirect non-wholly-owned subsidiary of the Company) and its wholly-owned subsidiary, Shanghai Rongyu, entered into the loan framework agreement (the "Shanghai Framework Agreement") with the shareholders of Shanghai Rongdi (including Shanghai Maohuan, Shenzhen Deli and Rongqiao Group), pursuant to which Shanghai Rongyu agreed to provide loans to Shanghai Maohuan, Shenzhen Deli and Rongqiao Group (or their respective designated entities) based on the same terms and conditions and in proportion to the equity interest held by Shanghai Maohuan, Shenzhen Deli and Rongqiao Group in Shanghai Rongdi. The actual interest rate of each of the loans under the Shanghai Framework Agreement shall be determined by reference to the loan prime rate for the loans of the same term as published by the National Interbank Funding Center from time to time, subject to a floating range of 50% higher or lower than such rate. The parties shall enter into specific loan agreements separately according to the terms and conditions set out in the Shanghai Framework Agreement. The Shanghai Framework Agreement will be effective from 14 January 2021 for a term of one year. During the term of the Shanghai Framework Agreement, the maximum daily balance (including the accrued interest) of the loans to be provided by Shanghai Rongyu to Shenzhen Deli (or its designated entities) will be RMB375 million. As at the date of this report, the transaction amount did not exceed the annual cap.

Shenzhen Deli is an associate of Ping An Life Insurance, a substantial shareholder of the Company, and is therefore a connected person of the Company. Shanghai Rongdi is a subsidiary of the Company owned as to 38% by the Company (through Shanghai Maohuan) and 25% by Ping An (through Shenzhen Deli). Therefore, Shanghai Rongdi and its wholly-owned subsidiary, Shanghai Rongyu, are connected subsidiaries of the Company. Accordingly, the transactions under the Shanghai Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

II. CONTINUING CONNECTED TRANSACTIONS APPROVED OR TO BE APPROVED BY INDEPENDENT SHAREHOLDERS

12 Renewed framework financial service agreement between the Company and Sinochem Finance

On 2 November 2017, the Company and Sinochem Finance entered into a framework financial service agreement (the "2017 Sinochem Framework Financial Service Agreement"), pursuant to which the Company and its subsidiaries will utilise the financial services provided by Sinochem Finance on a non-exclusive basis as they deem necessary, including deposit and loan services, entrustment loans, settlement services, guarantee services, internet banking services and any other financial services as approved by the China Banking and Insurance Regulatory Commission, and pay the relevant interests and service fees to or receive deposit interest from Sinochem Finance. The relevant fees and loan interest shall be determined at a rate no higher than the standards as set by the PBOC from time to time or the market price, and the deposit interest shall be determined at a rate no lower than the benchmark interest rate as promulgated by the PBOC from time to time or the market price. The settlement services are provided free of charge. During the term of the 2017 Sinochem Framework Financial Service Agreement, the cap on the maximum daily balance for deposits of the Group at Sinochem Finance shall be RMB6,000 million. The deposit service under the 2017 Sinochem Framework Financial Service Agreement (including the maximum daily balance) was considered and approved at the extraordinary general meeting of the Company held on 8 December 2017. The 2017 Sinochem Framework Financial Service Agreement was expired on 3 December 2020.

On 7 July 2020, the Company and Sinochem Finance entered into the renewed framework financial service agreement (the "2020 Sinochem Framework Financial Service Agreement"), pursuant to which the Company and its subsidiaries will continue to utilize the financial services available from Sinochem Finance on a non-exclusive basis as it deems necessary for a period up to 31 December 2022. The terms of the 2020 Sinochem Framework Financial Service Agreement are substantially the same as those of the 2017 Sinochem Framework Financial Service Agreement. During the term of the 2020 Sinochem Framework Financial Service Agreement, the maximum daily balance of the deposits placed by the Group with Sinochem Finance will be RMB10,000 million. The deposit services (including the maximum daily balance) under the 2020 Sinochem Framework Financial Service Agreement have been considered and approved at the extraordinary general meeting of the Company held on 24 August 2020. For the year ended 31 December 2020, the transaction amount did not exceed the annual cap.

Sinochem Finance is an indirect subsidiary of Sinochem Group, the ultimate controlling shareholder of the Company, and is therefore a connected person of the Company. The provision of financial services to the Company by Sinochem Finance constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

13 Financial services framework agreement between the Company, Ping An Bank, Ping An Trust, Pingyu Factoring, Ping An Property & Casualty, Ping An Annuity, Ping An Real Estate and Ping An Asset Management

On 18 March 2020, the Company entered into the financial services framework agreement (the "Ping An Financial Services Framework Agreement") with Ping An Bank, Ping An Trust, Pingyu Factoring, Ping An Property & Casualty, Ping An Annuity, Ping An Real Estate and Ping An Asset Management (collectively, the "Ping An Member Companies"), pursuant to which the Group will, when it deems necessary, utilise the financial services that Ping An Member Companies provide on a non-exclusive basis, including deposit and loan services, entrustment loans services, mortgage loan services, settlement services, factoring services (including financing factoring services and non-financing factoring services), commercial insurance services and other financial services as approved by competent authorities such as the China Banking and Insurance Regulatory Commission and the China Securities Regulatory Commission, and pay the relevant interests and service fees to or receive deposit interest from Ping An Member Companies. The relevant fees and loan interest shall be determined at a rate no higher than the rates offered by independent financial institutions of the same type under the same conditions, and the deposit interest shall be determined at a rate no lower than the benchmark interest rate as promulgated by the PBOC or those offered by independent financial institutions. The mortgage loan services and settlement services are provided free of charge. Ping An Financial Services Framework Agreement will be expired on 31 December 2022. During the term of the Ping An Financial Services Framework Agreement, the caps on the maximum daily balance of the deposit services, the loan services and the financing factoring services are RMB8,000 million, RMB10,000 million and RMB3,000 million, respectively. The deposit services, the loan services and the financing factoring services (including their respective maximum daily balances) under the Ping An Financial Services Framework Agreement have been considered and approved at the extraordinary general meeting of the Company held on 8 May 2020. For the year ended 31 December 2020, the transaction amount did not exceed the annual cap.

Each of the Ping An Member Companies is an associate of Ping An Life Insurance, a substantial shareholder of the Company, and is therefore a connected person of the Company. Accordingly, the transactions under the Ping An Financial Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTIONS

During the Period under Review and up to the date of this report, the one-time connected transactions of the Company include:

1 Acquisition of equity interests in Wuhan Huazi

On 12 March 2020, Beijing Franshion Yicheng Properties Company Limited ("Yicheng Properties"), an indirect wholly-owned subsidiary of the Company, and Sinochem Asset Management Co., Ltd. ("Sinochem Asset") entered into an equity transfer agreement, pursuant to which Yicheng Properties agreed to acquire 100% equity interests in Wuhan Huazi Enterprise Management Consulting Co., Ltd. ("Wuhan Huazi") from Sinochem Asset at the consideration of RMB6,850,000,000. Upon completion of the transaction, Wuhan Huazi has become an indirect wholly-owned subsidiary of the Company. Wuhan Huazi holds the entire interests in the Five Land Parcels Project in China-Europe International City through three wholly-owned subsidiaries, the entire interests in the Xiaowang Village Project through one wholly-owned subsidiary, and 20% interests in the Yangsi Port Project through one company with equity participation.

Sinochem Asset is a wholly-owned subsidiary of Sinochem Group, the ultimate controlling shareholder of the Company, and is therefore a connected person of the Company. Pursuant to Chapter 14A of the Listing Rules, the aforesaid acquisition constitutes a connected transaction of the Company. As the applicable percentage ratios of the transaction are more than 5%, the aforesaid acquisition is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In addition, as the applicable percentage ratios of the above transaction are more than 5% but less than 25%, it also constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. The aforesaid acquisition was considered and approved at the extraordinary general meeting of the Company held on 8 May 2020 and completed on 12 June 2020.

2 Subscription of new shares under specific mandate

The Company issued 349,450,000 ordinary shares to Sinochem Hong Kong at a price of HK$5.70 per share (the closing price of the shares on the Hong Kong Stock Exchange was HK$6.10 per share on 3 July 2020, the last trading day before the signing of relevant agreement) on 31 August 2020. The net proceeds from the subscription are expected to be approximately HK$1,992 million, which represented a net price of approximately HK$5.70 per subscription share. For further details, please refer to the section headed "Share Capital and Share Options" under the "Report of the Directors" in this report.

Sinochem Hong Kong is the controlling shareholder of the Company, and is therefore a connected person of the Company. The subscription constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The aforesaid subscription was considered and approved at the extraordinary general meeting of the Company held on 24 August 2020.

3 Disposal of 45% equity interest in Changzhou Longmao

Ningbo Ningxing Properties Development Group Co., Ltd. (the "Ningbo Ningxing") and Charm Silver Limited (the "Charm Silver"), wholly-owned subsidiaries of the Company, entered into the equity transfer agreement with Shenzhen Sheng Jun Investment Management Co., Ltd. ("Sheng Jun") on 15 December 2020, pursuant to which, Ningbo Ningxing and Charm Silver agreed to transfer 25% and 20% of their respective equity interests in Changzhou Longmao Real Estate Development Co., Ltd. ("Changzhou Longmao") to Sheng Jun at a total consideration of RMB866,099,700. Upon completion of the transaction, the Changzhou Longmao will be held as to 55% and 45% by Ningbo Ningxing and Sheng Jun, respectively. On the same date of execution of the equity transfer agreement, Ningbo Ningxing, Sheng Jun and the Changzhou Longmao entered into the cooperation development agreement to regulate the rights and obligations of the shareholders of Changzhou Longmao upon completion of the transaction.

Sheng Jun is an associate of Ping An Life Insurance, which is a substantial shareholder of the Company, and is therefore a connected person of the Company. Therefore, the above disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the above transaction are more than 0.1% but less than 5%, the above transaction is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. As at the date of this report, the above disposal is in the process of registering with relevant industrial and commercial authorities.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

In the opinion of the independent non-executive Directors of the Company, the continuing connected transactions for the year ended 31 December 2020 were entered into by the Group:

- in the ordinary and usual course of its business;
- on normal commercial terms; and
- in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditor of the Company has been engaged to report on the continuing connected transactions of the Company for the year ended 31 December 2020 in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Board of Directors has received an unqualified letter from the auditor of the Company in accordance with Rule 14A.56 of the Listing Rules, stating that the auditor has not noticed that any of these continuing connected transactions:

- have not been approved by the Board of Directors of the Company;
- for the connected transactions involving the provision of goods or services by the Group have not been entered into in accordance with the pricing policies of the Group in all material aspects;

- have not been entered into in accordance with the terms of the relevant agreements governing such continuing connected transactions in all material aspects; and
- have exceeded the relevant caps for the year ended 31 December 2020.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's total issued share capital as required under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save as disclosed in the sections headed "Share Capital and Share Options" under the "Report of the Directors" in this report, during the Period under Review, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

ISSUANCE OF NOTES

1 Issue of the first batch of the first tranche of domestic unsecured medium-term notes

As stated in the announcements of the Company dated 6 December 2018, 9 March 2020 and 16 March 2020, Shanghai Jinmao Investment Management Group Co., Ltd. (as the issuer) completed the issue of the medium-term notes with the principal amount of RMB2,500,000,000 to qualified investors on 13 March 2020. The notes are unsecured and have a term of 3 years with a final coupon rate of 3.1%. All of the proceeds from the issuance of these notes had eventually been used to repay other medium-term notes issued by the Company at interbank bond market. As at the date of this report, the Group did not redeem or cancel any of such notes.

2 Issue of the first batch of the second tranche of domestic unsecured medium-term notes

As stated in the announcements of the Company dated 6 December 2018 and 10 July 2020, Shanghai Jinmao Investment Management Group Co., Ltd. (as the issuer) completed the issue of the medium-term notes with the principal amount of RMB2,500,000,000 to qualified investors on 10 July 2020. The notes are unsecured and have a term of 3 years with a final coupon rate of 3.8%. All of the proceeds from the issuance of these notes had eventually been used to repay other medium-term notes issued by the Company at interbank bond market. As at the date of this report, the Group did not redeem or cancel any of such notes.

3 Issue of subordinate guaranteed perpetual capital securities

On 28 January 2021, the Company together with Franshion Brilliant Limited (as the issuer) entered into a purchase agreement with Standard Chartered Bank, Huarong International Financial Holdings Limited, BOSC International Company Limited, CLSA Limited and Goldman Sachs (Asia) L.L.C. (as the initial purchaser) in respect of the subscription and sale of the US$500,000,000 subordinate guaranteed perpetual capital securities with an interest rate of 6% per annum. These securities are guaranteed by the Company and the issuance was completed on 8 February 2021. All of the net proceeds from the issuance of these securities amounting to approximately US$499.2 million had been used by the Company to repay the medium and long-term overseas debts due within the next year. As at the date of this report, the Group did not redeem or cancel any of such securities.

REDEMPTION OF NOTES

As stated in the announcement of the Company dated 4 January 2021, pursuant to the terms of the indenture dated 4 February 2016 among Franshion Brilliant Limited as issuer, the Company as guarantor, The Bank of New York Mellon, London Branch as trustee and other agents set forth therein, the issuer has issued an irrevocable notice in respect of the US$500,000,000 6% subordinated guaranteed perpetual capital securities (the "Securities") to the holders of the Securities to redeem all of the Securities outstanding, at the redemption price equal to the principal amount thereof plus any distributions (including any arrears of distribution and additional distribution amounts) accrued to, but excluding, the redemption date (the "Redemption Price"). As at 4 February 2021, the Securities have been fully redeemed at a Redemption Price of US$515,000,000. As at the date of this report, the Securities have been fully cancelled.

REVIEW OF THE OPTION OVER SHIMAO INVESTMENT BY THE INDEPENDENT BOARD COMMITTEE

A written resolution was entered into by the Independent Board Committee comprising all independent non-executive Directors of the Company on 22 March 2021 to review its decision made on 20 August 2020 not to exercise, for the time being, the option to acquire Sinochem Group's 15% interest in China Shimao Investment Company Limited ("Shimao Investment").

The Independent Board Committee has carefully reviewed the relevant information of Shimao Investment, taking into account the facts that Sinochem Group is a financial investor of Shimao Investment and owns only a minority and passive interest in it, and that the Company currently has a relatively high overall total debt position, and the funds of the Company should be mainly used for expanding the land reserve for development segments to accelerate the asset turnover ratio and the recovery of cash receivables. Recently, the Company has made significant progress in land reserve, and the projects acquired by the Company, including the projects in Beijing, Shenzhen, Fuzhou etc., are all at a stage that requires capital investment. In addition, the city operations projects in Qingdao, Danyang, Wuhan and Fuzhou are large-scale development projects with long development cycles and huge demand for funds, and the injection and expansion of industrial resources require long-term commitment in operation and relentless effort. The Company considers that the acquisition of Shimao Investment at the moment would pose greater challenges to the Company in various aspects, including manpower and financial capacity. As such, the independent non-executive Directors unanimously agreed that the exercise of the option over Shimao Investment at this moment is not in line with the Company's prudent investment policy, and is not in the best interests of the Company and the shareholders as a whole.

The Independent Board Committee unanimously resolved not to exercise the option to acquire Sinochem Group's 15% interest in Shimao Investment at this moment. As disclosed in the prospectus and the announcement dated 9 April 2010 of the Company, the Independent Board Committee would continue to review the option over Shimao Investment at the time when the interim and annual reports of the Company are to be released.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed with the management and the auditor of the Company the accounting principles and practices adopted by the Company, and discussed with them the audit, internal control and financial reporting matters of the Company, including review of the financial statements for 2020. The 2020 financial statements prepared in accordance with Hong Kong Financial Reporting Standards were audited by Ernst & Young based on the Hong Kong Standards on Auditing. Ernst & Young issued unqualified opinion on the 2020 financial statements.

MATERIAL ACQUISITIONS AND OTHER DISCLOSEABLE TRANSACTIONS

During the Period under Review, the material acquisitions and other discloseable transactions entered into by the Company include the following:

1. Joint development of the land parcels in Qingdao by Qingdao Jinmao with Hengxin Hechuang

On 2 January 2020, Qingdao Jinmao Real Estate Co., Ltd. ("Qingdao Jinmao"), an indirect wholly-owned subsidiary of the Company, entered into the cooperative loan agreement with Qingdao Hengxin Hechuang Commercial Development Co., Ltd. ("Hengxin Hechuang") and three project companies ("Project Companies", being wholly-owned subsidiaries of Hengxin Hechuang), pursuant to which Qingdao Jinmao agreed to provide the loan to the project companies in a total amount of no more than RMB3,687,913,816 at an interest rate of 10% per annum, and Qingdao Jinmao shall have the right to acquire 60% equity interest in the Project Companies from Hengxin Hechuang (the "Option"), for the purpose of facilitating the subsequent cooperation among the parties on the development of three land parcels located in Qingdao City, Shandong Province, the PRC. As the highest applicable percentage ratio of the loan is more than 5% but less than 25%, the provision of the loan constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

To exercise of the Option, on 18 September 2020, Yicheng Properties, Qingdao Jinmao, Hengxin Hechuang, Qingdao Haier Industry and City Innovation Group Co., Ltd. (the holding company of Hengxin Hechuang) and the project companies entered into the cooperative development agreement, pursuant to which Yicheng Properties agreed to acquire 60% equity interests in the Project Companies from Hengxin Hechuang at a total consideration of no more than RMB18,000,000 and to provide additional shareholder's loans to the project companies in the sum of approximately RMB3,673 million at an interest rate of 10% per annum. Upon completion of the equity acquisition, Yicheng Properties and Hengxin Hechuang held 60% and 40% equity interests, respectively, in the Project Companies. As the highest applicable percentage ratio in respect of the total capital commitment of the Group in the above acquisitions is more than 5% but less than 25%, the transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. The above acquisitions were completed on 27 September 2020.

2. Acquisition of equity interests in Wuhan Huazi

Please refer to the section headed "Connected Transactions" under the "Report of the Directors" in this report for details.

MATERIAL LITIGATION

For the year ended 31 December 2020, the Company was not subject to any material litigation that could have an adverse impact on the Company.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed under the sections headed "Share Capital and Share Options", "Continuing Connected Transactions", "Issuance of Notes" and "Redemption of Notes" under the "Report of the Directors" in this report, there were no material events of the Group after the Reporting Period.

AUDITOR

The financial reports of the Group have been audited by Ernst & Young, who has offered itself for reappointment. A resolution will be proposed at the forthcoming annual general meeting to re-appoint Ernst & Young as the auditor of the Company. The Company did not change its auditor in the past three years.

On Behalf of the Board
Chairman
NING Gaoning

Independent Auditor's Report

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

安永會計師事務所
香港中環添美道1號
中信大廈22樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the members of China Jinmao Holdings Group Limited
(Incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of China Jinmao Holdings Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 168 to 311, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of 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 Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We 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.

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
Revaluation of investment properties	
The Group adopted the fair value model for its investment properties in accordance with HKAS 40 *Investment Property*. Changes in fair values were recognised in profit or loss. The valuations on the investment properties of the Group as at 31 December 2020 were determined by management or independent appraisers engaged by management. Different valuation techniques were applied to these investment properties. As both the year-end balance of RMB33,315,404,000 and the changes in fair value of RMB906,121,000 were significant, and the valuation involved management judgement and estimates based on a projection of future rental income, growth rate, vacancy rate, discount rate and reversionary yield, we considered the revaluation of investment properties a key audit matter of our audit. Relevant disclosures are included in notes 3 and 18 to the consolidated financial statements.	We considered the competence, capabilities and objectivity of the external appraisers. We involved our real estate valuation specialists to assist us in evaluating the valuation techniques and assessing the underlying assumptions for selected samples. We compared market rental assumptions against actual rents of existing lease contracts and external market rents, expected vacancy rate against historical data maintained by the Group, and the discount rate, the growth rate and reversionary yield against those of peers with similar nature and area of properties. We also assessed the adequacy of the disclosures of investment properties, including valuation sensitivity and the fair value hierarchy.
Impairment assessment of trade receivables	
As at 31 December 2020, the carrying amount of trade receivables of the Group was RMB446,776,000, arising from its land development revenue, the sale of properties, leasing activities, the provision of hotel and property management services. The Group recognises an impairment provision based on the expected credit loss ("ECL") approach under HKFRS 9 *Financial Instruments*. The measurement of ECL requires the application of significant judgement and estimate, such as the expected future cash flows and forward-looking factors specific to the debtors and the economic environment. Relevant disclosures are included in notes 3 and 24 to the consolidated financial statements.	Our audit procedures included the assessment of the design, implementation and operating effectiveness of key internal controls which govern credit control, debt collection and estimate of expected credit losses. We also assessed the reasonableness of management's expected credit loss allowance by examining the information used by management to form such judgement and estimate, including checking the accuracy of the historical default information, and evaluating whether the historical loss rates were appropriately adjusted based on current economic conditions and forward-looking information. We also evaluated the Group's provision for trade receivables by reference to the Group's subsequent collection of the trade receivables.

Key audit matter	How our audit addressed the key audit matter
Assessment of carrying values of properties for sale held by the Group, its associates and joint ventures	**For properties for sale held by the Group**
As at 31 December 2020, the total carrying value of Group's properties for sale, including properties under development and properties held for sale, amounted to RMB158,228,599,000. Besides, as at 31 December 2020, the total carrying value of the amounts due from associates and joint ventures amounted to RMB40,243,544,000. Given the properties for sale represents the majority of the total assets of these associates and joint ventures, management's assessment on ECL provision for the amounts due from these companies would take into account of carrying values of the properties for sale held by these companies. The assessment of carrying values of the properties for sale is complex because it involves significant management judgements and estimates regarding, among others, the net realisable value (the "NRV") of the properties for sale and anticipated construction costs to be incurred to complete properties under development based on existing plans. Relevant disclosures are included in notes 3, 6, 7, 15, 17 and 27 to the consolidated financial statements.	We understood, evaluated and tested the Group's key internal controls over the assessment of carrying values of properties for sale. In assessing the NRV of the properties for sale, we, on a sample basis, evaluated the appropriateness of their forecasted selling price based on current market price of properties of comparable locations and conditions, and on our knowledge of the Group's business and current market development in the real estate industry, where appropriate. For construction costs to be incurred to complete properties under development, we obtained an understanding of the management's process in estimating the future costs to completion for the properties under development and assessed the reasonableness of the budgeted construction costs, on a sample basis, by comparing to the actual development costs of similar projects recently completed by the Group and by checking to construction contracts and other relevant documents. We re-calculated the carrying values of properties for sale based on management's methodology at the year end.

Key audit matter	How our audit addressed the key audit matter
	For properties for sale held by the Group's associates and joint ventures We understood and assessed the Group's assessment of carrying values of the properties for sale held by its significant associates and joint ventures. In assessing the NRV of the properties for sale held by its significant associates and joint ventures, we, on a sample basis, evaluated the appropriateness of their forecasted selling price based on current market price of properties of comparable locations and conditions, based on our knowledge of the business of the significant associates and joint ventures and the current market development in the real estate industry, where appropriate. For construction costs to be incurred to complete properties under development, we obtained an understanding of the management's process in estimating the future costs to completion for the properties under development held by its significant associates and joint ventures, and assessed the reasonableness of the budgeted construction costs, on a sample basis, by checking to construction contracts and other relevant documents. We re-calculated the carrying values of properties for sale held by the Group's significant associates and joint ventures based on management's methodology at the year end.

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.

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 HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

- 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 Wong Kwok Yin.

Ernst & Young
Certified Public Accountants
Hong Kong

23 March 2021

Consolidated Statement of Profit or Loss

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000 (Restated)
REVENUE	5	60,053,878	43,355,941
Cost of sales		(47,939,514)	(30,591,198)
Gross profit		12,114,364	12,764,743
Other income and gains	5	8,698,685	6,135,704
Selling and marketing expenses		(1,600,582)	(1,302,401)
Administrative expenses		(3,529,395)	(3,056,412)
Other expenses and losses, net	7	(4,381,312)	(6,916)
Finance costs	8	(2,726,978)	(2,270,766)
Share of profits and losses of:			
Joint ventures		371,098	722,390
Associates		698,297	(132,653)
PROFIT BEFORE TAX	6	9,644,177	12,853,689
Income tax expense	11	(3,449,056)	(4,195,030)
PROFIT FOR THE YEAR		6,195,121	8,658,659
Attributable to:			
Owners of the parent		3,880,986	6,481,751
Non-controlling interests		2,314,135	2,176,908
		6,195,121	8,658,659
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	13	RMB cents	RMB cents
Basic		31.86	55.64
Diluted		31.66	55.39

Consolidated Statement of Comprehensive Income

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000 (Restated)
PROFIT FOR THE YEAR		**6,195,121**	8,658,659
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**2,385,011**	(967,072)
Net (loss)/gain on cash flow hedges		**(56,645)**	81,517
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax		**2,328,366**	(885,555)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Gains on property revaluation	14	**–**	69,327
Income tax effect	36	**–**	(17,332)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax		**–**	51,995
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		**2,328,366**	(833,560)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**8,523,487**	7,825,099
Attributable to:			
Owners of the parent		**6,241,210**	5,715,886
Non-controlling interests		**2,282,277**	2,109,213
		8,523,487	7,825,099

Consolidated Statement of Financial Position

31 December 2020

	Notes	31 December 2020 RMB'000	31 December 2019 RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	14	11,307,055	10,911,268
Properties under development	15	59,355,429	69,270,546
Land under development	16	10,494,640	10,705,213
Investment properties	18	33,315,404	31,260,683
Right-of-use assets	19(a)	1,635,192	1,614,306
Intangible assets	20	107,472	50,023
Investments in joint ventures	21	16,319,443	11,511,385
Investments in associates	22	11,105,070	7,597,657
Deferred tax assets	36	3,052,845	2,708,346
Due from non-controlling shareholders	30	866,814	1,069,839
Due from related parties	27	14,413,792	8,257,752
Other receivables and other assets	25	410,581	359,599
Long-term time deposit	29	–	3,300,000
Other financial assets	28	146,669	325,274
Total non-current assets		162,530,406	158,941,891
CURRENT ASSETS			
Properties under development	15	79,473,565	62,241,273
Properties held for sale	17	19,399,605	11,783,581
Land under development	16	1,429,269	1,990,602
Inventories	23	175,892	174,174
Trade receivables	24	446,776	1,445,864
Contract assets	26	789,328	267,009
Prepayments, other receivables and other assets	25	38,075,532	30,252,240
Due from related parties	27	28,145,679	38,264,973
Prepaid tax		4,711,321	4,062,185
Other financial assets	28	501,047	1,077
Restricted bank balances	29	8,622,174	7,510,751
Cash and cash equivalents	29	43,455,580	17,945,788
Total current assets		225,225,768	175,939,517

	Notes	31 December 2020 RMB'000	31 December 2019 RMB'000 (Restated)
CURRENT LIABILITIES			
Trade and bills payables	31	21,906,848	19,086,939
Other payables and accruals	32	104,802,117	82,790,873
Interest-bearing bank and other borrowings	34	27,771,429	26,991,435
Lease liabilities	19(b)	96,548	75,244
Due to related parties	27	38,135,983	31,903,445
Tax payable		2,282,501	2,574,728
Derivative financial instruments	33	10,403	18,133
Provision for land appreciation tax	35	2,074,146	3,290,135
Total current liabilities		197,079,975	166,730,932
NET CURRENT ASSETS		28,145,793	9,208,585
TOTAL ASSETS LESS CURRENT LIABILITIES		190,676,199	168,150,476
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	34	69,806,849	69,580,251
Long-term payables		71,996	70,000
Lease liabilities	19(b)	1,003,027	120,365
Derivative financial instruments	33	85,389	34,991
Due to related parties	27	11,053,950	–
Deferred tax liabilities	36	6,827,906	5,910,515
Total non-current liabilities		88,849,117	75,716,122
Net assets		101,827,082	92,434,354
EQUITY			
Equity attributable to owners of the parent			
Share capital	38	26,132,248	21,250,860
Other reserves		20,629,816	24,697,500
		46,762,064	45,948,360
Non-controlling interests		55,065,018	46,485,994
Total equity		101,827,082	92,434,354

Li Congrui
Director

Jiang Nan
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2020

	Notes	Attributable to owners of the parent											
		Share capital RMB'000 (Restated) (note 38)	Capital reserve RMB'000 (Restated) (note 40)	Asset revaluation reserve RMB'000 (Restated) (note 40)	PRC statutory surplus reserve RMB'000 (Restated) (note 40)	Exchange fluctuation reserve RMB'000 (Restated)	Hedging reserve RMB'000 (Restated) (note 40)	Share option reserve RMB'000 (Restated) (note 40)	Retained profits RMB'000 (Restated)	Merger Reserve RMB'000 (Restated)	Total RMB'000 (Restated)	Non-controlling interests RMB'000 (Restated)	Total equity RMB'000 (Restated)
At 1 January 2019 as originally stated		20,416,452	(2,653,906)	134,527	3,519,052	(2,162,651)	(120,819)	51,687	16,611,894	–	35,796,236	42,469,031	78,265,267
Effect of adopting merger accounting for common control combination		–	–	–	21,695	–	–	–	64,208	6,520,000	6,605,903	–	6,605,903
At 1 January 2019 as restated		20,416,452	(2,653,906)	134,527	3,540,747	(2,162,651)	(120,819)	51,687	16,676,102	6,520,000	42,402,139	42,469,031	84,871,170
Profit for the year		–	–	–	–	–	–	–	6,481,751	–	6,481,751	2,176,908	8,658,659
Other comprehensive (loss)/income for the year:													
Exchange differences on translation of foreign operations		–	–	–	–	(899,377)	–	–	–	–	(899,377)	(67,695)	(967,072)
Net gain on cash flow hedges		–	–	–	–	–	81,517	–	–	–	81,517	–	81,517
Net gains on property revaluation		–	–	51,995	–	–	–	–	–	–	51,995	–	51,995
Total comprehensive income for the year		–	–	51,995	–	(899,377)	81,517	–	6,481,751	–	5,715,886	2,109,213	7,825,099
Issue of new shares	38	724,385	–	–	–	–	–	–	–	–	724,385	–	724,385
Issue of perpetual capital instruments	37	–	–	–	–	–	–	–	–	–	–	2,809,980	2,809,980
Redemption of perpetual capital instruments	37	–	–	–	–	–	–	–	–	–	–	(2,000,000)	(2,000,000)
Perpetual capital instruments' distribution		–	–	–	–	–	–	–	–	–	–	(1,002,256)	(1,002,256)
Acquisition of subsidiaries	42	–	–	–	–	–	–	–	–	–	–	793,305	793,305
Disposal of subsidiaries	44	–	–	–	–	–	–	–	–	–	–	(799,612)	(799,612)
De-registration of a subsidiary		–	–	–	–	–	–	–	–	–	–	(23,266)	(23,266)
Final 2018 dividend declared		–	–	–	–	–	–	–	(1,018,798)	–	(1,018,798)	–	(1,018,798)
2019 interim dividend declared	12	–	–	–	–	–	–	–	(1,273,730)	–	(1,273,730)	–	(1,273,730)
Acquisition of non-controlling interests		–	(728,574)	–	–	–	–	–	–	–	(728,574)	(3,319,940)	(4,048,514)
Capital contribution from non-controlling shareholders		–	12,513	–	–	–	–	–	–	–	12,513	6,381,155	6,393,668
Dividends declared to non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	(931,616)	(931,616)
Dividends to the then shareholder		–	–	–	–	–	–	–	(59,271)	–	(59,271)	–	(59,271)
Equity-settled share option arrangements	39	–	–	–	–	–	–	84,016	–	–	84,016	–	84,016
Exercise of share options	38	110,023	–	–	–	–	–	(20,229)	–	–	89,794	–	89,794
Transfer of share option reserve upon the forfeiture of share options		–	–	–	–	–	–	(2,545)	2,545	–	–	–	–
Transfer from retained profits		–	–	–	832,179	–	–	–	(832,179)	–	–	–	–
At 31 December 2019 as restated		21,250,860	(3,369,967)	186,522	4,372,926	(3,062,028)	(39,302)	112,929	19,976,420	6,520,000	45,948,360	46,485,994	92,434,354

		Attributable to owners of the parent											
	Notes	Share capital RMB'000 (note 38)	Capital reserve RMB'000 (note 40)	Asset revaluation reserve RMB'000 (note 40)	PRC statutory surplus reserve RMB'000 (note 40)	Exchange fluctuation reserve RMB'000	Hedging reserve RMB'000 (note 40)	Share option reserve RMB'000 (note 40)	Retained profits RMB'000	Merger Reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2020 as originally stated		21,250,860	(3,369,967)	186,522	4,351,228	(3,062,028)	(39,302)	112,929	19,941,945	–	39,372,187	46,485,994	85,858,181
Effect of adopting merger accounting for common control combination	43	–	–	–	21,698	–	–	–	34,475	6,520,000	6,576,173	–	6,576,173
At 1 January 2020 as restated		21,250,860	(3,369,967)	186,522	4,372,926	(3,062,028)	(39,302)	112,929	19,976,420	6,520,000	45,948,360	46,485,994	92,434,354
Profit for the year		–	–	–	–	–	–	–	3,880,986	–	3,880,986	2,314,135	6,195,121
Other comprehensive (loss)/income for the year:													
Exchange differences on translation of foreign operations		–	–	–	–	2,416,869	–	–	–	–	2,416,869	(31,858)	2,385,011
Net loss on cash flow hedges		–	–	–	–	–	(56,645)	–	–	–	(56,645)	–	(56,645)
Total comprehensive income for the year		–	–	–	–	2,416,869	(56,645)	–	3,880,986	–	6,241,210	2,282,277	8,523,487
Issue of new shares	38	4,845,815	–	–	–	–	–	–	–	–	4,845,815	–	4,845,815
Issue of perpetual debts	37	–	–	–	–	–	–	–	–	–	–	5,000,000	5,000,000
Redemption of perpetual capital instruments	37	–	–	–	–	–	–	–	–	–	–	(621,000)	(621,000)
Perpetual capital instruments' distribution		–	–	–	–	–	–	–	–	–	–	(1,134,083)	(1,134,083)
Acquisition of subsidiaries	42	–	–	–	–	–	–	–	–	–	–	628,428	628,428
Disposal of subsidiaries	44	–	–	–	–	–	–	–	–	–	–	(1,023,942)	(1,023,942)
Final 2019 dividend declared	12	–	–	–	–	–	–	–	(1,181,924)	–	(1,181,924)	–	(1,181,924)
2020 interim dividend declared	12	–	–	–	–	–	–	–	(1,364,184)	–	(1,364,184)	–	(1,364,184)
Acquisition of non-controlling interests		–	(1,025,491)	–	–	–	–	–	–	–	(1,025,491)	(2,674,761)	(3,700,252)
Capital contribution from non-controlling shareholders		–	31,064	–	–	–	–	–	–	–	31,064	6,529,564	6,560,628
Dividends distribution to non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	(407,459)	(407,459)
Equity-settled share option arrangements	39	–	–	–	–	–	–	87,786	–	–	87,786	–	87,786
Exercise of share options	38	35,573	–	–	–	–	–	(6,145)	–	–	29,428	–	29,428
Transfer of share option reserve upon the forfeiture of share options		–	–	–	–	–	–	(7,603)	7,603	–	–	–	–
Considerations paid for acquisition of subsidiaries under common control combination		–	–	–	–	–	–	–	–	(6,850,000)	(6,850,000)	–	(6,850,000)
Transfer from retained profits		–	–	–	620,895	–	–	–	(620,895)	–	–	–	–
At 31 December 2020		26,132,248	(4,364,394)*	186,522*	4,993,821*	(645,159)*	(95,947)*	186,967*	20,698,006*	(330,000)*	46,762,064	55,065,018	101,827,082

* These reserve accounts comprise the consolidated other reserves of RMB20,629,816,000 (2019: RMB24,697,500,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		9,644,177	12,853,689
Adjustments for:			
Finance costs	8	2,726,978	2,270,766
Share of profits and losses of joint ventures and associates		(1,069,395)	(589,737)
Interest income	5	(3,223,777)	(2,541,856)
Other investment income	5	(556,424)	(207,017)
(Gain)/loss on disposal of items of property, plant and equipment	6	(517)	49
Gain on disposal of items of intangible assets	6	(307)	–
Provision of impairment of trade receivables	6,24	5,420	6,542
Impairment of financial assets included in prepayments, other receivables and other assets	6	3,134	–
Impairment of amounts due from related parties	7	1,311,180	–
Impairment of properties under development	7	1,543,462	–
Impairment of properties held for sale	7	1,515,492	–
Fair value gains on investment properties	5,18	(906,121)	(454,695)
Fair value gains on transfers from properties held for sale to investment properties	5	–	(356,045)
Depreciation	6,14	462,969	409,043
Depreciation of right-of-use assets	6,19	165,149	139,829
Amortisation of intangible assets	6,20	20,940	13,407
Net loss/(gain) on cash flow hedges	6	467	(1,441)
Gain on disposal of subsidiaries	5,44	(1,543,156)	(1,018,026)
Fair value gains on the equity interest previously held as investments in joint ventures and associates	5,42	(1,307,456)	(346,240)
Gain on bargain purchase	5,42	(146,548)	(401,970)
Gains on disposal of investments in joint ventures and associates	5	(371,007)	(322,454)
Gain on disposal of equity investments designated at fair value through profit or loss	5	(28,388)	–
Equity-settled share option expense	6,39	87,786	84,016
		8,334,058	9,537,860
Increase in properties under development		(53,555,143)	(43,972,654)
Decrease in properties held for sale		42,839,506	27,897,492
Decrease in land under development		961,708	214,031
Increase in inventories		(1,718)	(53,977)
Decrease/(increase) in trade receivables		1,004,768	(662,818)
Increase in contract assets		(522,319)	(112,509)
Increase in prepayments, other receivables and other assets		(11,563,222)	(7,486,628)
Decrease in amounts due from related parties		2,745,460	6,006,183
Increase in trade and bills payables		3,465,890	7,456,320
Increase in other payables and accruals		36,113,321	6,756,131
Increase in amounts due to related parties		4,383,213	15,966,166
Effect of exchange rate changes, net		216,161	(288,279)

	Notes	2020 RMB'000	2019 RMB'000 (Restated)
Cash generated from operations		**34,421,683**	21,257,318
Interest received		**2,361,289**	2,188,144
PRC corporate income tax paid		**(2,946,028)**	(2,302,128)
Land appreciation tax paid		**(2,497,788)**	(1,746,409)
Net cash flows from operating activities		**31,339,156**	19,396,925
CASH FLOWS FROM INVESTING ACTIVITIES			
Other investment income received from unlisted investments		**556,424**	207,017
Purchases of items of property, plant and equipment		**(862,742)**	(391,244)
Proceeds from disposal of items of property, plant and equipment		**60,408**	32,818
Proceeds from disposal of intangible assets		**527**	671
Additions to investment properties	18	**(328,198)**	(690,726)
Additions to intangible assets	20	**(77,440)**	(18,743)
(Increase)/decrease in other financial assets		**(292,977)**	915,129
Disposal of subsidiaries	44	**(374,097)**	(108,904)
Acquisition of subsidiaries	42	**(1,504,433)**	208,546
Dividends received from a joint venture		**181,660**	820,000
Investments in joint ventures		**(5,448,135)**	(3,881,786)
Investments in associates		**(2,601,726)**	(1,593,775)
Disposal of investment in a joint venture		**1,260,775**	–
Disposal of investment in an associate		**–**	530,153
Decrease/(increase) in loans to joint ventures and associates		**15,322,219**	(7,730,495)
Increase in loans to non-controlling shareholders		**(3,122,346)**	(952,962)
Increase in entrustment loans to a substantial shareholder		**(297,458)**	(1,435,928)
(Increase)/decrease in entrustment loans to third parties		**(650,068)**	1,389,728
Advance of investment to third parties		**(1,008,014)**	(440,591)
Increase in long-term deposits		**–**	(3,300,000)
Increase in restricted bank deposits		**(1,111,423)**	(3,024,721)
Settlement of derivative financial instruments		**(6,286)**	–
Net cash flows used in investing activities		**(303,330)**	(19,465,813)

Consolidated Statement of Cash Flows

Year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of new shares, net of issue expenses		4,845,815	724,385
Issue of perpetual debts, net of issue expenses		5,000,000	2,809,980
New bank and other borrowings		86,376,198	67,053,448
Repayment of bank and other borrowings		(90,375,954)	(61,481,355)
Increase in long-term payables		1,996	70,000
Interest paid		(8,350,752)	(6,437,315)
Advance of investment from third parties		1,814,198	4,100,367
Principal portion of lease payments		(138,507)	(78,394)
Dividends paid		(2,546,108)	(2,351,799)
Dividends paid to non-controlling shareholders		(419,459)	(966,350)
Loans from non-controlling shareholders		1,687,381	560,102
Repayment of loans from non-controlling shareholders		(964,134)	(7,726,819)
Acquisition of non-controlling interests		(3,700,252)	(4,048,514)
Acquisition of subsidiaries under common control		(6,850,000)	–
Capital contribution from non-controlling shareholders		6,560,628	6,393,668
Proceeds from exercise of share options		29,428	89,794
Distributions of perpetual capital instruments paid		(1,134,083)	(1,002,256)
Redemption of perpetual capital instruments		(621,000)	(2,000,000)
Net cash flows used in financing activities		(8,784,605)	(4,291,058)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		22,251,221	(4,359,946)
Cash and cash equivalents at beginning of year		17,945,788	22,298,692
Effect of foreign exchange rate changes, net		(41,429)	7,042
CASH AND CASH EQUIVALENTS AT END OF YEAR		40,155,580	17,945,788
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	29	40,052,376	17,808,083
Non-pledged time deposits with original maturity of within three months when acquired		45,105	109,105
Non-pledged time deposits with original maturity of over three months when acquired with an option to withdraw upon demand similar to demand deposits		58,099	28,600
Cash and cash equivalents as stated in the consolidated statement of cash flows	29	40,155,580	17,945,788
Non-pledged time deposits with original maturity of over three months when acquired		3,300,000	–
Cash and cash equivalents as stated in the statement of financial position	29	43,455,580	17,945,788

1. CORPORATE AND GROUP INFORMATION

China Jinmao Holdings Group Limited (formerly known as Franshion Properties (China) Limited) (the "Company") is a limited liability company incorporated in Hong Kong on 2 June 2004 under the Hong Kong Companies Ordinance. The registered office of the Company is located at Rooms 4702-03, 47/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") since 17 August 2007.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- city and property development
- commercial leasing and retail operations
- hotel operations
- provision of property management, design and decoration services

In the opinion of the directors, the immediate holding company of the Company is Sinochem Hong Kong (Group) Company Limited, a company incorporated in Hong Kong, and the ultimate holding company of the Company is Sinochem Group Co., Ltd., a company established in the People's Republic of China (the "PRC") and is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission in the PRC.

Information about subsidiaries

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

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai International Shipping Service Center Co., Ltd.*	The PRC/ Mainland China	RMB3,150,000,000	50%	50%	Property development
Sinochem Franshion Property (Beijing) Co., Ltd.***	The PRC/ Mainland China	US$635,000,000	100%	–	Property development
Chongqing Xingqian Properties Development Co., Ltd.*	The PRC/ Mainland China	RMB2,884,540,000	–	73%@	Property development
Jinmao Hangzhou Property Development Co., Ltd.*	The PRC/ Mainland China	RMB3,200,000,000	–	100%	Property development
Nanjing Xingtuo Investment Co., Ltd.**	The PRC/ Mainland China	RMB2,400,000,000	–	80%	Land development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

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

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Beijing Chemsunny Property Co., Ltd.***	The PRC/ Mainland China	US$102,400,000	50%	50%	Property investment
Jinmao (China) Hotel Investments and Management Limited ("JCHIML") ^	Cayman Islands/ Hong Kong	HK$2,000,000	100%	–	Investment holding
Wangfujing Hotel Management Co., Ltd.***	The PRC/ Mainland China	US$73,345,000	–	100%	Hotel operation
China Jin Mao Group Co., Ltd.***	The PRC/ Mainland China	RMB2,635,000,000	–	100%	Hotel operation and property investment
Jin Mao (Beijing) Real Estate Co., Ltd.**	The PRC/ Mainland China	RMB1,600,000,000	–	100%	Hotel operation
Jin Mao Sanya Resort Hotel Co., Ltd.**	The PRC/ Mainland China	RMB300,000,000	–	100%	Hotel operation
Jin Mao Sanya Tourism Co., Ltd.**	The PRC/ Mainland China	RMB500,000,000	–	100%	Hotel operation
Jin Mao Shenzhen Hotel Investment Co., Ltd.**	The PRC/ Mainland China	RMB700,000,000	–	100%	Hotel operation
Jin Mao (Li Jiang) Hotel Investment Co., Ltd.**	The PRC/ Mainland China	RMB500,000,000	–	100%	Hotel operation
Changsha Jin Mao Meixi Lake International Plaza Properties Limited***	The PRC/ Mainland China	US$600,000,000	–	100%	Property development
Jin Mao Investment (Changsha) Co., Ltd.**	The PRC/ Mainland China	RMB3,000,000,000	–	80%	Land development
Franshion Brilliant Limited	British Virgin Islands/ Hong Kong	US$1	100%	–	Investment holding
Franshion Properties (Suzhou) Limited***	The PRC/ Mainland China	US$395,000,000	–	100%	Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

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

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Guangzhou Xingtuo Properties Limited*	The PRC/ Mainland China	RMB260,000,000	–	90%	Property development
Changsha Jinmao City Construction Limited**	The PRC/ Mainland China	RMB2,962,500,000	–	100%	Land development
Shanghai Jin Mao Economic Development Company Ltd.**	The PRC/ Mainland China	RMB30,000,000	–	100%	Property development
Jinmao Assets Management Limited Partnership	Cayman Islands/ Hong Kong	RMB11,811,608,710	95%	5%	Property investment
Suzhou Anmao Property Co., Ltd. ("Suzhou Anmao")**	The PRC/ Mainland China	RMB4,500,000,000	–	26.5%$	Property development
Ningbo Xingmao Property Development Co., Ltd.***	The PRC/ Mainland China	US$200,000,000	–	100%	Property development
Shanghai Franshion Development Co., Ltd.**	The PRC/ Mainland China	RMB7,000,000,000	–	90%	Property development
Nanjing Runmao Property Development Co., Ltd. ("Nanjing Runmao")**	The PRC/ Mainland China	RMB3,000,000,000	–	27.5%#	Property development
Hangzhou Yimao Property Development Co., Ltd. ("Hangzhou Yimao")**	The PRC/ Mainland China	RMB2,500,000,000	–	36%$$	Property development
Beijing Franshion Tuoying Property Development Co., Ltd.**	The PRC/ Mainland China	RMB10,000,000	–	100%	Property development
Foshan Maoxing Property Development Co., Ltd.**	The PRC/ Mainland China	RMB820,000,000	–	65%	Property development
Beijing Jinfeng Property Development Co., Ltd.**	The PRC/ Mainland China	RMB11,112,000	–	100%	Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

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

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Jinmao Investment Management (Tianjin) Co., Ltd.**	The PRC/ Mainland China	RMB5,000,000,000	–	100%	Investment management
Hangzhou Qinmao Property Development Co., Ltd.**	The PRC/ Mainland China	RMB4,000,000,000	–	60%	Property development
Wuhan Huazi Enterprise Management Consulting Co., Ltd**	The PRC/ Mainland China	RMB6,520,000,000	–	100%	Investment holding
Jinan Yuanmao Property Development Co., Ltd.**	The PRC/ Mainland China	RMB3,162,657,780	–	100%	Property development
Tianjin Jinhui Property Development Co., Ltd.**	The PRC/ Mainland China	RMB2,580,000,000	–	100%	Property development
Shenzhen Yuemao Property Development Co., Ltd.**	The PRC/ Mainland China	RMB500,000,000	–	80%	Property development
Zhengzhou Maohui Property Development Co., Ltd.**	The PRC/ Mainland China	RMB1,530,000,000	–	100%	Property development
Ningbo Cimao Real Estate Development Co., Ltd.**	The PRC/ Mainland China	RMB410,000,000	–	36%##	Property development
Ningbo Yongmao Construction Development Co., Ltd.**	The PRC/ Mainland China	RMB400,000,000	–	80%	Land development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

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

*	Registered as Sino-foreign joint ventures under PRC law.
**	Registered as limited liability companies under PRC law.
***	Registered as wholly-foreign-owned entities under PRC law.
^	Ordinary shares of JCHIML are stapled to units of a trust namely Jinmao Hotel and are listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). JCHIML and its subsidiaries are collectively referred to as the JCHIML Group. On 5th October 2020, JCHIML Group finished its privatisation transaction and withdrawal of its listing of the share stapled units on the Stock Exchange.
@	This entity is a subsidiary of a non-wholly-owned subsidiary of the Company and, accordingly, is accounted for as a subsidiary by virtue of the Company's control over it.
#	The Group is entitled to 57.5% voting rights at the shareholders' meetings, and therefore has the power to exercise over the entity's operating and management activities.
$	The Group is entitled to 52% voting rights at the shareholders' meetings, and therefore has the power to exercise over the entity's operating and management activities.
$$	The Group is entitled to 60% voting rights at the shareholders' meetings, and therefore has the power to exercise over the entity's operating and management activities.
##	The Group is entitled to 51% voting rights at the shareholders' meetings, and therefore has the power to exercise over the entity's operating and management activities.

The English names of certain of the above companies represent the best efforts by management of the Company in directly translating the Chinese names of these companies as no English names have been registered or available.

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 Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, derivative financial instruments and other financial assets which have been measured at fair value. These financial statements are presented in 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).

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.

2.1 BASIS OF PREPARATION (Continued)

Adoption of merger accounting and restatement

As disclosed in note 42 to the consolidated financial statements, a business combination under common control was effected during the year ended 31 December 2020, where the business acquired in the business combination and the Company are both ultimately controlled by Sinochem Group. The Group has applied merger accounting to account for the business combination under common control.

Under merger accounting, the consolidated financial statements incorporates the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the earliest date presented or since the date when the combining entities or businesses first came under the control of the controlling party, where this is a shorter period, regardless of the date of the business combination under common control.

The net assets of the combining entities are consolidated using the existing book values from the controlling party's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the business combination under common control and no amount is recognised in respect of goodwill.

The comparative amounts in the consolidated financial statements are restated as if the combining entities or businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is later. The impact on the Group arising from the common control combination is disclosed in note 42 to the consolidated financial statements.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to HKFRS 3	*Definition of a Business*
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	*Interest Rate Benchmark Reform*
Amendments to HKAS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to HKAS 1 and HKAS 8	*Definition of Material*

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised HKFRSs 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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendment to HKFRS 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 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. The amendment did not have significant impact on the financial position and performance of the Group.

(e) Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

Amendments to HKFRS 3	*Reference to the Conceptual Framework*[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	*Interest Rate Benchmark Reform – Phase 2*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
HKFRS 17	*Insurance Contracts*[3]
Amendments to HKFRS 17	*Insurance Contracts*[3, 6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current*[3, 5]
Amendments to HKAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[2]
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*[2]
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 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 HKAS 1, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion
6 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

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

Amendments to HKFRS 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 June 2018 without significantly changing its requirements. The amendments also add to HKFRS 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 HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 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.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 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 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 HKFRS 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. 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 amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) 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 HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 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 HKAS 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.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

Amendments to HKAS 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.

Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 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 HKFRSs 2018-2020 sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 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.

- HKFRS 16 *Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying HKFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying HKFRS 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.

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 is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. 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 HKFRS *5 Non-current Assets Held for Sale and Discontinued Operations*.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement

The Group measures its investment properties, derivative financial instruments and certain financial assets 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.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, properties under development, land under development, properties held for sale, deferred tax assets, financial assets and investment properties), 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 the statement of profit or loss in the period in which it arises.

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

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". 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 the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the 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.

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 annual rates used for this purpose are as follows:

Hotel properties	1.7% – 9.5%
Leasehold improvements	18% – 20%
Buildings	2% – 5%
Furniture, fixtures and office equipment	3.8% – 33.3%
Motor vehicles	8.3% – 20%

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 the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction or equipment under installation or testing, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction/equipment 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the statement of 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 the statement of 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 with surplus credited to the asset revaluation reserve and deficit charged to the statement of profit or loss. 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 the statement of profit or loss.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than investment properties and financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Computer software

Purchased computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 to 10 years.

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. At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leases of properties) as a single lease component.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee **(Continued)**

(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. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. 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:

Leasehold land	30 to 70 years
Office properties and staff quarters	2 to 15 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 properties held for sale, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "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".

(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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

Group as a lessee **(Continued)**

(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 properties, 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). 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 the statement of 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. 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 on the net investment in the lease is recognised in the statement of profit or loss so as to provide a constant periodic rate of return over the lease terms.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land under development

Land under development is stated at the lower of cost and net realisable value and comprises the compensation for land requisition, project costs, other preliminary infrastructure costs, borrowing costs, professional fees and other costs directly attributable to such land under development during the development period.

Land under development which has been pre-sold or intended for sale and is expected to be completed within one year from the end of the reporting period is classified under current assets. Net realisable value takes into account the Group's proceeds derived from the sale of land under development by government authorities, less costs to completion and the costs to be incurred in realising the revenue derived from the sale of land under development based on prevailing market conditions.

Properties under development

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

Properties under development which have been pre-sold or intended for sale and are expected to be completed within one year from the end of the reporting period are classified under current assets. On completion, the properties are transferred to properties held for sale.

Properties held for sale

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

Cost of properties held for sale is determined by an apportionment of total land and building costs attributable to the unsold properties.

Net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management's estimates based on the prevailing market conditions, on an individual property basis.

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 HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement **(Continued)**

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 the statement of profit or loss when the asset is derecognised, modified or impaired.

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 the statement of 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 the statement of 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

***Financial assets at fair value through profit or loss* (Continued)**

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host: a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative: and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

The Group considers a financial asset in default when contractual payments are 180 days past due. However, 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 and contract assets 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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Simplified approach

For trade receivables and contract assets 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 established a provision matrix 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 and contract assets 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.

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 trade and bills payables, other payables, amounts due to related parties, interest-bearing bank and other borrowings, lease liabilities, long-term payables, and derivative financial instruments.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Subsequent measurement **(Continued)**

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (loans and borrowings)

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

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

Derecognition of financial liabilities

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

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

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or

- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument.

- The effect of credit risk does not "dominate the value changes" that result from that economic relationship.

- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative financial instruments and hedge accounting (Continued)

Initial recognition and subsequent measurement **(Continued)**

Hedges which meet all the qualifying criteria for hedge accounting are accounted for as follows:

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in other comprehensive income are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in other comprehensive income for the period. This also applies where the hedged forecast transaction of a non-financial asset or non-financial liability subsequently becomes a firm commitment to which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in other comprehensive income is reclassified to the statement of profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect the statement of profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in other comprehensive income must remain in accumulated other comprehensive income if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to the statement of profit or loss as a reclassification adjustment. After the discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated other comprehensive income is accounted for depending on the nature of the underlying transaction as described above.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a similar way to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derivative financial instruments and hedge accounting (Continued)

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non–current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.

- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non–current portions only if a reliable allocation can be made.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

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 statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, 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, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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 the statement of 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 the statement of profit or loss by way of a reduced depreciation charge.

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 HKFRS 15.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers **(Continued)**

(a) *Sale of completed properties*

Revenue from the sale of completed properties is recognised at the point in time when control of the asset is transferred to the customer, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has obtained the right to payment and the collection of the consideration is probable;

(b) *Land development*

Revenue from land development is recognised at the point in time when control of the asset is transferred to the customers, that is when the related construction works have been completed as well as land is sold, and the collectability of the proceeds from land sales is reasonably assured;

(c) *Hotel operations*

Hotel and other service income is recognised in the period in which such services are rendered because the customer simultaneously receives and consumes the benefits provided by the Group;

(d) *Property management services*

Revenue from the rendering of property management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group;

(e) *Design, construction and decoration services*

Revenue from the provision of design, construction and decoration services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the design, construction and decoration services.

Revenue from other sources

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.

Other income

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

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets.

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 costs

Other than the costs which are capitalised as properties under development, land under development, 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 costs are amortised and charged to the statement of 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 relates. Other contract costs are expensed as incurred.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 39 to the financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension schemes

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

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

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

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

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a weighted average capitalisation rate of 3.92% has been applied to the expenditure on the group level.

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies

These financial statements are presented in RMB, while the Company's functional currency is HK$. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. 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 the reporting period.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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.

The functional currencies of the Company and subsidiaries operating outside Mainland China are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rate ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arises throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

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:

Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation or both. Judgement is made by management in determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development if the properties are intended for sale after completion. Upon completion of construction, properties under development are transferred to completed properties held for sale and are stated at cost. Properties under construction are accounted for as investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation after completion.

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 expected credit losses on trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating, and credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the properties development sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

***Provision for expected credit losses on trade receivables and contract assets* (Continued)**

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 24 and note 26 to the financial statements, respectively.

Provision for expected credit losses on amounts due from joint ventures and associates

The Group uses general approach to calculate ECLs on the amounts due from joint ventures and associates. For those associates and joint ventures undertaking property development projects, if applicable, the provision is measured at an amount equal to the lifetime ECL which would be calculated by taking into account the impairment losses of the properties under development and properties held for sale held by the associates and joint ventures. The ECLs reflect the current conditions and forecasts of future economic conditions, as appropriate. The assessment of the carrying value properties under development and properties held for sale held by the associates and joint ventures and ECLs is a significant estimate. As at 31 December 2020, the loss allowance was assessed and recognised at an amount of RMB1,311,180,000 (2019: Nil). Further details are disclosed in note 27 to the financial statements.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

***Estimation of fair value of investment properties* (Continued)**

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2020 was RMB33,315,404,000 (2019: RMB31,260,683,000). Further details, including the key assumptions used for the fair value measurement, are given in note 18 to the financial statements.

Measurement of properties under development

The Group's properties under development is stated at the lower of cost and net realisable value. Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties held for sale upon completion. An apportionment of these costs will be recognised in the statement of profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

When developing properties, the Group may divide the development projects into phases. Specific costs directly related to the development of a particular phase are recorded as the cost of such phase. Common costs are allocated to individual phases based on the estimated saleable area of the entire development project. Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect profit or loss in future years.

Based on the Group's recent experience and the nature of the subject project, the Group makes estimates of cost of properties under development, and its net realisable value, i.e., the revenue to be derived from the properties under development for sale, less costs to completion and the costs to be incurred in realising the revenue from the sale of properties under development based on prevailing market conditions.

If the cost is higher than the estimated net realisable value, provision for the excess of cost of properties under development over its net realisable value should be made. Such provision would require the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties under development in the periods in which such estimate is changed will be adjusted accordingly. The carrying amount of properties under development at 31 December 2020 was RMB138,828,994,000 (2019: RMB131,511,819,000). Further details are given in note 15 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Measurement of land under development

The Group's land under development is stated at the lower of cost and net realisable value. Costs of land under development during the construction stage, before the final settlement of the development costs and other costs relating to the land under development are accrued by the Group based on management's best estimate. Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect profit or loss in future years. Based on the Group's recent experience and the nature of the subject land development, the Group makes estimates of cost allocated to each parcel of land under development, and its net realisable value, i.e., the revenue to be derived from the land under development for sale by government authorities, less costs to completion and the costs to be incurred in realising the revenue from the sale of land under development based on prevailing market conditions.

If the cost is higher than the estimated net realisable value, provision for the excess of cost of land under development over its net realisable value should be made. Such provision would require the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for land under development in the periods in which such estimate is changed will be adjusted accordingly. The carrying amount of land under development at 31 December 2020 was RMB11,923,909,000 (2019: RMB12,695,815,000). Further details are given in note 16 to the financial statements.

Estimation of net realisable value for properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. The net realisable value is assessed with reference to market conditions and prices existing at the end of the reporting period and is determined by the Group having taken suitable external advice and in light of recent market transactions. The carrying amounts of properties held for sale at 31 December 2020 were RMB19,399,605,000 (2019: RMB11,783,581,000). Further details are given in note 17 to the financial statements.

Provision for impairment of properties for sale

Management reviews the market conditions of properties for sale held by the Group and associates and joint ventures at the end of each reporting period, and makes provision for impairment of properties for sale identified that the net realisable value is lower than cost. Management estimates the net realisable value for properties for sale based primarily on the latest selling prices and current market conditions. If the condition was to deteriorate so that the actual provision might be higher than expected, the Group would be required to revise the basis of making the provision and its future results would be affected. Further details are given in note 17 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

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. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2020 was RMB682,961,000 (2019: RMB710,968,000). The amount of unrecognised tax losses at 31 December 2020 was RMB4,508,776,000 (2019: RMB3,091,488,000). Further details are contained in note 36 to the financial statements.

PRC corporate income tax

The Group is subject to 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. The carrying amount of income tax payable at 31 December 2020 was RMB2,282,501,000 (2019: RMB2,574,728,000).

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 local tax authorities upon the completion of the Group's property development projects. The Group has not finalised its LAT tax returns and payments with the local tax authorities for its property development projects. When the final outcome is determined, it may be different from the amounts that were initially recorded, and any differences will affect the current income tax expense and LAT provision in the period which LAT is ascertained. The carrying amount of provision for LAT at 31 December 2020 was RMB2,074,146,000 (2019: RMB3,290,135,000). Further details are given in note 35 to the financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) the city and property development segment develops city complexes and properties and develops land;

(b) the commercial leasing and retail operations segment leases office and retail commercial premises;

(c) the hotel operations segment provides hotel accommodation services, food and beverage; and

(d) the "others" segment mainly comprises the provision of property management, design and decoration services, and the operation of an observation deck.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, other investment income, non-lease-related finance costs and head office and corporate expenses are excluded from such measurement.

Segment assets exclude derivative financial instruments, deferred tax assets, prepaid tax, restricted bank balances, cash and cash equivalents, certain financial assets at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank and other borrowings and related interest payables, tax payable, provision for land appreciation tax, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted in accordance with the terms and conditions mutually agreed by the parties involved.

The Group's operations are mainly conducted in Mainland China. Management considered there is one reportable geographic segment as all revenues from external customers are generated in Mainland China and the Group's significant non-current assets are located in Mainland China.

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2020	City and property development RMB'000	Commercial leasing and retail operations RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Segment revenue: (Note 5)					
Sales to external customers	54,366,536	1,461,345	1,257,838	2,968,159	60,053,878
Intersegment sales	–	17,593	–	1,137,050	1,154,643
	54,366,536	1,478,938	1,257,838	4,105,209	61,208,521
Reconciliation:					
Elimination of intersegment sales					(1,154,643)
Total revenue					60,053,878
Segment results	7,301,080	1,632,786	(62,696)	392,846	9,264,016
Reconciliation:					
Elimination of intersegment results					(676,727)
Interest income					3,223,777
Other investment income					556,424
Gain on disposal of equity investment designated at fair value through profit or loss					28,388
Corporate and other unallocated expenses					(65,630)
Finance costs (other than interest on lease liabilities)					(2,686,071)
Profit before tax					9,644,177
Segment assets	388,227,237	49,475,361	12,519,612	8,895,844	459,118,054
Reconciliation:					
Elimination of intersegment assets					(193,944,023)
Corporate and other unallocated assets					122,582,143
Total assets					387,756,174
Segment liabilities	287,796,857	15,012,674	6,564,742	6,840,797	316,215,070
Reconciliation:					
Elimination of intersegment liabilities					(185,302,220)
Corporate and other unallocated liabilities					155,016,242
Total liabilities					285,929,092
Other segment information:					
Share of profits of joint ventures	370,064	–	–	1,034	371,098
Share of profits of associates	698,297	–	–	–	698,297
Depreciation and amortisation	129,410	43,377	417,404	58,867	649,058
Loss/(gain) on disposal of items of property, plant and equipment	901	(1,645)	104	123	(517)
Impairment losses recognised in the statement of profit or loss, net	4,370,134	–	1,060	7,494	4,378,688
Fair value gains on investment properties	–	906,121	–	–	906,121
Investments in associates	11,038,330	–	–	66,740	11,105,070
Investments in joint ventures	16,289,853	–	–	29,590	16,319,443
Capital expenditure*	229,274	550,373	118,990	382,296	1,280,933

* Capital expenditure consists of additions to property, plant and equipment, intangible assets, and investment properties including assets from the acquisition of subsidiaries.

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2019	City and property development (Restated) RMB'000	Commercial leasing and retail operations (Restated) RMB'000	Hotel operations (Restated) RMB'000	Others (Restated) RMB'000	Total (Restated) RMB'000
Segment revenue: (Note 5)					
Sales to external customers	37,721,403	1,446,776	1,967,118	2,220,644	43,355,941
Intersegment sales	152,628	88,848	–	801,947	1,043,423
	37,874,031	1,535,624	1,967,118	3,022,591	44,399,364
Reconciliation:					
Elimination of intersegment sales					(1,043,423)
Total revenue					43,355,941
Segment results	11,202,421	1,371,902	228,749	279,108	13,082,180
Reconciliation:					
Elimination of intersegment results					(523,530)
Interest income					2,541,856
Other investment income					207,017
Corporate and other unallocated expenses					(190,498)
Finance costs (other than interest on lease liabilities)					(2,263,336)
Profit before tax					12,853,689
Segment assets	322,236,641	47,245,064	12,759,946	5,775,204	388,016,855
Reconciliation:					
Elimination of intersegment assets					(149,698,182)
Corporate and other unallocated assets					96,562,735
Total assets					334,881,408
Segment liabilities	213,935,258	18,101,539	7,139,122	4,356,898	243,532,817
Reconciliation:					
Elimination of intersegment liabilities					(142,565,582)
Corporate and other unallocated liabilities					141,479,819
Total liabilities					242,447,054
Other segment information:					
Share of profits of joint ventures	721,561	–	–	829	722,390
Share of profits of associates	(132,653)	–	–	–	(132,653)
Depreciation and amortisation	109,303	40,881	372,878	39,217	562,279
Loss/(gain) on disposal of items of property, plant and equipment	173	(6,267)	6,053	90	49
Impairment losses recognised in the statement of profit or loss, net	–	3,222	252	3,068	6,542
Fair value gains on investment properties	–	454,695	–	–	454,695
Fair value gains on transfer from properties held for sale to investment properties	–	356,045	–	–	356,045
Investments in associates	7,597,657	–	–	–	7,597,657
Investments in joint ventures	11,480,429	–	–	30,956	11,511,385
Capital expenditure	213,047	706,185	198,436	135,144	1,252,812

4. OPERATING SEGMENT INFORMATION (Continued)

Information about major customers

During the year, there was no revenue from a single customer which accounted for 10% or more of the Group's revenue (2019: Nil).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

	2020 RMB'000	2019 RMB'000
Revenue from contracts with customers	58,592,533	41,909,165
Revenue from other sources		
Gross rental income from investment property operating leases:		
Variable lease payments that do not depend on an index or a rate	132,758	6,959
Other lease payments, including fixed payments	1,328,587	1,439,817
	1,461,345	1,446,776
	60,053,878	43,355,941

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2020

Segments	City and property development RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Types of goods or services				
Sale of completed properties	47,383,289	–	–	47,383,289
Land development	6,983,247	–	–	6,983,247
Hotel operations	–	1,257,838	–	1,257,838
Others	–	–	2,968,159	2,968,159
Total revenue from contracts with customers	54,366,536	1,257,838	2,968,159	58,592,533
Timing of revenue recognition				
Goods transferred at a point of time	54,366,536	–	–	54,366,536
Services transferred over time	–	1,257,838	2,968,159	4,225,997
Total revenue from contracts with customers	54,366,536	1,257,838	2,968,159	58,592,533

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

For the year ended 31 December 2019

Segments	City and property development RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Types of goods or services				
Sale of completed properties	33,430,413	–	–	33,430,413
Land development	4,290,990	–	–	4,290,990
Hotel operations	–	1,967,118	–	1,967,118
Others	–	–	2,220,644	2,220,644
Total revenue from contracts with customers	37,721,403	1,967,118	2,220,644	41,909,165
Timing of revenue recognition				
Goods transferred at a point of time	37,721,403	–	–	37,721,403
Services transferred over time	–	1,967,118	2,220,644	4,187,762
Total revenue from contracts with customers	37,721,403	1,967,118	2,220,644	41,909,165

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

For the year ended 31 December 2020

Segments	City and property development RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Revenue from contracts with customers:				
Sales to external customers	54,366,536	1,257,838	2,968,159	58,592,533
Intersegment sales	–	–	1,137,050	1,137,050
	54,366,536	1,257,838	4,105,209	59,729,583
Intersegment adjustments and eliminations	–	–	(1,137,050)	(1,137,050)
Total revenue from contracts with customers	54,366,536	1,257,838	2,968,159	58,592,533

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(i) *Disaggregated revenue information* (Continued)

For the year ended 31 December 2019

Segments	City and property development RMB'000	Hotel operations RMB'000	Others RMB'000	Total RMB'000
Revenue from contracts with customers:				
Sales to external customers	37,721,403	1,967,118	2,220,644	41,909,165
Intersegment sales	152,628	–	801,947	954,575
	37,874,031	1,967,118	3,022,591	42,863,740
Intersegment adjustments and eliminations	(152,628)	–	(801,947)	(954,575)
Total revenue from contracts with customers	37,721,403	1,967,118	2,220,644	41,909,165

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 completed properties	28,255,425	21,302,227
Hotel operations	17,323	81,883
Others	26,883	8,251
	28,299,631	21,392,361

5. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(ii) Performance obligations

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

Sale of completed properties

The performance obligation is satisfied upon delivery of the completed properties.

Land development

The performance obligation is satisfied when the land development is completed.

Hotel operations

The performance obligation is satisfied when services are rendered. Short-term advances are sometimes required before rendering the services.

Property management services

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Property management service contracts are for periods of one year or less, or are billed based on the time incurred.

Design, construction and decoration services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 60 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

5. REVENUE, OTHER INCOME AND GAINS (Continued)

	Notes	2020 RMB'000	2019 RMB'000 (Restated)
Other income			
Interest income		3,223,777	2,541,856
Other investment income		556,424	207,017
Government grants*		99,103	58,050
Default penalty income		43,225	22,374
		3,922,529	2,829,297
Gains			
Fair value gains on investment properties	18	906,121	454,695
Fair value gains on transfers from properties held for sale to investment properties		–	356,045
Gain on bargain purchase	42	146,548	401,970
Gain on disposal of subsidiaries	44	1,543,156	1,018,026
Fair value gains on the equity interest previously held as investments in joint ventures or associates	42	1,307,456	346,240
Gain on disposal of equity investment designed at fair value through profit or loss		28,388	–
Foreign exchange gain, net	6	374,741	50,780
Gain on disposal of investments in joint ventures and associates		371,007	322,454
Others		98,739	356,197
		4,776,156	3,306,407
		8,698,685	6,135,704

* Various government grants have been received from the relevant authorities for the Group's businesses conducted in certain cities in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

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

	Notes	2020 RMB'000	2019 RMB'000 (Restated)
Cost of properties sold		40,961,854	25,140,050
Cost of land development		3,772,784	2,477,754
Cost of services provided		3,204,876	2,973,394
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		200,027	216,152
Depreciation of property, plant and equipment	14	462,969	409,043
Depreciation of right-of-use assets	19(a)	165,149	139,829
Amortisation of intangible assets	20	20,940	13,407
Lease payments not included in the measurement of lease liabilities	19(c)	32,646	14,205
Auditor's remuneration		7,825	7,038
Employee benefit expense (including directors' and chief executive's remuneration (note (8)):			
Wages and salaries		2,151,774	2,161,925
Equity-settled share option expense	39	87,786	84,016
Pension scheme contributions (defined contribution schemes)		79,724	167,727
Less: Amount capitalised		(16,332)	(43,174)
Net pension scheme contributions*		63,392	124,553
		2,302,952	2,370,494
Foreign exchange differences, net	5	(374,741)	(50,780)
(Gain)/loss on disposal of items of property, plant and equipment**		(517)	49
Gain on disposal of intangible assets		(307)	–
Provision of impairment of trade receivables**	24	5,420	6,542
Impairment of financial assets included in prepayments, other receivables and other assets**		3,134	–
Impairment of properties under development, net**	15	1,543,462	–
Impairment of properties held for sale, net**	17	1,515,492	–
Impairment of amounts due from related parties, net**	27	1,311,180	–
Ineffectiveness and hedging cost of cash flow hedges		467	(1,441)

* At 31 December 2020, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2019: Nil).

** These items are included in "Other expenses and losses, net" in the consolidated statement of profit or loss.

7. OTHER EXPENSES AND LOSSES, NET

An analysis of other expenses and losses, net is as follows:

	Notes	2020 RMB'000	2019 RMB'000
Impairment of properties under development, net	15	1,543,462	–
Impairment of properties held for sale, net	17	1,515,492	–
Impairment of amounts due from related parties, net	27	1,311,180	–
Others		11,178	6,916
		4,381,312	6,916

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 RMB'000	2019 RMB'000 (Restated)
Interest on bank and other loans, notes and bonds	6,419,880	6,348,167
Interest on an amount due to fellow subsidiaries (note 48(a))	258,831	116,745
Interest on an amount due to the immediate holding company (note 48(a))	168,779	278,928
Interest on an amount due to an intermediate holding company (note 48(a))	663,373	91,927
Interest on an amount due to the ultimate holding company (note 48(a))	882	389
Interest on an amount due to associates (note 48(a))	139,669	5,745
Interest on an amount due to joint ventures (note 48(a))	209,897	67,089
Interest on an amount due to the substantial shareholder (note 48(a))	18,595	46,487
Interest on lease liabilities (note 19(b))	40,907	7,430
Total interest expense	7,920,813	6,962,907
Less: Interest capitalised	(5,193,835)	(4,692,141)
	2,726,978	2,270,766

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (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:

	Group	
	2020 RMB'000	2019 RMB'000
Fees	1,184	1,215
Other emoluments:		
Salaries, allowances and benefits in kind	9,741	9,622
Bonuses*	17,853	28,438
Equity-settled share option expense	3,606	3,024
Pension scheme contributions	1,385	1,401
	32,585	42,485
	33,769	43,700

* Certain executive directors of the Company are entitled to bonus payments which are determined with reference to the performance of the Group's operations.

In prior years, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 39 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

Mr. Su Xijia and Mr. Gao Shibin, are independent non-executive directors of the Company, and the fees paid to them during the year were RMB409,000 (2019: RMB405,000) and RMB409,000 (2019: RMB405,000), respectively.

Mr. Lau Hon Chuen, Ambrose retired as an independent non-executive director of the Company with effect from 10 June 2020, and the fees paid to him during the year were RMB182,000 (2019: RMB405,000).

Mr. Zhong Wei was appointed as an independent non-executive director of the Company with effect from 24 August 2020, and the fees paid to him during the year were RMB145,000 (2019:Nil).

Mr. Suen Man Tak was appointed as an independent non-executive director of the Company with effect from 27 November 2020, and the fees paid to him during the year were RMB39,000 (2019:Nil).

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

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

(b) Executive directors, non-executive directors and the chief executive

Executive directors

i. Mr. Li Congrui is the chief executive officer of the Company. The remuneration paid to him during the year included fees of RMB0 (2019: Nil), salaries, allowances and benefits in kind of RMB3,377,000 (2019: RMB3,339,000), performance related bonuses of RMB6,484,000 (2019: RMB5,833,000), special bonuses of RMB0 (2019: RMB7,701,000), equity-settled share option expense of RMB1,202,000 (2019: RMB1,008,000), and pension scheme contributions of RMB507,000 (2019: RMB523,000).

ii. Mr. Jiang Nan is the chief financial officer of the Company. The remuneration paid to him during the year included fees of RMB0 (2019: Nil), salaries, allowances and benefits in kind of RMB3,380,000 (2019: RMB3,336,000), performance related bonuses of RMB5,240,000 (2019: RMB4,258,000), special bonuses of RMB0 (2019: RMB2,695,000), equity-settled share option expense of RMB1,202,000 (2019: RMB1,008,000), and pension scheme contributions of RMB426,000 (2019: RMB437,000).

iii. Mr. Song Liuyi is the senior vice president of the Company. The remuneration paid to him during the year included fees of RMB0 (2019: Nil), salaries, allowances and benefits in kind of RMB2,984,000 (2019: RMB2,947,000), performance related bonuses of RMB6,129,000 (2019: RMB5,063,000), special bonuses of RMB0 (2019: RMB2,888,000), equity-settled share option expense of RMB1,202,000 (2019: RMB1,008,000), and pension scheme contributions of RMB452,000 (2019: RMB441,000).

Non-executive directors

i. Mr. Ning Gaoning is the chairman and non-executive director of the Company. There was no remuneration paid to him during the year (2019: Nil).

ii. Mr. Yang Lin and Mr. An Hongjun are non-executive directors of the Company. There were no remuneration paid to them during the year (2019: Nil).

iii. Mr. Cheng Yong and Mr. Wang Wei were appointed as non-executive directors of the Company with effect from 24 August 2020. There were no remuneration paid to them during the year (2019: Nil).

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2019: Nil).

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors including the chief executive (2019: three directors including the chief executive), details of whose remuneration are set out in note 9 above. Details of the remuneration of the five highest paid employees of the Company are as follows:

	2020 RMB'000	2019 RMB'000
Salaries, allowances and benefits in kind	14,962	14,132
Bonuses	25,067	39,637
Equity-settled share option expense	5,591	5,040
Pension scheme contributions	2,125	2,760
	47,745	61,569

The number of the five highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2020	2019
HK$7,000,001 to HK$7,500,000	1	–
HK$9,500,001 to HK$10,000,000	1	1
HK$11,500,001 to HK$12,000,000	1	1
HK$12,000,001 to HK$12,500,000	1	–
HK$13,000,001 to HK$13,500,000	1	1
HK$14,000,001 to HK$14,500,000	–	1
HK$20,500,001 to HK$21,000,000	–	1
	5	5

In prior years, share options were granted to three non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 39 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

11. INCOME TAX

	Notes	2020 RMB'000	2019 RMB'000 (Restated)
Current			
PRC corporate income tax			
Charge for the year		**2,724,053**	2,790,967
Overprovision in prior years		**(6,380)**	(4,225)
PRC land appreciation tax	35	**913,728**	1,855,576
		3,631,401	4,642,318
Deferred	36	**(182,345)**	(447,288)
Total tax charge for the year		**3,449,056**	4,195,030

Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2019: Nil).

PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% (2019: 25%) on the taxable profits of the Group's PRC subsidiaries.

PRC land appreciation tax ("LAT")

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994 and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all gains arising from a transfer of real estate property in Mainland China effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including borrowing costs and all property development expenditures.

11. INCOME TAX (Continued)

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

2020

	Hong Kong RMB'000	Mainland China RMB'000	Total RMB'000
Profit before tax	30,743	9,613,434	9,644,177
Tax at the statutory income tax rate	5,073	2,403,359	2,408,432
Effect of withholding tax at 5% on the distributable profits of certain PRC subsidiaries	(54,108)	–	(54,108)
Adjustment in respect of current tax of previous periods	–	(6,380)	(6,380)
Profits and losses attributable to joint ventures and associates	–	(267,349)	(267,349)
Income not subject to tax	(119,716)	(519,434)	(639,150)
Expenses not deductible for tax	114,643	933,019	1,047,662
Tax losses utilised from previous periods	–	(113,940)	(113,940)
Tax losses not recognised	–	388,593	388,593
LAT (note 35)	–	913,728	913,728
Tax effect of LAT	–	(228,432)	(228,432)
Tax charge for the year	(54,108)	3,503,164	3,449,056

11. INCOME TAX (Continued)

2019

	Hong Kong RMB'000 (Restated)	Mainland China RMB'000 (Restated)	Total RMB'000 (Restated)
Profit before tax	324,989	12,528,700	12,853,689
Tax at the statutory income tax rate	53,623	3,132,175	3,185,798
Effect of withholding tax at 5% on the distributable profits of certain PRC subsidiaries	45,179	–	45,179
Adjustment in respect of current tax of previous periods	–	(4,225)	(4,225)
Profits and losses attributable to joint ventures and associates	–	(147,434)	(147,434)
Income not subject to tax	(82,638)	(345,339)	(427,977)
Expenses not deductible for tax	29,015	260,623	289,638
Tax losses utilised from previous periods	–	(334,253)	(334,253)
Tax losses not recognised	–	196,622	196,622
LAT (note 35)	–	1,855,576	1,855,576
Tax effect of LAT	–	(463,894)	(463,894)
Tax charge for the year	45,179	4,149,851	4,195,030

The share of tax attributable to joint ventures and associates amounting to RMB249,397,000 (2019: share of tax credit of RMB245,251,000) is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

12. DIVIDENDS

	2020 RMB'000	2019 RMB'000
Interim – HK12.0 cents (2019 interim dividend: HK12.0 cents) per ordinary share	**1,364,184**	1,273,730
Proposed final – HK14.0 cents (2019: HK11.0 cents) per ordinary share	**1,494,751**	1,168,031

The actual amount of the 2019 final dividend paid during the year ended 31 December 2020 was RMB1,181,924,000.

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

13. 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 12,179,840,073 (2019: 11,650,154,307) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed exercise of the Group's share options into ordinary shares.

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

	2020 RMB'000	2019 RMB'000 (Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	3,880,986	6,481,751

	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	12,179,840,073	11,650,154,307
Effect of dilution – weighted average number of ordinary shares:		
Share options	77,911,299	52,775,198
	12,257,751,372	11,702,929,505

14. PROPERTY, PLANT AND EQUIPMENT

	Hotel properties RMB'000	Leasehold improvements RMB'000	Buildings RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2020							
At 31 December 2019:							
As originally stated	6,756,691	898	532,162	1,032,751	11,712	2,576,710	10,910,924
Restatement (note 43)	–	–	–	344	–	–	344
As restated	6,756,691	898	532,162	1,033,095	11,712	2,576,710	10,911,268
At 31 December 2019 and at 1 January 2020:							
Cost	8,752,464	20,903	675,623	2,293,568	58,389	2,576,710	14,377,657
Accumulated depreciation and impairment	(1,995,773)	(20,005)	(143,461)	(1,260,473)	(46,677)	–	(3,466,389)
Net carrying amount	6,756,691	898	532,162	1,033,095	11,712	2,576,710	10,911,268
At 1 January 2020, net of accumulated depreciation and impairment	6,756,691	898	532,162	1,033,095	11,712	2,576,710	10,911,268
Additions	50,317	1,888	192,307	60,192	4,274	561,395	870,373
Disposals	(59)	(948)	–	(2,267)	(750)	(55,867)	(59,891)
Depreciation provided during the year (note 6)	(270,137)	(327)	(42,432)	(144,838)	(5,235)	–	(462,969)
Acquisition of subsidiaries (note 42)	–	–	–	2,858	231	–	3,089
Disposal of subsidiaries (note 44)	–	–	–	(4,001)	(346)	–	(4,347)
Transfer from investment properties (note 18)	–	–	49,539	–	–	–	49,539
Transfers	3,810	375	–	32,443	–	(36,628)	–
Exchange realignment	–	–	–	(7)	–	–	(7)
At 31 December 2020, net of accumulated depreciation and impairment	6,540,622	1,886	731,576	977,475	9,886	3,045,610	11,307,055
At 31 December 2020:							
Cost	8,806,191	22,150	917,470	2,372,929	59,334	3,045,610	15,223,684
Accumulated depreciation and impairment	(2,265,569)	(20,264)	(185,894)	(1,395,454)	(49,448)	–	(3,916,629)
Net carrying amount	6,540,622	1,886	731,576	977,475	9,886	3,045,610	11,307,055

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Hotel properties RMB'000	Leasehold improvements RMB'000	Buildings RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2019							
At 1 January 2019:							
As originally stated	7,042,178	18	467,096	867,224	14,212	2,338,375	10,729,103
Restatement (note 43)	–	–	–	405	–	–	405
As restated	7,042,178	18	467,096	867,629	14,212	2,338,375	10,729,508
At 1 January 2019:							
Cost	8,760,057	19,569	570,554	2,046,559	59,454	2,338,375	13,794,568
Accumulated depreciation and impairment	(1,717,879)	(19,551)	(103,458)	(1,178,930)	(45,242)	–	(3,065,060)
Net carrying amount	7,042,178	18	467,096	867,629	14,212	2,338,375	10,729,508
At 1 January 2019, net of accumulated depreciation and impairment	7,042,178	18	467,096	867,629	14,212	2,338,375	10,729,508
Additions	17,605	1,364	265	143,983	1,249	223,680	388,146
Disposals	(4,231)	(1)	(93)	(1,533)	(180)	(26,829)	(32,867)
Depreciation provided during the year (note 6)	(217,610)	(483)	(40,440)	(146,950)	(3,560)	–	(409,043)
Acquisition of subsidiaries (note 42)	–	–	–	80,719	133	73,802	154,654
Disposal of subsidiaries (note 44)	–	–	–	(892)	(142)	–	(1,034)
Gain on properties revaluation in relation to the transfer to investment properties	67,983	–	1,344	–	–	–	69,327
Transfer from properties under development (note 15)	–	–	111,330	–	–	–	111,330
Transfer to investment properties (note 18)	(91,409)	–	(7,340)	(6)	–	–	(98,755)
Transfers	(57,825)	–	–	90,143	–	(32,318)	–
Exchange realignment	–	–	–	2	–	–	2
At 31 December 2019, net of accumulated depreciation and impairment	6,756,691	898	532,162	1,033,095	11,712	2,576,710	10,911,268
At 31 December 2019:							
Cost	8,752,464	20,903	675,623	2,293,568	58,389	2,576,710	14,377,657
Accumulated depreciation and impairment	(1,995,773)	(20,005)	(143,461)	(1,260,473)	(46,677)	–	(3,466,389)
Net carrying amount	6,756,691	898	532,162	1,033,095	11,712	2,576,710	10,911,268

14. PROPERTY, PLANT AND EQUIPMENT (Continued)

At 31 December 2020, certain of the Group's hotel properties and buildings, construction in progress included in property, plant and equipment with an aggregate net carrying amount of approximately RMB219,982,000 (2019: RMB297,415,000) were pledged to secure bank loans granted to the Group (note 34).

15. PROPERTIES UNDER DEVELOPMENT

	Notes	2020 RMB'000	2019 RMB'000 (Restated)
Carrying amount at 1 January		**131,511,819**	102,023,628
Additions		**63,078,730**	48,426,142
Transfer to properties held for sale		**(51,502,410)**	(20,727,217)
Transfer to property, plant and equipment	14	**–**	(111,330)
Acquisition of subsidiaries	42	**24,817,373**	9,996,192
Disposal of subsidiaries	44	**(27,533,056)**	(8,095,596)
Impairment	7	**(1,543,462)**	–
Carrying amount at 31 December		**138,828,994**	131,511,819
Current portion		**(79,473,565)**	(62,241,273)
Non-current portion		**59,355,429**	69,270,546

At 31 December 2020, certain of the Group's properties included in properties under development with a net carrying amount of approximately RMB75,307,751,000 (2019: RMB52,622,566,000) were pledged to secure bank loans granted to the Group (note 34).

16. LAND UNDER DEVELOPMENT

Land under development represents the project cost, land requisition cost, compensation cost and other preliminary infrastructure costs in relation to the Group's land development projects (the "Projects") in Mainland China. Though the Group does not have the ownership title or land use right to such land, the Group is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities as well as other development works in the Projects. When the land plots are sold by the local government, the Group is entitled to receive from the local authorities the land development fee.

	2020 RMB'000	2019 RMB'000
Carrying amount at 1 January	**12,695,815**	12,671,193
Additions	**2,988,112**	2,729,635
Recognised during the year	**(3,760,018)**	(2,705,013)
Carrying amount at 31 December	**11,923,909**	12,695,815
Current portion	**(1,429,269)**	(1,990,602)
Non-current portion	**10,494,640**	10,705,213

17. PROPERTIES HELD FOR SALE

All the properties held for sale are stated at the lower of cost and net realisable value. The Group's properties held for sale are situated in Mainland China.

For the year ended 31 December 2020, the Group recognised impairment losses of RMB1,515,492,000 (2019: Nil) on properties held for sale (note 7). At 31 December 2020, the provision for impairment of properties held for sale amounted to RMB1,515,492,000 (2019: Nil).

At 31 December 2020, certain of the Group's properties included in properties held for sale with a net carrying amount of approximately RMB132,501,000 (2019: RMB132,501,000) were pledged to secure bank loans granted to the Group (note 34).

18. INVESTMENT PROPERTIES

	Notes	2020 RMB'000	2019 RMB'000
Carrying amount at 1 January		**31,260,683**	29,205,862
Additions		**328,198**	690,726
Transfer from properties held for sale		**–**	808,710
Net gain from a fair value adjustment	5	**906,121**	454,695
Transfer from property, plant and equipment	14	**–**	98,755
Transfer from right-of-use assets	19(a)	**869,941**	1,935
Transfer to property, plant and equipment	14	**(49,539)**	–
Carrying amount at 31 December		**33,315,404**	31,260,683

The Group's investment properties consist of 19 commercial properties in Mainland China. The directors of the Company have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of each property. Except for two investment properties which were valued by the Group's management, the Group's investment properties were revalued individually on 31 December 2020 based on valuations performed by Cushman & Wakefield Limited (formerly known as DTZ Debenham Tie Leung Limited), Shanghai Cairui Real Estate Land Appraisal Co., Ltd., Beijing Renda Real Estate Appraisal Co., Ltd., and Beijing Zhuoxindahua Appraisal Co., Ltd., independent professionally qualified valuers. Each year, the Group's management decides to appoint which external valuers 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 management has discussions with the valuers on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

As at 31 December 2020, three of the Group's investment properties were right-of-use assets with total carrying amount of RMB937,917,000 relating to buildings which were leased out under one or more operating leases.

These investment properties are leased under operating leases, further summary details of which are included in note 19 to the financial statements.

At 31 December 2020, certain of the Group's investment properties with a carrying value of RMB11,317,930,000 (2019: RMB12,902,640,000) were pledged to secure bank loans granted to the Group (note 34).

18. 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		
	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:			
Commercial properties	**41,900**	**33,273,504**	**33,315,404**

	Fair value measurement as at 31 December 2019 using		
	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:			
Commercial properties	42,100	31,218,583	31,260,683

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).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties RMB'000
Carrying amount at 1 January 2019	29,158,062
Additions	690,726
Transfer from properties held for sale	808,710
Net gain from a fair value adjustment	460,395
Transfer from property, plant and equipment	98,755
Transfer from right-of-use assets	1,935
Carrying amount at 31 December 2019 and 1 January 2020	31,218,583
Additions	328,198
Net gain from a fair value adjustment	906,321
Transfer to property, plant and equipment	(49,539)
Transfer from right-of-use assets	869,941
Carrying amount at 31 December 2020	33,273,504

18. 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 2020	2019
Property 1 – Beijing Chemsunny World Trade Centre	Term and reversion method	Term yield	5.25%	5.50%
		Reversionary yield	5.75%	6.00%
		Market rent (per square metre ("sqm") per annum ("p.a."))	RMB5,789 – RMB9,815	RMB5,347 – RMB9,726
Property 2 – Sinochem Tower	Term and reversion method	Term yield	3.00% – 5.50%	3.00% – 5.50%
		Reversionary yield	3.50% – 6.00%	3.50% – 6.00%
		Market rent (per sqm p.a.)	RMB3,269 – RMB9,600	RMB3,166 – RMB9,600
Property 3 – Jin Mao Tower	Term and reversion method	Term yield	3.50% – 4.00%	3.50% – 4.50%
		Reversionary yield	4.00% – 4.50%	4.00% – 5.00%
		Market rent (per sqm p.a.)	RMB4,441 – RMB18,000	RMB4,619 – RMB12,000
Property 4 – Zhuhai Every Garden	Term and reversion method	Term yield	5.00% – 6.25%	5.00% – 6.25%
		Reversionary yield	5.50% – 6.50%	5.50% – 6.50%
		Market rent (per sqm p.a.)	RMB514 – RMB778	RMB518 – RMB720
Property 5 – Nanjing Xuanwu Lake Jin Mao Plaza	Term and reversion method	Term yield	3.50% – 4.50%	3.50% – 4.50%
		Reversionary yield	4.00% – 5.00%	4.00% – 5.00%
		Market rent (per sqm p.a.)	RMB2,160 – RMB7,560	RMB2,160 – RMB7,560
Property 6 – Changsha Meixi Lake International R&D Centre	Discounted cash flow method	Estimated rental value (per sqm p.a.)	RMB2,700	RMB1,018
		Rental growth p.a.	3.00%	0.00% – 3.00% (3.00%)
		Long term vacancy rate	8.22%	8.22%
		Discount rate	6.00%	6.00%
Property 7 – Lijiang J•LIFE	Term and reversion method	Term yield	5.00%	5.50%
		Reversionary yield	5.50%	5.50%
		Market rent (per sqm p.a.)	RMB1,072	RMB1,044
Property 8 – Shanghai International Shipping Service Center	Market comparable method	Price per sqm	RMB57,525 – RMB90,500	RMB57,194 – RMB90,275

18. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

	Valuation techniques	Significant unobservable inputs	Range or weighted average 2020	2019
Property 9 – Qingdao Jinmao Harbour Shopping Center	Term and reversion method	Term yield	NA	4.00%
		Reversionary yield	NA	4.50%
		Market rent (per sqm p.a.)	NA	RMB1,644
	Discounted cash flow method and market comparable method	Estimated rental value (per sqm p.a.)	RMB828	NA
		Rental growth p.a.	5.00% – 7.00%	NA
		Long term vacancy rate	5.00%	NA
		Discount rate	5.50%	NA
		Price per sqm	RMB15,096	NA
Property 10 – Ningbo Jiayuan Plaza	Term and reversion method	Term yield	4.00%	4.00%
		Reversionary yield	4.50%	4.50%
		Market rent (per sqm p.a.)	RMB696 – RMB5,160	RMB684 – RMB5,040
Property 11 – Ningbo Huijin Building	Term and reversion method	Term yield	4.00%	4.00%
		Reversionary yield	4.50%	4.50%
		Market rent (per sqm p.a.)	RMB893 – RMB5,040	RMB875 – RMB5,040
Property 12 – Changsha Jinmao Mall of Splendor	Discounted cash flow method and market comparable method	Estimated rental value (per sqm p.a.)	RMB650	RMB1,201
		Rental growth p.a.	3.50% – 5.00%	3.00%
		Long term vacancy rate	5.00%	5.00%
		Discount rate	6.00%	6.76%
		Price per sqm	RMB14,002	NA
Property 13 – Beijing Chaoyang Jinmao Centre Project	Residual method	Developer's profit rate	5.00%	5.00%
	Term and reversion method	Reversionary yield	5.00% – 5.50%	5.00% – 5.50%
		Market rent (per sqm p.a.)	RMB2,280 – RMB3,600	RMB2,280 – RMB3,600
Property 14 – Nanjing Southern Hexi Yuzui Land Parcel No. G97	Residual method	Developer's profit rate	5.00%	5.00%
	Term and reversion method	Reversionary yield	3.00% – 6.00%	3.00% – 6.00%
		Market rent (per sqm p.a.)	RMB1,680 – RMB2,544	RMB1,680 – RMB2,544
Property 15 – Hangzhou Shangtang Project	Residual method	Developer's profit rate	5.00%	5.00%
	Term and reversion method	Reversionary yield	2.00%	2.00%
		Market rent (per sqm p.a.)	RMB1,392	RMB1,392

18. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

	Valuation techniques	Significant unobservable inputs	Range or weighted average 2020	2019
Property 16 – Wangfujing Quadrangle Courtyard	Term and reversion method	Term yield	4.00%	4.00%
		Reversionary yield	4.50%	4.50%
		Market rent (per sqm p.a.)	RMB6,300	RMB6,180
Property 17 – Jinmao Boill e-Wisdom Valley Executive Apartment	Term and reversion method	Term yield	NA	4.84%
		Reversionary yield	NA	4.84%
		Market rent (per sqm p.a.)	NA	RMB665
	Discounted cash flow method	Estimated rental value (per sqm p.a.)	RMB1,090	NA
		Rental growth p.a.	1.00%-3.00%	NA
		Long term vacancy rate	10.00%	NA
		Discount rate	4.84%	NA
Property 18 – Jinmao Boill e-Wisdom Valley Youth Apartment	Discounted cash flow method	Estimated rental value (per sqm p.a.)	RMB1,023	NA
		Rental growth p.a.	3.00%	NA
		Long term vacancy rate	5.00%	NA
		Discount rate	4.04%	NA
Property 19 – Beijing Royal International Mansion	Term and reversion method	Developer's profit rate	5.00% – 5.50%	NA
		Reversionary yield	5.50% – 6.00%	NA
		Market rent (per sqm p.a.)	RMB1,668 – RMB2,484	NA

The term and reversion method measures the fair value of the property by taking into account the rental income derived from the existing leases with due allowance for the reversionary income potential of the leases, which are then capitalised into the value at appropriate rates.

A significant increase (decrease) in the term yield and the reversionary yield in isolation would result in a significant decrease (increase) in the fair value of the investment properties. A significant increase (decrease) in the market rent would result in a significant increase (decrease) in the fair value of the investment properties.

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

18. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

A significant increase (decrease) in the estimated rental value and the market rent growth rate per annum in isolation would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the long term vacancy rate and the discount rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and the discount rate and an opposite change in the long term vacancy rate.

Under the market comparable method, a property's fair value is estimated based on comparable transactions. Although property interests are not homogeneous, the International Valuation Standards Council considers the market approach most commonly applied. "In order to compare the subject of the valuation with the price of other real property interests that have been recently exchanged or that may be currently available in the market, it is usual to adopt a suitable unit of comparison. Units of comparison that are commonly used include analysing sales prices by calculating the price per square meter of a building or per hectare for land. Other units used for price comparison where there is sufficient homogeneity between the physical characteristics include a price per room or a price per unit of output, e.g., crop yields. A unit of comparison is only useful when it is consistently selected and applied to the subject property and the comparable properties in each analysis".

The market comparable method is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. The unit of comparison applied by the Group is the price per square metre. The market comparable approach is often used in combination with either the discounted cash flow or the term and reversion method as many inputs to these methods are based on market comparison.

A significant increase (decrease) in the price per square metre would result in a significant increase (decrease) in the fair value of the investment properties.

The residual method is essentially a mean of valuing land with reference to its development potential by deducting construction cost, interest and developer's profit from its estimated gross development value assuming it would have been completed as at the valuation date in accordance with the latest development scheme provided to the Group by relevant parties. The estimated total and outstanding construction costs and development schedule to be advised by the relevant parties will also be considered.

A significant increase (decrease) in the developer's profit rate would result in a significant decrease (increase) in the fair value of the investment properties.

19. LEASES

The Group as a lessee

The Group has lease contracts mainly for properties used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 30 to 70 years, and no ongoing payments will be made under the terms of these land leases. Leases of office properties and staff quarters generally have lease terms between 2 and 15 years.

(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:

	Leasehold land RMB'000	Office properties and staff quarters RMB'000	Total RMB'000
As at 1 January 2019	1,511,932	107,030	1,618,962
Additions	–	116,418	116,418
Additions as a result of acquisition of subsidiaries (note 42)	10,521	10,169	20,690
Transfer to investment properties (note 18)	(1,935)	–	(1,935)
Depreciation charge (note 6)	(54,567)	(85,262)	(139,829)
As at 31 December 2019 and 1 January 2020	**1,465,951**	**148,355**	**1,614,306**
Additions	**–**	**1,049,145**	**1,049,145**
Additions as a result of acquisition of subsidiaries (note 42)	**–**	**6,831**	**6,831**
Transfer to investment properties (note 18)	**–**	**(869,941)**	**(869,941)**
Depreciation charge (note 6)	**(54,612)**	**(110,537)**	**(165,149)**
As at 31 December 2020	**1,411,339**	**223,853**	**1,635,192**

19. LEASES (Continued)

The Group as a lessee (Continued)

(a) *Right-of-use assets* (Continued)

At 31 December 2019, certain of the Group's right-of-use assets with a net carrying amount of RMB142,871,000 were pledged to secure bank loans granted to the Group (2020: Nil) (note 34).

(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	195,609	96,004
New leases	1,037,659	169,143
Additions as a result of acquisition of subsidiaries (note 42)	4,814	8,856
Accretion of interest recognised during the year (note 8)	40,907	7,430
Payments	(179,414)	(85,824)
Carrying amount at 31 December	1,099,575	195,609
Analysed into		
Current portion	96,548	75,244
Non-current portion	1,003,027	120,365

The maturity analysis of lease liabilities is disclosed in note 51 to the financial statements.

As disclosed in note 2.2 to the financial statements, the Group has early adopted the amendment to HKFRS 16 and applied the practical expedient to all eligible rent concessions granted by the lessors for leases of certain office properties and staff quarters during the year.

19. LEASES (Continued)

The Group as a lessee (Continued)

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

	2020 RMB'000	2019 RMB'000 (Restated)
Interest on lease liabilities	40,907	7,430
Depreciation charge of right-of-use assets	165,149	139,829
Expense relating to short-term leases and other leases with remaining lease terms ended on or before 31 December (included in cost of sales)	6,531	6,666
Expense relating to leases of low-value assets (included in administrative expenses)	26,115	7,539
Total amount recognised in profit or loss	238,702	161,464

(d) The total cash outflow for leases and future cash outflows relating to leases that have not yet commenced are disclosed in notes 45(c) and 47, respectively, to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 18) consisting of 19 commercial properties in Mainland China under operating lease arrangements. The terms of the leases generally also 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 RMB1,461,345,000 (2019: RMB1,446,776,000), 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	1,238,413	1,330,942
After one year but within two years	973,808	930,780
After two years but within three years	365,455	396,793
After three years but within four years	212,048	176,569
After four years but within five years	110,358	133,390
After five years	323,568	222,615
	3,223,650	3,191,089

20. INTANGIBLE ASSETS

	Computer software RMB'000
31 December 2020	
At 1 January 2020	
Cost	**150,611**
Accumulated amortisation and impairment	**(100,588)**
Net carrying amount	**50,023**
Cost at 1 January 2020, net of accumulated amortisation and impairment	**50,023**
Additions	**77,440**
Acquisition of subsidiaries (note 42)	**1,833**
Disposal of subsidiaries (note 44)	**(664)**
Disposals	**(220)**
Amortisation provided during the year (note 6)	**(20,940)**
At 31 December 2020	**107,472**
At 31 December 2020	
Cost	**195,336**
Accumulated amortisation and impairment	**(87,864)**
Net carrying amount	**107,472**

	Computer software RMB'000
31 December 2019	
At 1 January 2019:	
Cost	129,244
Accumulated amortisation and impairment	(84,429)
Net carrying amount	44,815
Cost at 1 January 2019, net of accumulated amortisation and impairment	44,815
Additions	18,743
Acquisition of subsidiaries (note 42)	543
Disposals	(671)
Amortisation provided during the year (note 6)	(13,407)
At 31 December 2019	50,023
At 31 December 2019:	
Cost	150,611
Accumulated amortisation and impairment	(100,588)
Net carrying amount	50,023

21. JOINT OPERATIONS AND INVESTMENTS IN JOINT VENTURES

Investments in joint ventures

	2020 RMB'000	2019 RMB'000 (Restated)
Share of net assets	**16,319,443**	11,511,385

The amounts due from and to joint ventures are disclosed in note 27 to the financial statements.

All of the Group's investments in joint ventures are indirectly held by the Company.

The Group has discontinued the recognition of its share of loss of certain joint ventures because the share of loss of the joint ventures exceeded the Group's interests in them and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of loss of the joint ventures for the current year and cumulatively were RMB424,992,000 (2019: RMB356,132,000) and RMB904,219,000 (2019: RMB479,227,000), respectively.

The joint ventures of the Group are considered not individually material and the following table illustrates the aggregate financial information of the joint ventures:

	2020 RMB'000	2019 RMB'000 (Restated)
Share of the joint ventures' profit for the year	**371,098**	722,390
Share of the joint ventures' total comprehensive income for the year	**371,098**	722,390
Aggregate carrying amount of the Group's investments in the joint ventures	**16,319,443**	11,511,385

Joint operations

On 11 May 2010, the Company entered into a framework cooperation agreement with Qingdao Urban Construction Investment (Group) Co., Ltd. ("Qingdao Urban Investment Group") pursuant to which the Company and Qingdao Urban Investment Group intended to jointly develop the Lanhai Xingang City project located in Qingdao, the PRC.

On 5 November 2010, Qingdao Jin Mao, an indirect wholly-owned subsidiary of the Company was established for the purpose of operating the Lanhai Xingang City project, and Qingdao Urban Investment Group entered into a capital increase agreement pursuant to which Qingdao Jin Mao agreed to make a capital injection of RMB1 billion into Qingdao Lanhai Xingang City Properties Co., Ltd. ("Lanhai Xingang City"), a wholly-owned subsidiary of Qingdao Urban Investment Group, to subscribe for its new registered capital.

21. JOINT OPERATIONS AND INVESTMENTS IN JOINT VENTURES (Continued)

Joint operations (Continued)

On 28 July 2011, Qingdao Jin Mao completed the acquisition of a 50% equity interest in Lanhai Xingang City through contributing RMB1 billion to the newly registered capital of Lanhai Xingang City. On the same day, Qingdao Jin Mao and Qingdao Urban Investment Group entered into a supplementary agreement pursuant to which Lanhai Xingang City agreed to establish two branches, where branch 1 would be unilaterally managed and controlled by Qingdao Jin Mao in respect of the development of the Southern region with a land area of 200 mu (the "Southern Region") and branch 2 would be unilaterally managed and controlled by Qingdao Urban Investment Group in respect of the development of the Northern region with a total land area of 140 mu (the "Northern Region"). The land use right certificate in connection with the Southern Region is registered under the name of Lanhai Xingang City.

The Group considered this supplementary arrangement as a joint operation and recognised the assets, liabilities and revenue and expenses of branch 1 as the Group is given the rights to the assets and has obligations for the liabilities of branch 1 pursuant to the terms of the supplementary agreement.

The following table illustrates the summarised financial information of branch 1 of Lanhai Xingang City recognised in the Group's consolidated financial statements:

	2020 RMB'000	2019 RMB'000
Non-current assets		
Property, plant and equipment	200	266
Total non-current assets	200	266
Current assets		
Properties held for sale	332,926	382,146
Properties under development	151,671	94,284
Prepayments, other receivables and other assets	18,062	13,990
Prepaid tax	43,439	23,791
Restricted bank balances	65,485	114,482
Cash and cash equivalents	8,391	28,065
Total current assets	619,974	656,758
Current liabilities		
Trade and bills payables	134,817	310,728
Other payables and accruals	314,399	201,080
Total current liabilities	449,216	511,808
Net current assets	170,758	144,950
Total assets less current liabilities	170,958	145,216
Non-current liabilities		
Deferred tax liabilities	–	1
Net assets	170,958	145,215

21. JOINT OPERATIONS AND INVESTMENTS IN JOINT VENTURES (Continued)

Joint operations (Continued)

	2020 RMB'000	2019 RMB'000
Revenue	65,501	29,045
Cost of sales	6,721	(23,107)
Gross profit	72,222	5,938
Other income and gains	759	487
Selling and marketing expenses	(2,131)	(1,128)
Administrative expenses	(2,912)	(4,490)
Profit before tax	67,938	807
Income tax	(38,498)	9,963
Profit for the year	29,440	10,770

22. INVESTMENTS IN ASSOCIATES

	2020 RMB'000	2019 RMB'000 (Restated)
Share of net assets	11,105,070	7,597,657

The amounts due from and to associates are disclosed in note 27 to the financial statements.

All of the Group's investments in associates are indirectly held by the Company.

The Group has discontinued the recognition of its share of loss of certain associates because the share of loss of the associates exceeded the Group's interests in them and the Group has no obligation to take up further losses. The amounts of the Group's unrecognised share of loss of the associates for the current year and cumulatively were RMB657,708,000 (2019: RMB79,154,000) and RMB830,248,000 (2019: RMB172,540,000), respectively.

The associates of the Group are considered not individually material and the following table illustrates the aggregate financial information of the associates:

	2020 RMB'000	2019 RMB'000 (Restated)
Share of the associates' profit/(loss) for the year	698,297	(132,653)
Share of the associates' total comprehensive income/(loss) for the year	698,297	(132,653)
Aggregate carrying amount of the Group's investments in the associates	11,105,070	7,597,657

23. INVENTORIES

	2020 RMB'000	2019 RMB'000
Raw materials	**158,777**	157,704
Consumables and tools	**3,093**	3,117
Hotel merchandise	**11,351**	10,547
Trading stock	**2,671**	2,806
	175,892	174,174

24. TRADE RECEIVABLES

	2020 RMB'000	2019 RMB'000
Trade receivables	**468,391**	1,462,059
Impairment	**(21,615)**	(16,195)
	446,776	1,445,864

Consideration in respect of properties sold is receivable in accordance with the terms of the related sale and purchase agreements, whilst the Group's trading terms with its customers in relation to the provision of hotel, decoration and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months for major customers. Each customer has a maximum credit limit.

The Group seeks to maintain strict control over its outstanding receivables and 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.

The Group had pledged trade receivables of approximately RMB25,514,000 to secure a bank loan granted to the Group (note 34) as at 31 December 2019.

24. 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 month	139,498	76,258
1 to 3 months	95,817	1,182,884
4 to 6 months	67,956	52,428
6 months to 1 year	48,027	68,641
Over 1 year	95,478	65,653
	446,776	1,445,864

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

	2020 RMB'000	2019 RMB'000
At 1 January	16,195	9,653
Impairment losses, net (note 6)	5,420	6,542
At 31 December	21,615	16,195

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating, and forms of credit insurance). 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. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

24. TRADE RECEIVABLES (Continued)

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

	Current	Past due Less than 1 month	Past due 1 to 3 months	Past due Over 3 months	Total
Expected credit loss rate	0.02%	1.19%	1.40%	27.06%	4.61%
Gross carrying amount (RMB'000)	378,977	3,964	6,347	79,103	468,391
Expected credit losses (RMB'000)	75	47	89	21,404	21,615

As at 31 December 2019

	Current	Past due Less than 1 month	Past due 1 to 3 months	Past due Over 3 months	Total
Expected credit loss rate	0.02%	1.22%	7.33%	31.70%	1.11%
Gross carrying amount (RMB'000)	1,409,708	1,561	1,133	49,657	1,462,059
Expected credit losses (RMB'000)	351	19	83	15,742	16,195

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2020 RMB'000	2019 RMB'000 (Restated)
Prepayments	15,603,587	8,529,350
Deposits	4,132,475	5,712,809
Other receivables	6,046,558	9,652,399
Due from non-controlling shareholders	11,960,338	6,269,918
Others	332,574	87,764
	38,075,532	30,252,240

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2020 and 2019, the loss allowance was assessed to be minimal.

The current balances of amounts due from non-controlling shareholders are unsecured, interest-free and repayable within one year, except for the amounts of RMB8,945,043,000, in aggregate, which bear interest at rates ranging from 0.35% to 4.75% per annum (2019: RMB4,158,874,000, in aggregate, which bear interest at rates ranging from 0.35% to 4.35% per annum).

Management expects the contracts costs, primarily sale commission and stamp duty paid/payable, as a result of obtaining the property sale contracts are recoverable. The Group has capitalised the amounts as contract costs and amortised when the related revenue are recognised.

As at 31 December 2020, the non-current balance included a pledged deposit of RMB246,000,000 (2019: RMB246,000,000) made to a local government for performance guarantee, which is not repayable within one year.

26. CONTRACT ASSETS

	31 December 2020 RMB'000	31 December 2019 RMB'000	1 January 2019 RMB'000
Contract assets arising from design, construction and decoration services	789,328	267,009	154,500
	789,328	267,009	154,500

Contract assets are initially recognised for other revenue earned from the design, construction and decoration services as the receipt of consideration is conditional on successful completion of services, respectively. Included in contract assets for design, construction and decoration services are retention receivables. Upon completion of services and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. The increase in contract assets in 2020 and 2019 was the result of the increase in the ongoing provision of design, construction and decoration services at the end of each of the years.

The expected timing of recovery or settlement for contract assets as at 31 December 2020 is within one year.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating, and forms of credit insurance). 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 contract assets using a provision matrix:

	2020	2019
Expected credit loss rate	0%	0%
Gross carrying amount (RMB'000)	789,328	267,009
Expected credit losses (RMB'000)	–	–

27. BALANCES WITH RELATED PARTIES

An analysis of the amounts due from related parties is as follows:

	Notes	2020 RMB'000	2019 RMB'000 (Restated)
Current:			
Due from related parties:			
The ultimate holding company		283	280
An intermediate holding company		360	–
The immediate holding company		1,308	1,392
Fellow subsidiaries		134,982	57,904
Associates	(i)	7,887,305	13,161,106
Joint ventures	(ii)	20,127,331	23,608,363
The substantial shareholder	(iii)	1,305,290	1,435,928
Impairment allowance	7	(1,311,180)	–
		28,145,679	38,264,973
Non-current:			
Due from related parties:			
Fellow subsidiaries		–	64,398
Associates	(iv)	1,526,881	1,265,515
Joint ventures	(v)	12,013,207	6,927,839
The substantial shareholder	(vi)	873,704	–
		14,413,792	8,257,752

27. BALANCES WITH RELATED PARTIES (Continued)

At each reporting date, an impairment analysis is performed using the general approach to recognise the ECLs on the amounts due from the related parties. For those associates and joint ventures undertaking property development projects, if applicable, the loss allowance is measured at an amount equal to the lifetime ECL which would be calculated by taking into account the impairment losses of the properties under development and properties held for sale held by the associates and joint ventures. The ECLs reflect the current conditions and forecasts of future economic conditions, as appropriate. As at 31 December 2020, the loss allowance was assessed and recognised at an amount of RMB1,311,180,000 (2019: Nil).

The amounts due from related parties are unsecured, interest-free and are repayable on demand, except for the following:

(i) The current balances of amounts due from associates as at 31 December 2020 include the amounts of RMB2,840,919,000, in aggregate, which bear interest at rates ranging from 4.35% to 10.00% per annum (2019: RMB6,446,393,000, in aggregate, which bear interest at rates ranging from 4.35% to 10.00% per annum).

(ii) The current balances of amounts due from joint ventures as at 31 December 2020 include the amounts of RMB9,109,020,000, in aggregate, which bear interest at rates ranging from 2.18% to 13.88% per annum (2019: RMB11,651,801,000, in aggregate, which bear interest at rates ranging from 2.00% to 10.00% per annum).

(iii) The current balances of amounts due from the substantial shareholder as at 31 December 2020 include the amounts of RMB1,014,548,000, in aggregate, which bear interest at a rate of 2.18% per annum (2019: RMB1,435,928,000, in aggregate, which bear interest at rates ranging from 2.175% to 2.75% per annum).

(iv) The non-current balances of amounts due from associates as at 31 December 2020 include the amounts of RMB1,311,278,000, in aggregate, which bear interest at rates ranging from 2.42% to 12.00% per annum (2019: RMB1,265,515,000, in aggregate, which bear interest at a rate of 8.00% per annum).

(v) The non-current balances of amounts due from joint ventures as at 31 December 2020 include the amounts of RMB11,510,036,000, in aggregate, which bear interest at rates ranging from 1.93% to 12.00% per annum (2019: RMB6,927,839,000, which bears interest at a rate of 8.00% per annum).

(vi) The non-current balances of amounts due from the substantial shareholder as at 31 December 2020 include an amount of RMB844,192,000, which bears interest at a rate of 2.75% per annum (2019: Nil).

27. BALANCES WITH RELATED PARTIES (Continued)

An analysis of the amounts due to related parties is as follows:

	Notes	2020 RMB'000	2019 RMB'000 (Restated)
Current:			
Due to related parties:			
The ultimate holding company		2,170	61,347
An intermediate holding company		24,708	6,901,926
The immediate holding company		9,291,416	10,615,072
Fellow subsidiaries		7,882,360	2,040,945
Associates	(i)	8,033,323	4,874,312
Joint ventures	(ii)	12,158,468	7,306,513
An associate of the Group's ultimate holding company		2,671	2,678
The substantial shareholder		740,867	100,652
		38,135,983	31,903,445
Non-current:			
Due to related parties:			
An intermediate holding company	(iii)	9,818,013	–
Associates	(iv)	1,135,937	–
Joint venture	(v)	100,000	–
		11,053,950	–

The amounts due to related parties are unsecured, interest-free and are repayable on demand, except for the following:

(i) The current balances of amounts due to associates as at 31 December 2020 include the amounts of RMB1,415,406,000, in aggregate, which bear interest at rates ranging from 3.05% to 4.75% per annum (2019: Nil).

(ii) The current balances of amounts due to joint ventures as at 31 December 2020 include an amount of RMB690,000,000, which bears interest at a rate of 4.75% per annum (2019: RMB1,012,434,000, which bears interest at a rate of 8.69% per annum).

(iii) The non-current balances of amounts due to an intermediate holding company as at 31 December 2020 include the amounts of RMB9,300,000,000, in aggregate, which bear interest at rates ranging from 4.20% to 4.35% per annum and are repayable in 2022 (2019: Nil).

27. BALANCES WITH RELATED PARTIES (Continued)

An analysis of the amounts due to related parties is as follows (Continued):

(iv) The non-current balances of amounts due to associates as at 31 December 2020 include the amounts of RMB1,115,500,000, in aggregate, which bear interest at rates ranging from 2.38% to 4.28% per annum and are repayable in 2023 (2019: Nil).

(v) The non-current balances of amounts due to a joint venture as at 31 December 2020 include an amount of RMB100,000,000, which bears interest at a rate of 2.00% per annum and is repayable in 2022 (2019: Nil).

28. OTHER FINANCIAL ASSETS

	2020 RMB'000	2019 RMB'000
Non-current balances		
Unlisted equity investments, at fair value	50,000	230,000
Other unlisted investments, at fair value	96,669	95,274
	146,669	325,274
Current balances		
Other unlisted investments, at fair value	501,047	1,077
	501,047	1,077
	647,716	326,351

The above equity investments were classified as financial assets at fair value through profit or loss.

The above other unlisted investments were wealth management products issued by banks in Mainland China.

29. CASH AND CASH EQUIVALENTS, RESTRICTED BANK BALANCES AND DEPOSITS

	2020 RMB'000	2019 RMB'000 (Restated)
Cash and bank balances	**40,052,376**	17,808,083
Time deposits	**12,025,378**	10,948,456
	52,077,754	28,756,539
Less:		
Restricted bank balances	**(8,622,174)**	(7,510,751)
Long-term time deposit	**–**	(3,300,000)
Cash and cash equivalents	**43,455,580**	17,945,788

At 31 December 2020, the cash and bank balances and the time deposits of the Group denominated in RMB amounted to RMB38,370,842,000 (2019: RMB20,458,337,000). 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. Short term time deposits are made for varying periods of within one year depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

Included in the Group's cash and cash equivalents are deposits of RMB6,611,320,000 (2019: RMB3,164,011,000) placed with Sinochem Group Finance Co., Ltd. ("Sinochem Finance"), a financial institution approved by the People's Bank of China. The interest rates on these deposits ranged from 0.35% to 1.725% per annum (2019: 0.35% to 1.50%). The Group's long-term time deposit of RMB3,300,000,000 as at 31 December 2019 was placed with Sinochem Finance and had a term of 2 years with a fixed rate of 3.15% per annum. Further details of the interest income attributable to the deposits placed with Sinochem Finance are set out in note 48(a) to the financial statements.

30. DUE FROM NON-CONTROLLING SHAREHOLDERS

The non-current balances of amounts due from non-controlling shareholders are unsecured, bear interest at rates ranging from 0.35% to 4.75% (2019: 2.18% to 4.75%) per annum and are not repayable within one year.

31. TRADE AND BILLS PAYABLES

An ageing analysis of the 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 (Restated)
Within 1 year or on demand	20,555,439	18,426,714
Over 1 year	1,351,409	660,225
	21,906,848	19,086,939

The trade and bills payables are non-interest-bearing and are normally settled on 60-day terms.

32. OTHER PAYABLES AND ACCRUALS

	Notes	2020 RMB'000	2019 RMB'000 (Restated)
Other payables	(a)	16,920,670	11,685,308
Receipts in advance		128,597	111,303
Contract liabilities	(b)	81,493,761	64,873,929
Accruals		175,909	234,730
Due to non-controlling shareholders	(c)	4,902,565	4,851,234
Dividend payable to non-controlling shareholders		250	250
Deferred revenue		1,180,365	1,034,119
		104,802,117	82,790,873

Notes:

(a) Other payables are non-interest-bearing with an average term of not more than one year.

(b) Details of contract liabilities are as follows:

	31 December 2020 RMB'000	31 December 2019 RMB'000 (Restated)	1 January 2019 RMB'000 (Restated)
Short-term advances received from customers:			
Sale of properties	81,113,070	64,548,683	47,023,110
Land development	23,586	–	–
Hotel operations	80,425	96,967	85,241
Others	276,680	228,279	98,126
Total contract liabilities	81,493,761	64,873,929	47,206,477

Contract liabilities include short-term advances received to deliver completed properties and land development assets, render hotel operations, design and decoration services and management services. The increase in contract liabilities in 2020 and 2019 was mainly due to the increase in short-term advances received from customers in relation to the sales of properties at the end of the years.

(c) The amounts due to non-controlling shareholders as at 31 December 2020 are unsecured, interest-free and are repayable on demand, except for the amounts of RMB2,861,677,000, in aggregate, which bear interest at rates ranging from 4.35% to 12.00% per annum (2019: RMB3,326,892,000, in aggregate, which bear interest at rates ranging from 3.43% to 10.00% per annum).

33. DERIVATIVE FINANCIAL INSTRUMENTS

	2020 Liabilities RMB'000	2019 Liabilities RMB'000
Interest rate swaps	95,792	34,991
Cross currency interest rate swaps	–	17,880
Foreign currency forward contract	–	253
Carrying amount at 31 December	95,792	53,124
Current portion	(10,403)	(18,133)
Non-current portion	85,389	34,991

Derivative financial instruments of the Group were conducted with creditworthy banks.

Cash flow hedge – Interest rate risk and foreign currency risk
At 31 December 2020, the Group had interest rate swap agreements in place with a notional amount of HK$1,920,000,000 whereby they pay interest at fixed rates ranging from of 3.81% to 4.45% and receive interest at variable rates equal to the Hong Kong Interbank Offered Rate ("HIBOR") plus 1.45% to 1.65% on the notional amount. The swaps are being used to hedge the interest rate exposure of a floating rate unsecured bank loans with an aggregate face value of HK$1,920,000,000.

At 31 December 2019, the Group had a cross currency interest rate swap agreement in place with notional amounts of US$250,000,000 and HK$1,960,350,000 whereby they pay interest at a fixed rate of 3.45% and pay HK$1,960,350,000 on the maturity date, and receive interest at a variable rate equal to the London Interbank Offered Rate ("LIBOR") plus 1.1% and receive US$250,000,000 on the maturity date. The swap is being used to hedge the interest rate and foreign currency risk exposure of a floating rate unsecured bank loan with a face value of US$250,000,000.

At 31 December 2019, the Group had a cross currency interest rate swap agreement in place with notional amounts of JPY2,000,000,000 and HK$145,137,881 whereby they pay interest at a variable rate equal to LIBOR plus 1.62% and pay HK$145,137,881 on the maturity date, and receive interest at a variable rate equal to LIBOR plus 1% and receive JPY2,000,000,000 on the maturity date. The swap is being used to hedge the interest rate and foreign currency risk exposure of a floating rate unsecured bank loan with a face value of JPY2,000,000,000.

At 31 December 2019, the Group had a foreign currency forward contract in place with notional amounts of US$94,380,000 and HK$735,503,340 whereby they pay HK$735,503,340 on the maturity date, and receive US$94,380,000 on the maturity date. The foreign currency forward contract is being used to hedge the foreign currency risk exposure to the unsecured bank loan with a face value of US$94,380,000.

33. DERIVATIVE FINANCIAL INSTRUMENTS (Continued)

There is an economic relationship between the hedged items and the hedging instruments as the terms of the swaps and foreign currency forward contracts match the terms of the variable rate foreign currency denominated bank loans (i.e., notional amount, maturity and payment date). The Group has established a hedge ratio of 1:1 for the hedging relationships as the underlying risks of the swaps and foreign currency forward contracts are identical to the hedged risk components. To measure the hedge effectiveness, the Group uses the hypothetical derivative method and compares the changes in the fair value of the hedging instruments against the changes in fair value of the hedged items attributable to the hedged risks.

Hedge ineffectiveness can arise from:

- Differences in the timing of the cash flows of the forecasted payments and the hedging instruments
- Different interest rate curves applied to discount the hedged items and hedging instruments
- The counterparties' credit risks differently impacting the fair value movements of the hedging instruments and hedged items
- Changes to the forecasted amounts of cash flows of hedged items and hedging instruments

34. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2020			2019		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000 (Restated)
Current						
Bank loans, secured	–	–	–	4.13-4.99	2020	1,308,550
Bank loans, unsecured	2.15-4.00	2021	8,012,672	1.62-5.69	2020	5,624,278
Other loans, unsecured	4.37	2021	690,000	–	–	–
Current portion of long term bank loans, secured	4.28-5.39	2021	2,049,150	4.15-5.61	2020	1,148,500
Current portion of long term bank loans, unsecured	4.75-5.28	2021	6,575,056	3.48-5.46	2020	5,870,461
Current portion of long term other loans, unsecured	4.37-7.00	2021	3,572,816	4.75-7.07	2020	7,609,408
Current portion of long term notes, unsecured	4.99-6.75	2021	6,871,735	3.55-4.78	2020	5,430,238
			27,771,429			26,991,435
Non-current						
Bank loans, secured	4.15-5.61	2022–2027	6,619,088	4.28-6.65	2021-2030	11,591,826
Bank loans, unsecured	1.52-5.70	2022–2031	16,015,210	2.86-5.70	2021-2029	14,658,927
Other loans, unsecured	5.50-6.90	2023–2024	19,031,370	3.53-7.21	2021-2037	22,478,182
Other loans, secured	2.65-4.10	2022–2037	9,492,000	–	–	–
Notes, unsecured	3.28-6.40	2022–2029	9,849,181	3.60-6.75	2021-2024	17,051,316
Domestic corporate bonds, unsecured	3.10-3.72	2022–2024	8,800,000	3.65-3.72	2021-2024	3,800,000
			69,806,849			69,580,251
			97,578,278			96,571,686

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

	2020 RMB'000	2019 RMB'000 (Restated)
Analysed into:		
Bank loans repayable:		
Within one year	16,636,878	13,951,789
In the second year	12,236,182	6,332,832
In the third to fifth years, inclusive	8,291,406	16,570,116
Beyond five years	2,106,710	3,347,805
	39,271,176	40,202,542
Other borrowings repayable:		
Within one year	11,134,551	13,039,646
In the second year	12,259,795	13,844,802
In the third to fifth years, inclusive	21,224,915	18,339,185
Beyond five years	13,687,841	11,145,511
	58,307,102	56,369,144
	97,578,278	96,571,686

Notes:

(a) As at 31 December 2020, the Group had loan facilities amounting to RMB173,624,510,000 (2019: RMB158,435,999,000), of which RMB72,057,362,000 (2019: RMB69,754,582,000) had been utilised.

(b) Certain of the Group's bank loans are secured by:

(i) mortgages over certain of the Group's property, plant and equipment, which had an aggregate net carrying value at the end of the reporting period of RMB219,982,000 (2019: RMB297,415,000);

(ii) mortgages over certain of the Group's properties under development, which had an aggregate carrying amount at the end of the reporting period of approximately RMB75,307,751,000 (2019: RMB52,622,566,000);

(iii) mortgages over certain of the Group's properties held for sale, which had an aggregate carrying amount at the end of the reporting period of RMB132,501,000 (2019: RMB132,501,000);

(iv) mortgages over certain of the Group's investment properties, which had an aggregate carrying value at the end of the reporting period of approximately RMB11,317,930,000 (2019: RMB12,902,640,000);

(v) mortgages over certain of the Group's right-of-use assets, which had an aggregate carrying amount at 31 December 2019 of RMB142,871,000;

(vi) mortgages over certain of the Group's trade receivables, which had an aggregate carrying amount at 31 December 2019 of RMB25,514,000; and

(vii) pledge of certain of the equity interests in the Group's joint ventures, which had an aggregate carrying amount at 31 December 2019 of RMB551,668,000.

(c) Except for the bank and other borrowings amounting to approximately RMB21,225,405,000 (2019: RMB17,218,509,000), RMB13,673,743,000 (2019: RMB14,495,399,000) and RMB0 (2019: RMB127,688,000) which are denominated in United States dollars, Hong Kong dollars and Japanese Yen respectively, all bank and other borrowings are denominated in RMB.

35. PROVISION FOR LAND APPRECIATION TAX

	RMB'000
At 1 January 2019	2,680,888
Charged to the statement of profit or loss during the year (note 11)	1,855,576
Payment during the year	(713,145)
Transfer from prepaid tax	(533,184)
At 31 December 2019 and 1 January 2020	**3,290,135**
Charged to the statement of profit or loss during the year (note 11)	**913,728**
Payment during the year	**(1,558,981)**
Transfer from prepaid tax	**(570,736)**
At 31 December 2020	**2,074,146**

PRC land appreciation tax

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income arising from the sale or transfer of state-owned land use rights, buildings and their attached facilities in Mainland China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption for the sale of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

Effective from 1995, the local tax bureau requires the prepayment of LAT on the pre-sales and sales proceeds of property development. According to the relevant tax notices issued by local tax authorities, the Group is required to pay LAT in advance at 1% to 3.5% on the pre-sales and sales proceeds of the Group's properties.

The Group has estimated, made and included in taxation a provision for LAT according to the requirements set out in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects. The tax authorities might disagree with the basis on which the provision for LAT is calculated.

36. DEFERRED TAX

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

Deferred tax liabilities

	Revaluation of properties RMB'000	Depreciation allowance in excess of related depreciation RMB'000	Fair value adjustment arising from acquisition of subsidiaries RMB'000	Withholding taxes RMB'000	Accrued interest income RMB'000	Others RMB'000	Total RMB'000
At 1 January 2019 as originally stated	3,500,487	605,785	732,288	142,197	126,124	170,872	5,277,753
Effect of adopting merger accounting for common control combination	–	–	–	–	–	801	801
At 1 January 2019 as restated	3,500,487	605,785	732,288	142,197	126,124	171,673	5,278,554
Acquisition of subsidiaries (note 42)	–	–	440,671	–	–	–	440,671
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 11)	222,176	73,457	(357,883)	–	97,088	151,948	186,786
Deferred tax charged to the statement of comprehensive income during the year	17,332	–	–	–	–	–	17,332
Gross deferred tax liabilities at 31 December 2019 and 1 January 2020	3,739,995	679,242	815,076	142,197	223,212	323,621	5,923,343
Acquisition of subsidiaries (note 42)	–	–	738,975	–	–	–	738,975
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 11)	298,264	46,656	(410,659)	–	(160,916)	405,071	178,416
Gross deferred tax liabilities at 31 December 2020	4,038,259	725,898	1,143,392	142,197	62,296	728,692	6,840,734

36. DEFERRED TAX (Continued)

Deferred tax assets

	Provision for LAT RMB'000	Losses available for offsetting against future taxable profits RMB'000	Unrealised profit arising from intra-group transactions RMB'000	Others RMB'000	Total RMB'000
At 1 January 2019	662,484	360,907	863,913	47,419	1,934,723
Acquisition of subsidiaries (note 42)	–	175,748	–	–	175,748
Deferred tax credited to the statement of profit or loss during the year (note 11)	114,621	175,870	334,542	9,041	634,074
Disposal of subsidiaries (note 44)	–	(1,557)	(21,814)	–	(23,371)
Gross deferred tax assets at 31 December 2019 and 1 January 2020	777,105	710,968	1,176,641	56,460	2,721,174
Acquisition of subsidiaries (note 42)	–	14,508	–	–	14,508
Deferred tax credited to the statement of profit or loss during the year (note 11)	(336,683)	(42,515)	48,059	691,900	360,761
Disposal of subsidiaries (note 44)	–	–	(30,770)	–	(30,770)
Gross deferred tax assets at 31 December 2020	440,422	682,961	1,193,930	748,360	3,065,673

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position.

36. DEFERRED TAX (Continued)

Deferred tax assets (Continued)

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2020 RMB'000	2019 RMB'000 (Restated)
Net deferred tax assets recognised in the consolidated statement of financial position	3,052,845	2,708,346
Net deferred tax liabilities recognised in the consolidated statement of financial position	(6,827,906)	(5,910,515)
	(3,775,061)	(3,202,169)

The Group also has tax losses arising in Mainland China of RMB4,508,776,000 (2019: RMB3,091,488,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

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 5%. 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.

At 31 December 2020, the Group recognised deferred tax liabilities of approximately RMB142,197,000 (2019 RMB142,197,000) for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that the remaining unremitted earnings of the Group's subsidiaries, associates, joint ventures and joint operations will be distributed in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries, associates, joint ventures and joint operations in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB31,700,547,000 at 31 December 2020 (2019: RMB34,751,989,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

37. PERPETUAL CAPITAL INSTRUMENTS

(a) 2016 Subordinate Guaranteed Perpetual Capital Securities

On 4 February 2016, Franshion Brilliant Limited, a wholly-owned subsidiary of the Company, issued the subordinate guaranteed perpetual capital securities with an aggregate principal amount of US$500,000,000 (equivalent to approximately RMB3,270,950,000). The direct transaction costs attributable to the issuance amounted to US$1,470,000 (equivalent to approximately RMB9,619,000).

The securities confer a right to receive distributions at the applicable distribution rate of 6% per annum from and including 4 February 2016, payable semi-annually on 4 February and 4 August of each year. The issuer may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. The securities may be redeemed at the option of the issuer, in whole but not in part.

(b) 2016 Domestic Renewable Corporate Bonds

On 16 June 2016, Jinmao Investment Management (Shanghai) Co., Ltd., a wholly-owned subsidiary of the Company, issued the domestic renewable corporate bonds with an aggregate principal amount of RMB2,000,000,000. The direct transaction costs attributable to the issuance amounted to RMB5,737,000.

The coupon rate was fixed at 3.70% and every three interest-bearing years shall be a cycle. The Group has the option for extension at the end of every three interest-bearing years.

On 16 June 2019, the Group redeemed all of these domestic renewable corporate bonds with a principal amount of RMB2,000,000,000.

(c) 2017 Subordinate Guaranteed Perpetual Capital Securities

On 17 January 2017, Franshion Brilliant Limited issued the subordinate guaranteed perpetual capital securities with an amount of US$497,615,000 (equivalent to approximately RMB3,433,145,000), at 99.523% of the principal amount of US$500,000,000. The direct transaction costs attributable to the issuance amounted to US$3,862,000 (equivalent to approximately RMB26,645,000).

The securities confer a right to receive distributions at the applicable distribution rate of 5.75% per annum from and including 17 January 2017, payable semi-annually on January 17 and July 17 of each year. The issuer may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. The securities may be redeemed at the option of the issuer, in whole but not in part.

On 6 November 2017, Franshion Brilliant Limited issued the subordinate guaranteed perpetual capital securities with an aggregate principal amount of US$300,000,000 (equivalent to approximately RMB1,987,410,000). The direct transaction costs attributable to the issuance amounted to US$196,000 (equivalent to approximately RMB1,296,000).

The securities confer a right to receive distributions at the applicable distribution rate of 4.875% per annum from and including 6 May 2018, payable semi-annually on May 6 and November 6 of each year. The issuer may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. The securities may be redeemed at the option of the issuer, in whole but not in part.

37. PERPETUAL CAPITAL INSTRUMENTS (Continued)

(d) 2017 Senior Guaranteed Perpetual Capital Securities

On 3 July 2017, Franshion Brilliant Limited issued the senior guaranteed perpetual capital securities in an aggregate principal amount of US$300,000,000 (equivalent to RMB2,033,160,000). On 1 September 2017, Franshion Brilliant Limited completed another issue of the senior guaranteed perpetual capital securities with an amount of US$200,182,000 (equivalent to RMB1,319,380,000), at 100.091% of the principal amount of US$200,000,000 and an accrued distribution of US$1,289,000 (equivalent to RMB8,495,000) compensated from the bankers.

The securities confer a right to receive distribution at 4.00% per annum payable semi-annually in arrears beginning on 3 January 2018 with no stated maturity date. The transaction costs related to the issuance were approximately US$1,735,000 (equivalent to RMB11,566,000).

(e) 2017 Hwabao Trust Perpetual Capital Securities

On 22 December 2017, Jinmao Investment Management (Shanghai) Co., Ltd. completed an issue of the guaranteed perpetual capital securities, in an aggregate principal amount of RMB621,000,000 with the trust plan established by Hwabao Trust Co., Ltd.

The securities confer a right to receive distribution at 6.95% per annum payable semi-annually in arrears beginning on 21 June 2018. The issuer, may at its sole discretion, elect to defer a distribution pursuant to the terms of the securities.

On 29 December 2020, the Group redeemed all of these guaranteed perpetual capital securities with a principal amount of RMB621,000,000.

(f) 2018 Senior Guaranteed Perpetual Capital Securities

On 4 December 2018, Franshion Brilliant Limited issued the senior guaranteed perpetual capital securities in an aggregate principal amount of US$300,000,000 (equivalent to RMB2,068,170,000). The direct transaction costs attributable to the issuance amounted to US$1,997,700 (equivalent to approximately RMB13,772,000).

The securities confer a right to receive distributions at the 6.90% per annum payable semi-annually in arrears beginning on 4 December 2018 with no stated maturity date. The issuer may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. The securities may be redeemed at the option of the issuer, in whole but not in part.

37. PERPETUAL CAPITAL INSTRUMENTS (Continued)

(g) 2018 Domestic Unsecured Perpetual Medium-Term Notes

On 18 December 2018, Jinmao Investment Management (Shanghai) Co., Ltd., issued the unsecured perpetual medium-term notes, with an aggregate principal amount of RMB2,000,000,000. The direct transaction costs attributable to the issuance amounted to RMB6,882,000.

The notes confer a right to receive distribution at 5.00% per annum payable annually beginning on 20 December 2018 and every three interest-bearing years shall be a cycle. The Group has the option for extension at the end of every three interest-bearing years.

(h) 2019 Subordinate Guaranteed Perpetual Capital Securities

On 6 December 2019, Franshion Brilliant Limited issued the subordinate guaranteed perpetual capital securities with an aggregate principal amount of US$400,000,000 (equivalent to approximately RMB2,815,320,000). The direct transaction costs attributable to the issuance amounted to US$759,000 (equivalent to approximately RMB5,340,000).

The securities confer a right to receive distributions at the applicable distribution rate of 7.125% per annum from and including 6 June 2020, payable semi-annually on 6 June and 6 December of each year. The issuer may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. The securities may be redeemed at the option of the issuer, in whole but not in part.

(i) 2020 Sinochem Corporation Perpetual Debts

On 14 December 2020, Jinmao Investment Management (Tianjin) Co., Ltd. entered into a perpetual debt agreement, in an aggregate principal amount of RMB5,000,000,000 with its intermediate holding company, Sinochem Corporation. The debts confer a right to receive distribution at 4.95% per annum payable annually in arrears beginning on 14 December 2021. Jinmao Investment Management (Tianjin) Co., Ltd., may at its sole discretion, elect to defer a distribution pursuant to the terms of the debts.

In the opinion of the directors, the Group is able to control the delivery of cash or other financial assets to the holders of the perpetual capital instruments in (a) to (i) above due to redemption other than an unforeseen liquidation of the Company or the issuers. Accordingly, these instruments are classified as equity instruments.

38. SHARE CAPITAL

Shares

	2020 RMB'000	2019 RMB'000
Issued and fully paid:		
12,736,243,290 (2019: 11,769,524,490) ordinary shares	11,527,148	10,660,742

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	11,553,528,329	20,416,452
Issue of new shares (note a)	169,494,061	724,385
Share options exercised (note b)	46,502,100	110,023
At 31 December 2019 and 1 January 2020	11,769,524,490	21,250,860
Issue of new shares (note c)	951,790,000	4,845,815
Share options exercised (note d)	14,928,800	35,573
31 December 2020	12,736,243,290	26,132,248

Notes:

(a) The Company issued 169,494,061 ordinary shares at the placing price of HK$4.8106 per share with net proceeds of approximately RMB724,385,000.

(b) 46,502,100 share options were exercised at the subscription price of HK$2.44 per share or HK$2.196 per share (note 39), resulting in the issue of 46,502,100 shares for a total cash consideration, before expenses, of RMB89,794,000. An amount of RMB20,229,000 was transferred from the share option reserve to share capital upon the exercise of the share options.

(c) The Company issued 951,790,000 ordinary shares at the placing price of HK$5.70 per share with net proceeds of approximately RMB4,845,815,000.

(d) 14,928,800 share options were exercised at the subscription price of HK$2.196 per share (note 39), resulting in the issue of 14,928,800 shares for a total cash consideration, before expenses, of RMB29,428,000. An amount of RMB6,145,000 was transferred from the share option reserve to share capital upon the exercise of the share options.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 39 to the financial statements.

39. SHARE OPTION SCHEME

2007 Scheme

The Company operated a share option scheme (the "2007 Scheme") for the purpose of providing incentives and rewards to eligible participants who contributed to the success of the Group's operations. Eligible participants of the 2007 Scheme included the Company's executive and non-executive directors and the Group's senior management, key technical and professional personnel, managers and employees, but did not include the Company's independent non-executive directors. The 2007 Scheme became effective on 22 November 2007 and expired on 22 November 2017, after 10 years from the effective date. However, the options granted under the 2007 Scheme continued to be valid and exercisable in accordance with the terms of issue.

The maximum number of unexercised share options currently permitted to be granted under the 2007 Scheme was an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the 2007 Scheme within any 12-month period was limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit was subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, were subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, were subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options might be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise and exercisability of the share options was related to the performance of individuals and of the Company. The board of directors would determine performance targets concerned and set out in the grant notice. The share options granted would become exercisable after two years from the grant date or a later date as set out in the relevant grant notice, and in any event shall end not later than seven years from the grant date but subject to the provisions for early termination of employment.

The exercise price of share options was determinable by the directors, but might not be less than the highest of (i) the Hong Kong Stock Exchange closing price of the Company's shares on the grant date of the share options; (ii) the average Hong Kong Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the grant date; and (iii) the par value of the Company's share.

Share options did not confer rights on the holders to dividends or to vote at shareholders' meetings.

39. SHARE OPTION SCHEME (Continued)

2007 Scheme (Continued)

The following share options were outstanding under the 2007 Scheme during the year:

	2020		2019	
	Weighted average exercise price HK$ per share	Number of options	Weighted average exercise price HK$ per share	Number of options
At 1 January	2.20	89,258,000	2.32	138,354,900
Forfeited during the year	2.20	(1,160,000)	2.20	(2,594,800)
Exercised during the year	2.20	(14,928,800)	2.23	(46,502,100)
At 31 December	2.20	73,169,200	2.20	89,258,000

The weighted average share price at the date of exercise for share options exercised during the year was HK$2.20 per share (2019: HK$2.23 per share).

The exercise prices and exercise periods of the share options outstanding under the 2007 Scheme as at the end of the reporting period are as follows:

2020

Number of options	Exercise price* HK$ per share	Exercise period
5,458,800	2.196	17 October 2018 to 16 October 2023
25,799,200	2.196	17 October 2019 to 16 October 2023
41,911,200	2.196	17 October 2020 to 16 October 2023
73,169,200		

2019

Number of options	Exercise price* HK$ per share	Exercise period
8,017,800	2.196	17 October 2018 to 16 October 2023
37,128,200	2.196	17 October 2019 to 16 October 2023
44,112,000	2.196	17 October 2020 to 16 October 2023
89,258,000		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

39. SHARE OPTION SCHEME (Continued)

2007 Scheme (Continued)

The fair value of the share options granted during the year ended 31 December 2016 was HK$80,332,000 (HK$0.47 each), of which the Group recognised a share option expense of HK$5,695,000 (equivalent to RMB5,065,000) (2019: RMB12,604,000) during the year ended 31 December 2020.

The 14,928,800 share options exercised during the year resulted in the issue of 14,928,800 ordinary shares of the Company and new share capital of HK$39,629,000 (equivalent to RMB35,573,000) (before issue expenses), as further detailed in note 38 to the financial statements.

New Scheme

On 29 January 2019, a new share option scheme (the "New Scheme") was adopted by the Company to enhance the Company's continuous commitment to eligible participants and enhance them to pursue the objectives of the Company. On 8 February 2019, an aggregate of 265,950,000 share options were granted under the New Scheme to eligible participants of the Group. These share options have an exercise price of HK$3.99 per share. One-third of the share options granted will be vested in two years from 8 February 2019, one-third of the share options granted will be vested in three years from 8 February 2019 and one-third of the options granted will be vested in four years from 8 February 2019. Once the share options are vested, they are exercisable until 7 February 2026.

On 9 September 2019, an aggregate of 9,000,000 share options were granted under the New Scheme to eligible participants of the Group. These share options have an exercise price of HK$4.58 per share. One-third of the share options granted will be vested in two years from 9 September 2019, one-third of the share options granted will be vested in three years from 9 September and one-third of the options granted will be vested in four years from 9 September. Once the share options are vested, they are exercisable until 8 September 2026.

According to the terms of the New Scheme, the board of directors shall at its absolute discretion grant to any participant a certain number of options at any time within 10 years after the adoption date of the New Scheme. Participants, i.e. recipients of the options granted, include any existing executive or non-executive directors of any member of the Group and any senior management, key technical and professional personnel, managers and employees of any member of the Group, but do not include any independent non-executive directors of the Company.

The number of shares to be issued at any time upon exercise of all options granted under the New Scheme and other share option schemes of the Company shall not in aggregate exceed 10% of the then issued share capital of the Company.

39. SHARE OPTION SCHEME (Continued)

New Scheme (Continued)

Unless an approval of shareholders is obtained at a general meeting, if the total number of shares issued and shares which may fall to be issued upon exercise of the share options (including exercised, cancelled and outstanding options) granted under the New Scheme and any other share option schemes of the Company to a participant in any 12-month period in aggregate exceeds 1% of the issued share capital of the Company at any time, no further options shall be granted to such participant. Upon acceptance of the grant, the grantee undertakes that he/she will, at the request of the Company, pay a consideration of HK$1 or the equivalent (to be determined on the date when the offer of the grant is accepted) to the Company for acceptance of the offer of the grant of the share option.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the New Scheme during the year:

	2020		2019	
	Weighted average exercise price HK$ per share	Number of options	Weighted average exercise price HK$ per share	Number of options
At 1 January	4.01	269,100,000	–	–
Granted during the year	–	–	4.01	274,950,000
Forfeited during the year	3.99	(6,750,000)	3.99	(5,850,000)
At 31 December	4.01	262,350,000	4.01	269,100,000

The exercise prices and exercise periods of the share options outstanding under the New Scheme as at the end of the reporting period are as follows:

2020

Number of options	Exercise price* HK$ per share	Exercise period
84,444,000	3.99	8 February 2021 to 7 February 2026
84,444,000	3.99	8 February 2022 to 7 February 2026
84,462,000	3.99	8 February 2023 to 7 February 2026
3,000,000	4.58	9 September 2021 to 8 September 2026
3,000,000	4.58	9 September 2022 to 8 September 2026
3,000,000	4.58	9 September 2023 to 8 September 2026
262,350,000		

39. SHARE OPTION SCHEME (Continued)

New Scheme (Continued)

2019

Number of options	Exercise price* HK$ per share	Exercise period
86,694,000	3.99	8 February 2021 to 7 February 2026
86,694,000	3.99	8 February 2022 to 7 February 2026
86,712,000	3.99	8 February 2023 to 7 February 2026
3,000,000	4.58	9 September 2021 to 8 September 2026
3,000,000	4.58	9 September 2022 to 8 September 2026
3,000,000	4.58	9 September 2023 to 8 September 2026
269,100,000		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

The fair value of the share options granted during the year ended 31 December 2019 was HK$257,594,000 of which the Group recognised a share option expense of HK$93,020,000 (equivalent to RMB82,721,000) (2019: RMB71,412,000) during the year ended 31 December 2020.

The fair value of equity-settled share options granted during the year ended 31 December 2019 was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield (%)	4.80-5.26
Expected volatility (%)	37.65-41.15
Historical volatility (%)	37.65-41.15
Risk-free interest rate (%)	1.15-1.63
Contractual life of options (year)	7.00
Exercise multiple (times)	1.5-∞
Weighted average share price (HK$ per share)	3.99-4.58

The expected life of the options is calculated based on the average of weighted vesting period and contractual period. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 73,169,200 share options outstanding under the 2007 Scheme and 262,350,000 share options outstanding under the New Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 335,519,200 additional ordinary shares of the Company and additional share capital of HK$1,212,766,000 (equivalent to RMB1,078,494,000) (before issue expenses).

40. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 172 to 173 of the financial statements.

Capital reserve

The capital reserve represents additional contribution made by the shareholders of the Company's subsidiaries and, in the case of an acquisition of an additional equity interest in a non-wholly-owned subsidiary, the difference between the cost of acquisition and the non-controlling interests acquired.

PRC statutory surplus reserve

Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Group's subsidiaries established in Mainland China and were approved by the board of directors of the respective subsidiaries.

The statutory surplus reserve can be used to cover previous years' losses, if any, and may be converted into capital in proportion to equity holders' existing equity holding, provided that the balance after such conversion is not less than 25% of their registered capital.

Asset revaluation reserve

The asset revaluation reserve arose from the change in use from owner-occupied properties to investment properties carried at fair value.

Share option reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share capital account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

Hedging reserve

The hedging reserve represents reserves related to net investment hedges and cash flow hedges.

41. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	Nanjing Runmao RMB'000	Suzhou Anmao RMB'000
2020		
Percentage of equity interest held by non-controlling interests	72.50%	73.50%
(Loss)/profit for the year allocated to non-controlling interests	(16,017)	205,829
Dividends declared to non-controlling interests	–	110,250
Accumulated balances of non-controlling interests at the reporting date	2,102,226	3,530,703

	Nanjing Runmao RMB'000	Suzhou Anmao RMB'000	JCHIML Group RMB'000
2019			
Percentage of equity interest held by non-controlling interests	72.50%	73.50%	33.23%
(Loss)/profit for the year allocated to non-controlling interests	(31,777)	162,170	81,864
Dividends declared to non-controlling interests	–	–	173,758
Accumulated balances of non-controlling interests at the reporting date	2,118,243	3,435,124	1,766,603

41. 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:

	Nanjing Runmao RMB'000	Suzhou Anmao RMB'000
2020		
Revenue	3,810	5,069,754
Total expenses	(25,902)	(4,789,714)
(Loss)/profit for the year	(22,092)	280,040
Total comprehensive (loss)/income for the year	(22,092)	280,040
Current assets	7,064,879	7,464,164
Non-current assets	3,317,757	260
Current liabilities	(6,862,139)	(2,289,781)
Non-current liabilities	(623,835)	(363,081)
Net cash flows (used in)/from operating activities	(326,960)	2,785,909
Net cash flows used in investing activities	(185)	(1,800,000)
Net cash flows (used in)/from financing activities	(362,861)	(793,012)
Net (decrease)/increase in cash and cash equivalents	(690,006)	192,897

	Nanjing Runmao RMB'000	Suzhou Anmao RMB'000	JCHIML Group RMB'000
2019			
Revenue	1,983	1,629,011	2,473,670
Total expenses	(45,814)	(1,408,372)	(2,227,315)
(Loss)/profit for the year	(43,831)	220,639	246,355
Total comprehensive (loss)/income for the year	(43,831)	220,639	153,223
Current assets	7,383,027	9,677,018	896,248
Non-current assets	3,225,715	376	17,115,259
Current liabilities	(7,365,102)	(3,828,407)	(8,389,723)
Non-current liabilities	(321,604)	(1,167,314)	(4,161,624)
Net cash flows from operating activities	4,621,579	3,733,050	620,182
Net cash flows used in investing activities	(846)	(1,149,956)	(140,050)
Net cash flows used in financing activities	(3,491,358)	(2,470,689)	(533,885)
Net increase/(decrease) in cash and cash equivalents	1,129,375	112,405	(53,753)

42. BUSINESS COMBINATION NOT UNDER COMMON CONTROL

Business combination during the year ended 31 December 2020 mainly included the acquisitions of a number of property development companies and acquisition of additional interests in joint ventures and associates (collectively referred to as the "2020 Acquirees"). The directors of the Company consider that none of these subsidiaries acquired during the year was significant to the Group and thus the individual financial information of these subsidiaries on the acquisition date was not disclosed.

The Group remeasured the fair value of the equity interest previously held as joint ventures or associates at the date of acquisition, and fair value gains of RMB1,307,456,000 were recognised in other income and gains in the consolidated statement of profit or loss during the year ended 31 December 2020 (note 5).

The Group has elected to measure the non-controlling interest in the 2020 Acquirees at the non-controlling interest's proportionate share of the 2020 Acquirees' identifiable net assets.

The fair values of the identifiable assets and liabilities of the 2020 Acquirees as at the date of acquisition were as follows:

	Notes	RMB'000
Property, plant and equipment	14	3,089
Right-of-use assets	19(a)	6,831
Intangible assets	20	1,833
Investments in associates		197,966
Properties under development	15	24,817,373
Properties held for sale		468,612
Deferred tax assets	36	14,508
Trade and bills receivables		11,100
Prepayments, other receivables and other assets		1,081,192
Prepaid tax		858,604
Cash and cash equivalents		481,017
Trade and bills payables		(462,382)
Other payables and accruals		(7,928,932)
Interest-bearing bank and other borrowings	45	(12,179,396)
Tax payable		(57,549)
Lease liabilities	19(b), 45	(4,814)
Deferred tax liabilities	36	(738,975)
Total identifiable net assets at fair value		6,570,077
Non-controlling interests		(628,428)
Gain on bargain purchase recognised in other income and gains in the consolidated income statement	5	(146,548)
		5,795,101
Satisfied by:		
Cash*		4,289,225
Fair value of equity interest previously held as investments in joint ventures and associates		1,505,876
Total purchase consideration		5,795,101

* Cash consideration of RMB2,303,775,000 had been pre-paid by the Group as at 31 December 2019, and the consideration of RMB1,985,450,000 was paid during the year.

42. BUSINESS COMBINATION NOT UNDER COMMON CONTROL (Continued)

The fair values of its other receivables as at the date of acquisition amounted RMB1,081,192,000, which are equal to its gross contractual amounts. There was no estimated uncollectable amount of the contractual cash flows at the date of acquisition.

The Group incurred transaction costs of RMB303,000 for these acquisitions. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

The Group recognised a gain on bargain purchase of approximately RMB146,548,000 in the consolidated statement of profit or loss for the year ended 31 December 2020, which was, in the opinion of the directors, primarily attributable to the Group's ability in negotiating the agreed terms of the transaction with the independent third parties, as the Group has good reputation and rich experience in the property development and management of residential properties, commercial buildings and hotel properties, and has sufficient available funds for the ongoing development of the project.

An analysis of the cash flows in respect of the acquisition of the subsidiaries is as follows:

	RMB'000
Cash consideration	(1,985,450)
Cash and bank balances acquired	481,017
Net outflow of cash and cash equivalents included in cash flows used in investing activities	(1,504,433)
Transaction costs of the acquisition included in cash flows used in operating activities	(303)
	(1,504,736)

Since the acquisition, the 2020 Acquirees contributed RMB8,088,518,000 to the Group's revenue and incurred a loss of RMB493,417,000 to the consolidated profit for the year ended 31 December 2020 in aggregate.

Had the combination taken place at the beginning of the year ended 31 December 2020, the revenue from continuing operations of the Group and the profit of the Group for the year ended 31 December 2020 would have been RMB61,347,684,000 and RMB6,198,478,000, respectively.

42. BUSINESS COMBINATION NOT UNDER COMMON CONTROL (Continued)

Business combination during the year ended 31 December 2019 mainly included the acquisitions of a number of property development companies and acquisition of additional interests in joint ventures and associates (collectively referred to as the "2019 Acquirees"). The directors of the Company consider that none of these subsidiaries acquired during the year was significant to the Group and thus the individual financial information of these subsidiaries on the acquisition date was not disclosed.

The Group remeasured the fair value of the equity interest previously held as joint ventures or associates at the date of acquisition, and fair value gains of RMB346,240,000 were recognised in other income and gains in the consolidated statement of profit or loss during the year ended 31 December 2019 (note 5).

The Group has elected to measure the non-controlling interest in the 2019 Acquirees at the non-controlling interest's proportionate share of the 2019 Acquirees' identifiable net assets.

The fair values of the identifiable assets and liabilities of the 2019 Acquirees as at the date of acquisition were as follows:

	Notes	RMB'000
Property, plant and equipment	14	154,654
Right-of-use assets	19(a)	20,690
Intangible assets	20	543
Properties under development	15	9,996,192
Properties held for sale		11,527,779
Deferred tax assets	36	175,748
Prepayments, other receivables and other assets		4,995,758
Prepaid tax		681,468
Restricted bank balance		5,705
Cash and cash equivalents		1,526,634
Trade and bills payables		(431,963)
Other payables and accruals		(17,108,997)
Interest-bearing bank and other borrowings	45	(6,680,625)
Lease liabilities	19(b), 45	(8,856)
Deferred tax liabilities	36	(440,671)
Total identifiable net assets at fair value		4,414,059
Non-controlling interests		(793,305)
Gain on bargain purchase recognised in other income and gains in the consolidated income statement	5	(401,970)
		3,218,784
Satisfied by:		
Cash		1,318,088
Fair value of equity interest previously held as investments in joint ventures and associates		1,900,696
Total purchase consideration		3,218,784

42. BUSINESS COMBINATION NOT UNDER COMMON CONTROL (Continued)

The fair values of its other receivables as at the date of acquisition amounted RMB4,995,758,000, which are equal to its gross contractual amounts. There was no estimated uncollectable amount of the contractual cash flows at the date of acquisition.

The Group incurred transaction costs of RMB1,206,000 for these acquisitions. These transaction costs have been expensed and are included in administrative expenses in the consolidated statement of profit or loss.

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the leases relative to market terms.

The Group recognised a gain on bargain purchase of approximately RMB401,970,000 in the consolidated statement of profit or loss for the year ended 31 December 2019, which was, in the opinion of the directors, primarily attributable to the Group's ability in negotiating the agreed terms of the transaction with the independent third parties, as the Group has good reputation and rich experience in the property development and management of residential properties, commercial buildings and hotel properties, and has sufficient available funds for the ongoing development of the project.

An analysis of the cash flows in respect of the acquisition of the subsidiaries is as follows:

	RMB'000
Cash consideration	(1,318,088)
Cash and bank balances acquired	1,526,634
Net inflow of cash and cash equivalents included in cash flows from investing activities	208,546
Transaction costs of the acquisition included in cash flows used in operating activities	(1,206)
	207,340

Since the acquisition, the 2019 Acquirees contributed RMB7,211,925,000 to the Group's revenue and incurred a loss of RMB177,996,000 to the consolidated profit for the year ended 31 December 2019 in aggregate.

Had the combination taken place at the beginning of the year ended 31 December 2019, the revenue from continuing operations of the Group and the profit of the Group for the year ended 31 December 2019 would have been RMB45,294,875,000 and RMB8,848,811,000, respectively.

43. BUSINESS COMBINATION UNDER COMMON CONTROL AND RESTATEMENTS

On 12 June 2020, the Group acquired 100% equity interests of Wuhan Huazi Enterprise Management Consulting Co., Ltd. ("Wuhan Huazi") from Sinochem Asset Management Co., Ltd. ("Sinochem Asset Management") at a cash consideration of RMB6,850,000,000. Wuhan Huazi and its subsidiaries are principally engaged in property development, construction and operation of real estate projects in Qingdao and Tianjin, the PRC. Sinochem Asset Management is a wholly-owned subsidiary of Sinochem Group. Since the Group and the above acquired subsidiaries are all under the common control of Sinochem Group and that control is not transitory, the above acquisition was regarded as a business combination under common control and the Group adopted merger accounting in respect of the transaction.

The effects of the application of merger accounting for the business combination under common control occurred during the year ended 31 December 2020 on the Group's financial position as at 31 December 2019 and the results for the year ended 31 December 2019 are summarised as follows:

For the year ended 31 December 2019

	As originally stated RMB'000	Acquired subsidiaries under common control RMB'000	As restated RMB'000
Revenue	43,355,941	–	43,355,941
Cost of sales	(30,591,198)	–	(30,591,198)
Gross profit	12,764,743	–	12,764,743
Other income and gains	6,112,103	23,601	6,135,704
Selling and marketing expenses	(1,314,262)	11,861	(1,302,401)
Administrative expenses	(3,052,246)	(4,166)	(3,056,412)
Other expenses and losses, net	(6,916)	–	(6,916)
Finance costs	(2,269,058)	(1,708)	(2,270,766)
Share of profits and losses of:			
Joint ventures	722,390	–	722,390
Associates	(132,653)	–	(132,653)
Profit before tax	12,824,101	29,588	12,853,689
Income tax expense	(4,194,983)	(47)	(4,195,030)
Profit for the year	8,629,118	29,541	8,658,659
Profit attributable to:			
Owners of the parent	6,452,210	29,541	6,481,751
Non-controlling interests	2,176,908	–	2,176,908
	8,629,118		8,658,659

43. BUSINESS COMBINATION UNDER COMMON CONTROL AND RESTATEMENTS (Continued)

For the year ended 31 December 2019 (Continued)

	As originally stated RMB'000	Acquired subsidiaries under common control RMB'000	As restated RMB'000
Profit for the year	8,629,118	29,541	8,658,659
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods, net of tax	(885,555)	–	(885,555)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net of tax	51,995	–	51,995
Other comprehensive loss for the year, net of tax	(833,560)	–	(833,560)
Total comprehensive income for the year	7,795,558	29,541	7,825,099
Total comprehensive income for the year attributable to:			
Owners of the parent	5,686,345	29,541	5,715,886
Non-controlling interests	2,109,213	–	2,109,213
Total comprehensive income for the year	7,795,558	29,541	7,825,099

The effects of application of merger accounting for the business combination under common control on the Group's basic and diluted earnings per share for the year ended 31 December 2019:

	Basic earnings per share RMB'000	Diluted earnings per share RMB'000
As originally stated	55.38	55.13
Adjustment arising on the business combination under common control	0.26	0.26
As restated	55.64	55.39

43. BUSINESS COMBINATION UNDER COMMON CONTROL AND RESTATEMENTS (Continued)

As at 31 December 2019

	As originally stated RMB'000	Acquired subsidiaries under common control RMB'000	Elimination RMB'000	As restated RMB'000
Non-current assets	154,516,386	4,425,505	–	158,941,891
Current assets	171,632,141	4,307,396	(20)	175,939,517
Total assets	326,148,527	8,732,901	(20)	334,881,408
Non-current liabilities	75,508,283	207,839	–	75,716,122
Current liabilities	164,782,063	1,948,889	(20)	166,730,932
Total liabilities	240,290,346	2,156,728	(20)	242,447,054
Net assets	85,858,181	6,576,173	–	92,434,354
Share capital	21,250,860	6,520,000	(6,520,000)	21,250,860
Reserves	18,121,327	56,173	6,520,000	24,697,500
	39,372,187	6,576,173	–	45,948,360
Non-controlling interests	46,485,994	–	–	46,485,994
Total equity	85,858,181	6,576,173	–	92,434,354

44. DISPOSAL OF SUBSIDIARIES

During the years ended 31 December 2020 and 31 December 2019, the Group lost control over certain subsidiaries.

	Notes	2020 RMB'000	2019 RMB'000
Net assets disposed of:			
Property, plant and equipment	14	4,347	1,034
Intangible assets	20	664	–
Deferred tax assets	36	30,770	23,371
Cash and cash equivalents		3,189,001	1,761,490
Properties under development	15	27,533,056	8,095,596
Properties held for sale		–	1,112,315
Prepayments, other receivables and other assets		2,858,032	3,178,688
Prepaid tax		456,118	486,314
Trade and bills payables		(1,108,363)	(591,881)
Other payables and accruals		(22,667,510)	(6,925,100)
Interest-bearing bank and other borrowings	45	(4,877,100)	(4,384,363)
		5,419,015	2,757,464
Non-controlling interests		(1,023,942)	(799,612)
		4,395,073	1,957,852
Gain on disposal of subsidiaries	5	1,543,156	1,018,026
		5,938,229	2,975,878
Satisfied by:			
Cash		2,814,904	1,652,586
Fair value of interests retained by the Group		3,123,325	1,323,292
		5,938,229	2,975,878

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2020 RMB'000	2019 RMB'000
Cash consideration	2,814,904	1,652,586
Cash and cash equivalents disposed of	(3,189,001)	(1,761,490)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries	(374,097)	(108,904)

45. 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 RMB1,037,659,000 (including those classified under investment properties of RMB869,941,000) (2019: RMB169,143,000, including those classified under investment properties of RMB63,025,000) and RMB1,037,659,000 (2019: RMB169,143,000), respectively.

(b) Changes in liabilities arising from financing activities:

2020

	Bank and other loans RMB'000	Payable to non-controlling shareholders and others RMB'000	Amount due to immediate holding company RMB'000	Lease liabilities RMB'000
At 1 January 2020 as originally stated	96,036,136	12,754,794	–	195,609
Effect of adopting merger accounting for common control combination	535,550	–	–	–
At 1 January 2020 as restated	96,571,686	12,754,794	–	195,609
Changes from financing cash flows	(3,999,756)	2,117,986	(1,068,018)	(179,414)
Foreign exchange movement	(2,295,948)	–	–	–
New leases	–	–	–	1,037,659
Interest expense	–	–	–	40,907
2019 final dividends	–	–	589,189	–
2020 interim dividends	–	–	478,829	–
Dividends to non-controlling shareholders	–	407,459	–	–
Increase arising from acquisition of subsidiaries (note 42)	12,179,396	–	–	4,814
Decrease arising from disposal of subsidiaries (note 44)	(4,877,100)	–	–	–
At 31 December 2020	97,578,278	15,280,239	–	1,099,575

45. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Changes in liabilities arising from financing activities: (Continued)

2019

	Bank and other loans RMB'000 (Restated)	Payable to non-controlling shareholders and others RMB'000 (Restated)	Amount due to immediate holding company RMB'000 (Restated)	Lease liabilities RMB'000 (Restated)
At 1 January 2019 as originally stated	87,972,658	15,855,878	–	96,004
Effect of adopting merger accounting for common control combination	137,000	–	–	–
At 1 January 2019 as restated	88,109,658	15,855,878	–	96,004
Changes from financing cash flows	5,572,093	(4,032,700)	(954,950)	(85,824)
Foreign exchange movement	593,673	–	–	–
New leases	–	–	–	169,143
Interest expense	–	–	–	7,430
2018 final dividends	–	–	507,871	–
2019 interim dividends	–	–	447,079	–
Dividends to non-controlling shareholders	–	931,616	–	–
Increase arising from acquisition of subsidiaries (note 42)	6,680,625	–	–	8,856
Decrease arising from disposal of subsidiaries (note 44)	(4,384,363)	–	–	–
At 31 December 2019	96,571,686	12,754,794	–	195,609

(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 (Restated)
Within operating activities	32,646	14,205
Within financing activities	179,414	85,824
	212,060	100,029

46. CONTINGENT LIABILITIES

At the end of the reporting period, the Group has provided guarantees amounting to approximately RMB30,337,792,000 (2019: RMB22,867,719,000) in respect of mortgage facilities for certain purchasers of the Group's properties.

47. COMMITMENTS

(a) The Group had the following commitments at the end of the reporting period:

	2020 RMB'000	2019 RMB'000 (Restated)
Contracted, but not provided for:		
Properties under development	43,470,487	35,374,827
Land under development	5,042,970	2,313,463
Property, plant and equipment	290,252	4,438
Capital contributions to joint ventures and associates	5,555,316	5,332,714
	54,359,025	43,025,442

(b) The Group has various lease contracts that have not yet commenced as at 31 December 2020. The future lease payments for these non-cancellable lease contracts are RMB21,515,000 due within one year.

48. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	Notes	2020 RMB'000	2019 RMB'000 (Restated)
Fellow subsidiaries:			
Rental income*	(i)	243,433	229,996
Property management fee income*	(i)	49,186	38,835
Interest expense*	(ii)	258,831	116,745
Interest income*	(iii)	141,209	107,596
Building decoration service income	(i)	–	6,894
The immediate holding company:			
Rental expense	(i)	5,285	5,229
Interest expense	(iv)	168,779	278,928
An intermediate holding company:			
Rental income*	(i)	88,569	84,568
Property management fee income*	(i)	11,556	11,698
Interest expense	(iv)	663,373	91,927
Building decoration service income	(i)	–	2,788
The ultimate holding company:			
Rental income*	(i)	7,910	7,910
Interest expense	(iv)	882	389
Joint ventures:			
Interest income	(v)	1,777,867	1,630,392
Interest expense	(iv)	209,897	67,089
Consulting fee expense	(i)	236,305	237,566
Rental income	(i)	2,747	3,793
Property management fee income	(i)	87,096	91,998
Building decoration service income	(i)	401,921	266,404
Consulting fee income	(i)	44,431	33,258
Associates:			
Interest income	(v)	799,266	747,936
Interest expense	(iv)	139,669	5,745
Property management fee income	(i)	65,245	47,921
Building decoration service income	(i)	410,688	245,830
Consulting fee income	(i)	69,115	60,538
An associate of the Group's ultimate holding company:			
Rental income	(i)	8,161	8,155
Property management fee income	(i)	656	34
The substantial shareholder:			
Interest income*	(iii)	88,814	30,042
Interest expense	(iv)	18,595	46,487

48. RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

Notes:

(i) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(ii) The interest expense was charged at rates ranging from 2.70 % to 5.00% (2019: 3.21 % to 7.00%) per annum.

(iii) The interest income was determined at rates ranging from 2.18% to 3.15% (2019: 0.35% to 3.15%) per annum.

(iv) The interest expense was charged at rates ranging from 2.00% to 5.10% (2019: 1.50% to 9.00%) per annum.

(v) The interest income was determined at rates ranging from 1.93% to 13.88% (2019: 2.18% to 2.75%) per annum.

* A certain portion of these related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(b) Compensation of key management personnel of the Group

	2020 RMB'000	2019 RMB'000
Short term employee benefits	46,290	60,912
Post-employment benefits	2,490	3,154
Equity-settled share option expense	6,808	6,162
Total compensation paid to key management personnel	55,588	70,228

Further details of directors' and the chief executive's emoluments are included in note 9 to the financial statements.

(c) Transactions and balances with other state-owned entities

The Group is indirectly controlled by the PRC government and operates in an economic environment predominated by entities directly or indirectly owned or controlled by the government through its agencies, affiliates or other organisations (collectively "State-owned Entities" ("SOEs")). During the year, the Group had transactions with other SOEs including, but not limited to, borrowings, deposits, the sale of properties developed, the provision of property lease and management services and the provision of sub-contracting services. The directors of the Company consider that these transactions with other SOEs are activities conducted in the ordinary course of business and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and the other SOEs are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for its products and services and such pricing policies do not depend on whether or not the customers are SOEs.

49. 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:

	2020			2019			
	Financial assets at fair value through profit or loss			Financial assets at fair value through profit or loss			
	Designated as such upon initial recognition RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000	Designated as such upon initial recognition RMB'000 (Restated)	Mandatorily designated as such RMB'000 (Restated)	Financial assets at amortised cost RMB'000 (Restated)	Total RMB'000 (Restated)
Financial assets							
Trade receivables	–	446,776	446,776	–	–	1,445,864	1,445,864
Financial assets included in prepayments, other receivables and other assets	–	22,385,371	22,385,371	–	–	21,881,126	21,881,126
Due from related parties	–	42,559,471	42,559,471	–	–	46,522,725	46,522,725
Due from non-controlling shareholders	–	866,814	866,814	–	–	1,069,839	1,069,839
Other financial assets	647,716	–	647,716	96,351	230,000	–	326,351
Long-term time deposit	–	–	–	–	–	3,300,000	3,300,000
Restricted bank balances	–	8,622,174	8,622,174	–	–	7,510,751	7,510,751
Cash and cash equivalents	–	43,455,580	43,455,580	–	–	17,945,788	17,945,788
	647,716	118,336,186	118,983,902	96,351	230,000	99,676,093	100,002,444

	2020			2019		
	Financial liabilities at fair value through profit or loss – held for trading RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000	Financial liabilities at fair value through profit or loss – held for trading RMB'000 (Restated)	Financial liabilities at amortised cost RMB'000 (Restated)	Total RMB'000 (Restated)
Financial liabilities						
Trade and bills payables	–	21,906,848	21,906,848	–	19,086,939	19,086,939
Financial liabilities included in other payables and accruals	–	21,823,485	21,823,485	–	16,536,792	16,536,792
Derivative financial instruments	95,792	–	95,792	53,124	–	53,124
Due to related parties	–	49,189,933	49,189,933	–	31,903,445	31,903,445
Interest-bearing bank and other borrowings	–	97,578,278	97,578,278	–	96,571,686	96,571,686
Lease liabilities	–	1,099,575	1,099,575	–	195,609	195,609
Long-term payables	–	71,996	71,996	–	70,000	70,000
	95,792	191,670,115	191,765,907	53,124	164,364,471	164,417,595

50. 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 (Restated)	2020 RMB'000	2019 RMB'000 (Restated)
Financial assets				
Other financial assets	647,716	326,351	647,716	326,351
Financial liabilities				
Derivative financial instruments	95,792	53,124	95,792	53,124
Interest-bearing bank and other borrowings	97,578,278	96,571,686	98,961,766	97,874,652

Management has assessed that the fair values of cash and cash equivalents, restricted bank balances, trade receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, financial liabilities included in other payables and accruals, and amounts due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments.

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 fair values of long-term time deposits, interest-bearing bank and other borrowings except for notes and domestic corporate bonds 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 fair values of notes and domestic corporate bonds are based on quoted market prices. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2020 were assessed to be insignificant.

50. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

The fair values of unlisted equity investments designated at fair value through profit or loss included in other financial assets, have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation ("EV/EBITDA") multiple and price to earnings ("P/E") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The Group invests in unlisted investments, which represent wealth management products issued by banks 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.

The Group enters into derivative financial instruments with counterparties, principally financial institutions with good credit ratings. Derivative financial instruments are measured using present value calculations or similar calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

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 significant observable inputs (Level 2)

	2020 RMB'000	2019 RMB'000
Other financial assets	**647,716**	326,351

The Group's assets were neither categorised in Level 1 nor Level 3 as at 31 December 2020 (2019: Nil).

50. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Fair value hierarchy (Continued)

Liabilities measured at fair value:

Fair value measurement using significant observable inputs (Level 2)

As at 31 December 2020

	2020 RMB'000	2019 RMB'000
Derivative financial instruments	95,792	53,124

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 for both financial assets and financial liabilities (2019: Nil).

Assets for which fair values are disclosed:

The carrying amounts of the Group's financial assets were either measured at fair value in the statement of financial positions or approximate to fair values as at 31 December 2019 and 2020.

Liabilities for which fair values are disclosed:

As at 31 December 2020

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	26,904,404	72,057,362	–	98,961,766

As at 31 December 2019

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000 (Restated)	Significant observable inputs (Level 2) RMB'000 (Restated)	Significant unobservable inputs (Level 3) RMB'000 (Restated)	Total RMB'000 (Restated)
Interest-bearing bank and other borrowings	27,584,520	70,290,132	–	97,874,652

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans and other borrowings, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group also enters into derivative financial instruments, including forward currency contracts and interest rate swaps. The purpose is to manage foreign currency risk arising from the Group's net investment in foreign operations, and to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4 to the financial statements.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000
31 December 2020		
RMB	**25**	**(33,450)**
US$	**25**	**(13,545)**
HK$	**25**	**(15,231)**
RMB	**(25)**	**33,450**
US$	**(25)**	**13,545**
HK$	**(25)**	**15,231**
31 December 2019		
RMB	25	(47,449)
US$	25	(10,858)
HK$	25	(25,445)
RMB	(25)	47,449
US$	(25)	10,858
HK$	(25)	25,445

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the year and has applied the exposure to interest rate risk to those bank and other borrowings in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year until the end of the next reporting period.

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk

All of the Group's revenue and substantially all of the Group's operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currencies out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without the prior approval from the State Administration of Foreign Exchange by complying with certain procedural requirements. However, the approval from the appropriate PRC Governmental authorities is required where RMB is to be converted into foreign currencies and remitted out of Mainland China to pay capital account items, such as the repayment of bank loans denominated in foreign currencies.

Currently, the Group's PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including the payment of dividends to the Company, without the prior approval of the State Administration of Foreign Exchange. The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require the approval from the State Administration of Foreign Exchange, this could affect the ability of the Group's subsidiaries to obtain the required foreign currencies through debt or equity financing, including by means of loans or capital contributions.

The Group's financial assets and liabilities are not subject to foreign currency risk, except for certain short term deposits and interest-bearing borrowings denominated in United States dollars and Hong Kong dollars. The fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations. The Group have used derivative financial instruments to reduce the exposure to foreign currency borrowings.

The Group entered into derivative financial instruments in respect of the cash flow hedges to minimise the foreign currency exposures as detailed in note 33 to the financial statements. It's the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness. The Group will constantly review the economic situation and its foreign currency risk profile, and will consider other appropriate hedging measures in future as may be necessary.

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rate between HK$ and US$ on the Group's profits for the years ended 31 December 2020 and 2019.

Increase/(decrease) in US$ rate	Increase/ (decrease) in profit for the year 2020 RMB'000	Increase/ (decrease) in profit for the year 2019 RMB'000
+1%	(208,719)	(164,331)
-1%	208,719	164,331

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rate between RMB and US$ on the Group's profits for the years ended 31 December 2020 and 2019.

Increase/(decrease) in US$ rate	Increase/ (decrease) in profit for the year 2020 RMB'000	Increase/ (decrease) in profit for the year 2019 RMB'000
+5%	3,773	979
-5%	(3,773)	(979)

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk

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. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	Total RMB'000
Contract assets*	–	–	–	789,328	789,328
Trade receivables*	–	–	–	468,391	468,391
Financial assets included in prepayments, other receivables and other assets					
– Normal**	22,385,371	–	–	–	22,385,371
Due from non-controlling shareholders	866,814	–	–	–	866,814
Due from related parties	37,746,335	6,124,316	–	–	43,870,651
Other financial assets	647,716	–	–	–	647,716
Restricted bank balances					
– Not yet past due	8,622,174	–	–	–	8,622,174
Cash and cash equivalents					
– Not yet past due	43,455,580	–	–	–	43,455,580
	113,723,990	6,124,316	–	1,257,719	121,106,025

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

As at 31 December 2019

	12-month ECLs	Lifetime ECLs			
	Stage 1 RMB'000 (Restated)	Stage 2 RMB'000 (Restated)	Stage 3 RMB'000 (Restated)	Simplified approach RMB'000 (Restated)	Total RMB'000 (Restated)
Contract assets*	–	–	–	267,009	267,009
Trade receivables*	–	–	–	1,462,059	1,462,059
Financial assets included in prepayments, other receivables and other assets					
– Normal**	21,881,126	–	–	–	21,881,126
Due from non-controlling shareholders	1,069,839	–	–	–	1,069,839
Due from related parties	46,522,725	–	–	–	46,522,725
Other financial assets	326,351	–	–	–	326,351
Long-term time deposit					
– Not yet past due	3,300,000	–	–	–	3,300,000
Restricted bank balances					
– Not yet past due	7,510,751	–	–	–	7,510,751
Cash and cash equivalents					
– Not yet past due	17,945,788	–	–	–	17,945,788
	98,556,580	–	–	1,729,068	100,285,648

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 24 and 26 to the financial statements, respectively.

** 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. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables and contract assets are disclosed in notes 24 and 26 to the financial statements.

Liquidity risk

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit facilities to meet its liquidity requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans, lease liabilities and other interest-bearing loans. In the opinion of the directors, most of the borrowings that mature within one year are able to be renewed and the Group is expected to have adequate source of funding to finance and manage its liquidity position.

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

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:

	2020				
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings	29,806,622	25,879,513	31,552,240	15,904,747	103,143,122
Lease liabilities	187,146	147,070	324,450	881,494	1,540,160
Trade and bills payables	21,906,848	–	–	–	21,906,848
Other payables	21,823,484	–	–	–	21,823,484
Derivative financial instruments	10,403	–	85,389	–	95,792
Due to related parties	38,135,983	9,918,013	1,135,937	–	49,189,933
Long-term payables	22,549	19,211	36,422	2,000	80,182
	111,893,035	35,963,807	33,134,438	16,788,241	197,779,521

	2019				
	Within 1 year or on demand RMB'000 (Restated)	More than 1 year but less than 2 years RMB'000 (Restated)	More than 2 years but less than 5 years RMB'000 (Restated)	More than 5 years RMB'000 (Restated)	Total RMB'000 (Restated)
Interest-bearing bank and other borrowings	31,835,468	21,090,233	38,204,185	14,855,638	105,985,524
Lease liabilities	91,418	54,688	43,431	70,876	260,413
Trade and bills payables	19,086,939	–	–	–	19,086,939
Other payables	16,536,792	–	–	–	16,536,792
Derivative financial instruments	18,133	8,349	26,642	–	53,124
Due to related parties	31,903,445	–	–	–	31,903,445
Long-term payables	11,305	17,211	51,633	–	80,149
	99,483,500	21,170,481	38,325,891	14,926,514	173,906,386

51. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares or sell assets to reduce debt. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020 and 31 December 2019.

The Group monitors capital on the basis of the net debt-to-adjusted-capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings (as shown in the statement of financial position) less cash and cash equivalents, restricted bank balances and certain financial assets at fair value through profit or loss. Adjusted capital comprises all components of equity (including non-controlling interests) and the Company's amounts due to the immediate holding company. The Group aims to maintain the net debt-to-adjusted-capital ratio at a reasonable level. The net debt-to-adjusted-capital ratios as at the end of the reporting periods were as follows:

	Note	2020 RMB'000	2019 RMB'000 (Restated)
Interest-bearing bank and other borrowings	34	**97,578,278**	96,571,686
Less: Cash and cash equivalents, restricted bank balances and certain other financial assets		**(52,578,801)**	(25,457,616)
Net debt		**44,999,477**	71,114,070
Total equity		**101,827,082**	92,434,354
Add: the Company's amounts due to the immediate holding company		**8,828,531**	10,065,072
Adjusted capital		**110,655,613**	102,499,426
Net debt-to-adjusted-capital ratio		**40.7%**	69.4%

52. EVENT AFTER THE REPORTING PERIOD

On 8 February 2021, Franshion Brilliant Limited, a wholly owned subsidiary of the Company, completed an issue of subordinate guaranteed perpetual capital securities in the aggregate principal amount of US$500,000,000 (equivalent to RMB3,233,900,000). The securities confer a right to receive distribution at 6.00% per annum payable semi-annually in arrears beginning on 8 August 2021. The issuer may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities.

53. COMPARATIVE AMOUNTS

As further explained in notes 2.1 and 43 to the financial statements, due to the business combination under common control during the year, the comparative amounts in the consolidated financial statements have been restated.

54. 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		
Property, plant and equipment	103	112
Right-of-use assets	–	212
Investments in subsidiaries	38,410,585	24,199,756
Total non-current assets	38,410,688	24,200,080
CURRENT ASSETS		
Due from subsidiaries	51,068,672	63,569,478
Prepayments, other receivables and other assets	598,931	851,866
Due from related parties	1,350	1,392
Cash and cash equivalents	2,669,304	1,654,390
Total current assets	54,338,257	66,077,126
CURRENT LIABILITIES		
Other payables and accruals	360,357	352,861
Due to related parties	12,743,427	11,481,289
Interest-bearing bank and other borrowings	12,925,194	9,701,731
Lease liabilities	–	180
Total current liabilities	26,028,978	21,536,061
NET CURRENT ASSETS	28,309,279	44,541,065
TOTAL ASSETS LESS CURRENT LIABILITIES	66,719,967	68,741,145
NON-CURRENT LIABILITIES		
Due to subsidiaries	30,873,361	33,461,753
Interest-bearing bank and other borrowings	8,556,430	11,948,399
Other financial liabilities	64,319	34,991
Total non-current liabilities	39,494,110	45,445,143
Net assets	27,225,857	23,296,002
EQUITY		
Share capital	26,132,248	21,250,860
Reserves (note)	1,093,609	2,045,142
Total equity	27,225,857	23,296,002

Li Congrui
Director

Jiang Nan
Director

54. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Exchange fluctuation reserve RMB'000	Hedging reserve RMB'000	Share option reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 31 December 2018 and 1 January 2019	(147,008)	(32,794)	51,687	1,428,112	1,299,997
Final 2018 dividend declared	–	–	–	(1,018,798)	(1,018,798)
2019 interim dividend declared	–	–	–	(1,273,730)	(1,273,730)
Total comprehensive income for the year	547,355	(2,197)	–	2,428,728	2,973,886
Equity-settled share option arrangements	–	–	84,016	–	84,016
Exercise of share options	–	–	(20,229)	–	(20,229)
Transfer of share option reserve upon the forfeiture of share options	–	–	(2,545)	2,545	–
At 31 December 2019 and 1 January 2020	400,347	(34,991)	112,929	1,566,857	2,045,142
Final 2019 dividend declared	–	–	–	(1,181,924)	(1,181,924)
2020 interim dividend declared	–	–	–	(1,364,184)	(1,364,184)
Total comprehensive income for the year	(1,683,559)	(29,328)	–	3,225,821	1,512,934
Equity-settled share option arrangements	–	–	87,786	–	87,786
Exercise of share options	–	–	(6,145)	–	(6,145)
Transfer of share option reserve upon the forfeiture of share options	–	–	(7,603)	7,603	–
At 31 December 2020	(1,283,212)	(64,319)	186,967	2,254,173	1,093,609

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to share capital when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

55. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 23 March 2021.

Five-Year Financial Information

31 December 2020

I. MAJOR INFORMATION OF STATEMENTS OF PROFIT OR LOSS

	2016 RMB'000 (Restated)	2017 RMB'000 (Restated)	2018 RMB'000 (Restated)	2019 RMB'000 (Restated)	2020 RMB'000
RESULTS					
Revenue	27,304,073	31,074,845	38,732,667	43,355,941	**60,053,878**
Cost of sales	(17,099,317)	(21,034,199)	(24,194,452)	(30,591,198)	**(47,939,514)**
Gross profit	10,204,756	10,040,646	14,538,215	12,764,743	**12,114,364**
Other income and gains	1,498,030	4,020,323	2,878,286	6,135,704	**8,698,685**
Selling and marketing expenses	(804,573)	(977,448)	(1,083,018)	(1,302,401)	**(1,600,582)**
Administrative expenses	(1,561,732)	(2,143,024)	(2,418,344)	(3,056,412)	**(3,529,395)**
Other expenses and losses, net	(239,813)	(323,952)	(36,146)	(6,916)	**(4,381,312)**
Finance costs	(728,662)	(1,692,438)	(2,420,573)	(2,270,766)	**(2,726,978)**
Share of profits and losses of:					
Joint ventures	(43,748)	30,358	363,035	722,390	**371,098**
Associates	(28,459)	31,622	10,749	(132,653)	**698,297**
PROFIT BEFORE TAX	8,295,799	8,986,087	11,832,204	12,853,689	**9,644,177**
Income tax expense	(3,718,366)	(3,723,757)	(4,387,483)	(4,195,030)	**(3,449,056)**
PROFIT FOR THE YEAR	4,577,433	5,262,330	7,444,721	8,658,659	**6,195,121**
Attributable to:					
Owners of the parent	2,539,266	4,089,840	5,278,885	6,481,751	**3,880,986**
Non-controlling interests	2,038,167	1,172,490	2,165,836	2,176,908	**2,314,135**
	4,577,433	5,262,330	7,444,721	8,658,659	**6,195,121**

II. MAJOR INFORMATION OF FINANCIAL POSITION

	2016 RMB'000 (Restated)	2017 RMB'000 (Restated)	2018 RMB'000 (Restated)	2019 RMB'000 (Restated)	2020 RMB'000
Total non-current assets	80,621,263	110,265,307	126,785,854	158,941,891	**162,530,406**
Total current assets	92,807,860	118,462,916	152,031,998	175,939,517	**225,225,768**
Total assets	173,429,123	228,728,223	278,817,852	334,881,408	**387,756,174**
Total current liabilities	71,383,520	107,122,016	122,576,765	166,730,932	**197,079,975**
Total non-current liabilities	39,777,772	48,526,616	71,369,917	75,716,122	**88,849,117**
Total liabilities	111,161,292	155,648,632	193,946,682	242,447,054	**285,929,092**
Equity attributable to:					
Owners of the parent	38,150,042	39,487,976	42,402,139	45,948,360	**46,762,064**
Non-controlling interests	24,117,789	33,591,615	42,469,031	46,485,994	**55,065,018**
Total equity	62,267,831	73,079,591	84,871,170	92,434,354	**101,827,082**

PROTECT ENVIRONMENT, CREATE FUTURE TOGETHER

For the reason of good corporate citizenship, we print our 2020 Annual Report with paper from responsible source to fulfill our corporate responsibility and create a bright future for our next generation.

JINMAO

中国金茂

CHINA JINMAO HOLDINGS GROUP LIMITED

Rooms 4702-4703, 47th Floor, Office Tower, Convention Plaza,
No. 1 Harbour Road, Wan Chai, Hong Kong

FSC
www.fsc.org
MIX
Paper from
responsible sources
FSC™ C021898