GUANGZHOU R&F PROPERTIES CO., LTD.

Stock code: 2777

ANNUAL REPORT 2020

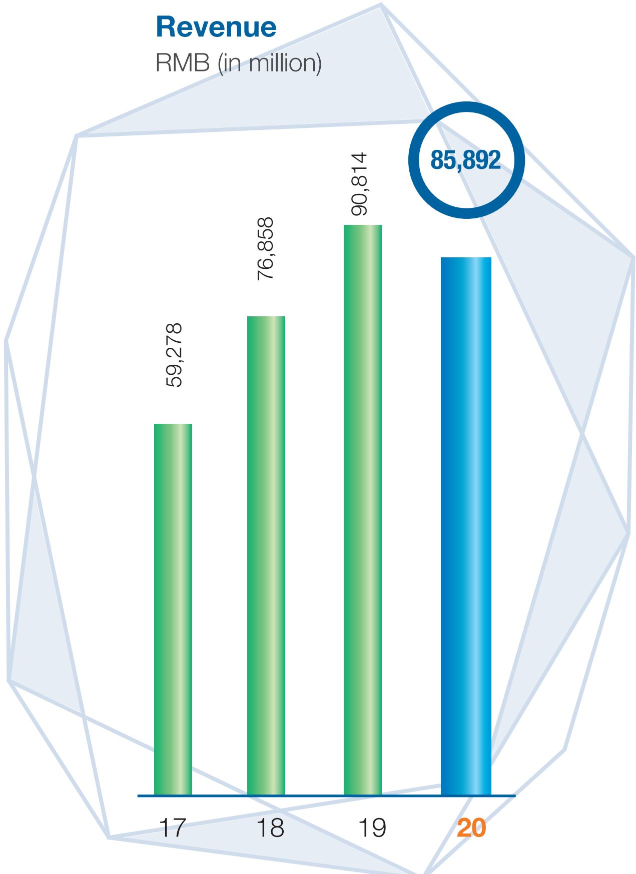
About R&F

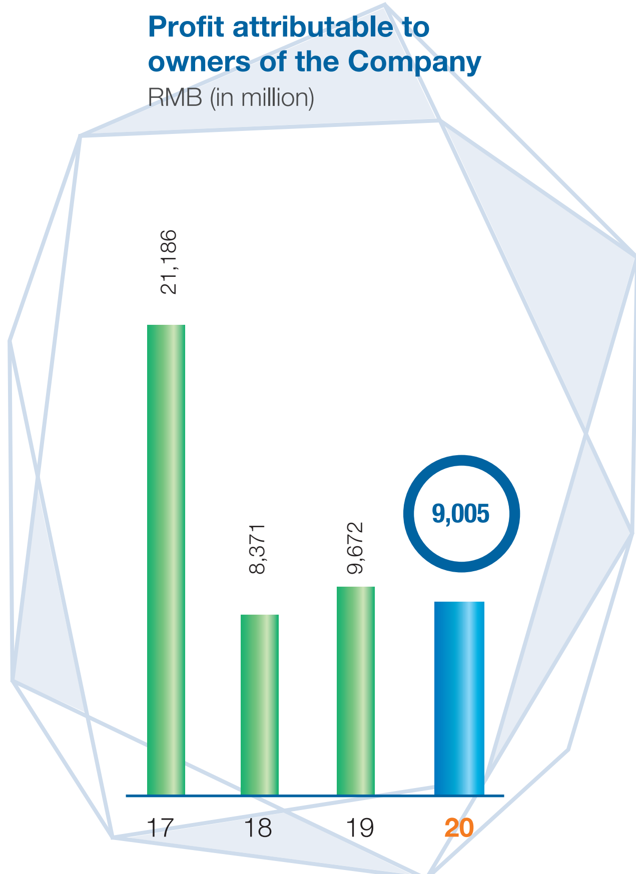
As one of China's largest and most well-known property developers, Guangzhou R&F Properties Co., Ltd. ("R&F" or the "Company", together with its subsidiaries, collectively the "Group") founded in 1994 and headquartered in Guangzhou. After over twenty years of rapid development, the Company is a conglomerate primarily engaged in property development, as well as diversified businesses including hotel development, commercial operation and architectural and engineering design. The Group's attributable sales amounted to approximately RMB138.8 billion in 2020. As of the end of 2020, the Group has a land bank of approximately 52 million sq.m. and owns 91 deluxe hotels in operation, managed by well-known hotel management groups. Concurrently, the Group has a total GFA of over 2.6 million sq.m. of investment properties in operation. The Group's businesses cover over 145 cities and regions up to now. For more than 20 years, the Group has adhered to a development strategy of "create a quality living with heartbeat of the city", creating beautiful places to live and work, and striving to become a world leader in building quality of life.

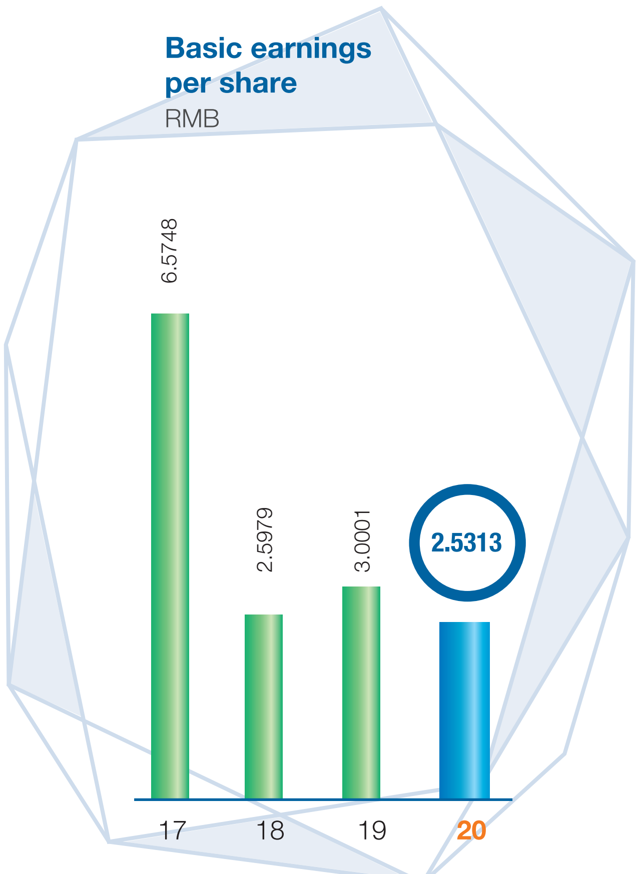
Contents

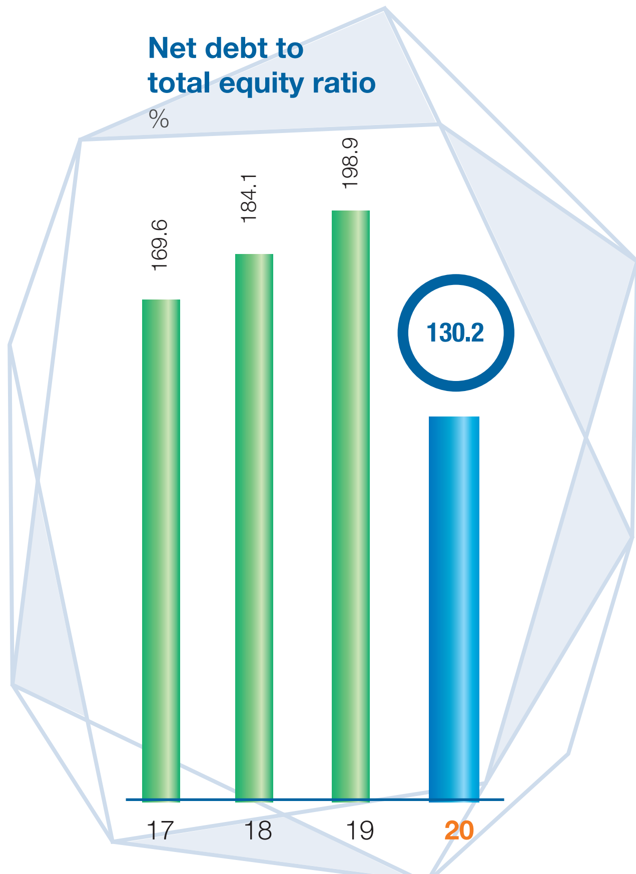
FINANCIAL HIGHLIGHTS

	2020	2019	% Changes
OPERATING RESULTS (RMB'000)			
Revenue	**85,891,778**	90,813,970	-5%
Gross profit	**20,388,492**	29,772,569	-32%
Profit for the year attributable to owners of the Company	**9,004,814**	9,672,051	-7%
Basic earnings per share (RMB)	**2.5313**	3.0001	-16%
Dividends per share (RMB)	**1.00**	1.28	-22%
FINANCIAL POSITION (RMB'000)			
Cash	**39,948,714**	38,435,806	4%
Total assets	**442,185,215**	427,326,318	3%
Total liabilities	**350,179,872**	347,527,193	1%
FINANCIAL RATIOS			
Net assets per share (RMB)	**23.9**	22.1	8%
Dividend payout ratio (%)	**40.6**	45.1	-10%
Return on equity (%)	**10.7**	13.8	-22%
Net debt to total equity ratio (%)	**130.2**	198.9	-35%


Revenue
RMB (in million)
59,278
76,858
90,814
85,892
17
18
19
20


Profit attributable to owners of the Company
RMB (in million)
21,186
8,371
9,672
9,005
17
18
19
20


Basic earnings per share
RMB
6.5748
2.5979
3.0001
2.5313
17
18
19
20


Net debt to total equity ratio
%
169.6
184.1
198.9
130.2
17
18
19
20

Strong fundamentals in property development and unparallel urban renewal project pipeline ensure stability and earnings potential...

Taking a lookback at 2020, it was a financial year where the yearlong effects of the coronavirus ("COVID-19") was felt globally across various economies and livelihoods. A large part of 2020 was spent understanding what COVID-19 is, how to prevent catching it, and ways to contain its further spreading within the global community. The devastating effects of COVID-19 to health was obvious, but the direct and indirect impacts to businesses and various sectors had a longer lasting negative impact in shutting down major corporations and changing the way businesses are conducted for a long time to come. In order to prevent the rapid spread of the pandemic, the Chinese Government made decisive decisions to immediately implement preventive measures, issue quick protocols, implement unprecedented travel restrictions, and mobilise the country's top medical resources to tackle COVID-19 to ensure each critical hour was not wasted in understanding and tackling the virus. After countless data collection and research, months later saw life in China slowly returning to a new normal. It was the decisive actions undertaken that quickly allowed business activity to resume, domestic travel restrictions lifted, and social gatherings to occur under facial protection. In contrast, other countries globally were still struggling to deal with the devastating impacts of the global transmission for many months well into 2020. In hindsight, if it weren't for the decisive actions undertaken by the Chinese Government, China's economic recovery would not have occurred so quickly, and impact minimised.

In 2020, China's property sector braced for headwinds as the challenges of COVID-19 were further acerbated by a tightening of onshore regulatory policies on property, creating a perfect storm to curtail available liquidity for the property sector. With uncertainty in the economy and expected GDP slowdown, the Chinese Government began to rollout guidelines to reduce over reliance of loans and debt financing, such as introduction of debt monitoring metrics, the so-called "Three Red Lines". The Three Red Lines is a specific financial metric test to determine the financial risk of an entity through group classifications and determine the entity's capacity for additional debt. This has directly impacted how companies in the property sector have executed their overall strategy in 2020. In general, most in the property sector have adjusted their focus on a more prudent financing plan as they continue to make improvements in their balance sheet to adhere to the Three Red Lines policy whilst how to best allocate available capital.

THE THREE RED LINES

At the outset, it's important to note there has not been an official timeline for when the Three Red Lines need to be adhered to, but developers are already adjusting their financing plans in order to have the most financing flexibility. The Three Red Lines requires testing financial metrics based on financial accounts to measure short-term liquidity and overall gearing levels. The three financial tests are 1) liability-to-asset ratio after deduction of receivables (contract liabilities) of less than 70%; 2) net gearing ratio of less than 100%; and 3) cash-to-short-term debt ratio of more than 1.0 times. If developers meet all financial tests, they are in the green category; breach 1, they are in the yellow category; breach 2, they are in the orange category; and finally breach 3, they are classified in the red category. The advantage being in the green category is an ability to increase total interest-bearing debt levels by 15%. This additional debt capacity subsequently decreases accordingly as developers progressively move down from the green category to the red category. The hope is that over the longer term, companies that are able to satisfy more of the financial metrics will benefit from more access to debt financing whilst others will focus on improving credit profiles.

Under the overall policy of the Chinese Government on debt control and deleveraging in recent years, the Group underwent an aggressive debt reduction exercise in 2020 resulting in a significant improvement in overall credit profile. In 2020, the Group reduced total debt by RMB37.4 billion by way of adopting a sensible land acquisition strategy, a strategically coordinated assets sales plan, and equity issuance at the Group level etc. The reduction or refinanced debt included RMB23.6 billion onshore domestic bonds, RMB11.9 billion trust and onshore bank loans, and RMB1.9 billion offshore bonds and offshore loans. One of the important financing exercises of the Group in 2020 was the completion of the issuance of new H shares to increase the equity capital. A total of 257 million new H Shares were issued at the issue price of HKD9.82 per share and the total proceeds were HKD2.524 billion. After reduction of a significant amount of debt and increase of equity capital, the Group's net gearing ratio decreased to 130% from 199% at the end of 2019. The Group expects further credit profile improvements in 2021 as more details become available regarding the implemention of the Three Red Lines. In addition to reduction in net gearing, the overall debt reduction led to improvements to liability-to-asset ratio after deduction of receivables (contract liabilities) and cash-to-short-term ratio as a significant proportion of debt reduction was short-term in nature. Irrespective of the Three Red Lines, the Group has placed a significant emphasis on strengthening its balance sheet and improving long-term financial flexibility.

RETURN TO POSITIVE OPERATING CASH FLOW

As markets remain uncertain, the Group concentrated its efforts on returning to positive operating cash flow by promoting sales, selling inventories, collecting cash and monitoring expenditures etc. In 2020, operating cash flow was positive versus negative operating cash flow in 2019. The return to positive operating cash flow provided immediate contribution to addressing near term maturities and increase available liquidity. In terms of contract sales conversion to immediate liquidity, the Group adopted a flexible sales strategy to cater to varying market conditions during the year that including average selling price ("ASP") concessions, bulk purchase discounts, strategic partnerships with third-party sales agents, and implementing sales incentive schemes so as to accelerate the pace of cash collections from contract sales sold. Overall in 2020, the cash collection rate was up to 78% of contracted sales versus under 70% in 2019. The improvement in the cash collection provided further liquidity to accelerate the pace of deleveraging.

ACCELERATION OF ASSET SALES GENERATED SIGNIFICANT LIQUIDITY AND TANGIBLE GAINS

Over the years, the Group has accumulated projects and assets of significant value either as land bank, properties under development or investment properties. These assets have the potential to generate significant returns or provide a stable stream of recurring cash flow in the form of rental revenue to the Group. In 2020, the Group underwent a rationalisation of non-core assets or potential projects that could be used to invite strategic partners in order to generate immediate liquidity.

The projects which were most suitable to realise the highest return and liquidity were urban renewal projects. Historically, the Group had accumulated a sizeable portfolio of urban renewal projects with high potential conversion upside as a means to source undervalued land bank with significant upside potential. As of today, the Group has secured agreements with villages and urban regions to acquire land bank equivalent to over 40 million sq.m. of GFA with significant market value. Going forward, the Group expects to convert a sizeable GFA to land bank for future development with potential profit potential, however, significant time and investment will still need to be committed. In 2020, the Group entered into strategic partnerships with various, strategic and financial investors to jointly invest and develop projects in China. During the last quarter of 2020, the Group sold a number of projects to realise approximately RMB4 billion in value. A strategic cooperation provides immediate capital to the Group and also reduces future capital requirements whilst retaining control and potential upside after unlocking value in these projects. The Group will look to secure more strategic partnerships in existing and future projects where capital investment is intensive to mitigate capital requirements whilst continuing to develop these projects.

LANDMARK SALE OF AIRPORT LOGISTICS PARK TO BLACKSTONE IS UNIQUE IN TERMS OF ASSET QUALITY AND INTRINSIC VALUATION

To accelerate the refinancing plan and raise liquidity, the Group initiated a sale process of its logistics assets in Guangzhou to interested parties. The assets are unique given its location in Guangzhou, long operating history, and future development rights. The assets are located in Guangzhou International Airport R&F Integrated Logistics Park, which is located in Huadong County, Huadu District, Guangzhou, the PRC and covers a total area of 1,470 mu with a planned total construction area of over 1.2 million sq.m.. About 889,820 sq.m. of rentable area of high-standard warehouses, plants and cold storage are currently completed with supporting facilities, and a net undeveloped land area for warehouse of about 210 mu.

Initial discussions first initiated in the first half of 2020, however, amidst a challenging market backdrop coupled with internal aspirations on valuation, identifying serious buyers amongst interested parties was important in achieving objectives. After lengthy and collaborative discussions with a number of interested parties, a deal was signed and completed with a related Blackstone fund to acquire a 70% stake of the entire assets with a market valuation of RMB6.3 billion. The determined valuation was above the Group's invested cost and represents a significant profit realised. The transaction structure was also quite unique as it required establishment of an offshore acquisition vehicle to complete the transfer. The merger acquisition and uniqueness of the transaction was testament of the Group's execution expertise and regarded as a landmark transaction well received by the investment community.

COMPLETION OF H SHARE FULL CIRCULATION BY CONVERSION OF APPROXIMATELY 2.2 BILLION UNLISTED DOMESTIC SHARES TO H SHARES AND LISTED ON THE STOCK EXCHANGE

On 28 September 2020, the Group completed the H share full circulation by converting all the 2,207,108,944 unlisted domestic shares into overseas listed shares and these shares were listed on the Hong Kong Stock Exchange. The H share full circulation is an important measure of the China Securities Regulatory Commission to open the capital market to the world. To the Group, the H share full circulation helped to align the rights and obligations of the shareholders, improve the corporate governance, safeguard the interests of all the shareholders (especially the vast minority shareholders) which are beneficial to the long-term development of the Group.

BUSINESS HIGHLIGHTS OF 2020

In 2020, the Group recorded robust financial results during a period severely impacted by COVID-19 and management's primary focus was de-risking financial leverage to improve its credit profile. Total revenue was RMB85.89 billion, which only dropped slightly when compared to 2019 as revenue from property development was RMB78.57 billion, or 91% of total revenue, was also largely stable. In terms of GFA recognised, the Group sold and delivered 9.17 million sq.m. of GFA in 2020, which is 11% higher than that for the previous period. Due to a challenging operating environment in 2020, adjustments were made on ASP to accelerate the pace of sales which subsequently affected the Group's gross profit margins. Gross profit for the Group in 2020 was RMB20.39 billion, equivalent to 23.7% gross profit margin. In line with a decline in gross profit margins, net profit declined accordingly to RMB9.15 billion, equivalent to net profit margin of 10.6%. In 2020, overall financial results were a balance of operating in a difficult operating environment and focus on financial deleveraging. As substantial progress to improve financial leverage has been achieved coupled with a significant positive start to contract sales in 2021, the Group expects margins and profitability to improve as with a more balanced approach between profit growth and financial liquidity.

Operationally, the Group continues to expand in scale with GFA delivery increasing to 9.17 million sq.m. in 2020 from 8.30 million sq.m. in 2019. The increase in delivery was due to a larger scale of properties under development and increasing contracted sales which is expected to continue in the near term. In terms of city contribution, 2020 delivery was largely concentrated in tier-2 cities, approximately 52%, where the Group's land bank proportion is the highest.

Continuing a prudent land banking strategy since the fourth quarter of 2019, land banking in 2020 remains selective with an emphasis on urban renewal projects that deliver higher profitability upon conversion with a more balanced capital requirement. In 2020, 1.3 million sq.m. of GFA was converted from urban renewal projects in tier-1 and tier-2 cities and Greater Bay Area. The Group has sufficient land bank to sustain the growth prospect. As at the end of 2020, the Group has approximately 52 million sq.m. of attributable GFA land bank. However, urban renewal projects require a longer period for conversion, and hence, the Group will continue to seek other land banking opportunities for land bank replenishment which have a shorter development cycle.

THE OUTLOOK FOR 2021

CONTINUE TO IMPROVE CREDIT PROFILE AND PROFITABILITY

Contracted sales in the first two months of 2021 has seen a very significant improvement with contracted sales value of RMB20.42 billion which is up 124% versus the same period in 2020. The Group has set a contracted sales target of RMB150 billion for 2021 based on available saleable resources. With the positive start to the year, the Group is confident it can maintain the same momentum for the remainder of the year to deliver on its contracted sales target. The Group expected total saleable resources of RMB270 billion in 2021 to deliver on the Group's contracted sales target.

The Group's credit profile continues to improve after the first months of 2021 with total debt decreasing by an additional approximately RMB15 billion as further debt is repaid. In addition, the Group has improved its maturity profile by refinancing and extended near-term maturities to beyond one year including issuance of a US$500 million senior note for 2.5 years and US$325 million senior note for 3.5 years (the longest USD senior note outstanding). The Group will continue to look for opportunities to extend short-term maturities to longer tenors.

CONTINUE TO UNLOCK ASSET VALUE AND DE-RISK THROUGH FURTHER ASSET DISPOSAL OF NON-CORE ASSETS

The successful strategy of seeking strategic partners and monetising non-core assets in the fourth quarter of 2020 was testament to the quality of assets under the Group's control. The sale of investment property and office assets such as R&F Integrated Logistics Park and Guangzhou office tower alone generated approximately RMB5.9 billion of cash proceeds with full cash settlement upon completion. The Group will continue to seek out potential opportunities to monetise assets and generate positive cashflow to further lower the total debt level. The Group will also seek out potential partners to coinvest or create joint cooperation to partially alleviate project risk and reduce capital requirements for certain types of projects. The overall effect of asset sales and creation of joint ventures has been effective in 2020 to improve the Group's capital profile, further encouraging management to remain open to similar possibilities to replicate the same success in 2021.

ACKNOWLEDGEMENTS

It has been an extremely difficult 2020. The financial year has been full of financial challenges and volatile environments that required the full collaboration and support of its management team and employees. In many instances, timely execution, perseverance and unwaivering support by our management to avoid possible delays or risks to completion. It is with great pride that I was able to rely on the profession execution capabilities and instinctive decision making by our senior management that enabled execution success in multiple transactions.

I would like to thank our management team and employees in various locations and capacities for their commitment and hard work. The effort has been much appreciated and visible results have been highly positive, without which, the Group could not have achieved what it has in 2020.

To our shareholders, I would like to reiterate our continued commitment to achieving financial stability whilst delivering higher returns. The ongoing support of our shareholders has been of upmost importance which we hope to maintain through open communication and transparency as we advance in 2021. As always, we do not take for granted the support of our shareholders and adopt a transparent communication channel such that the opinions of shareholders are highly taken into consideration.

Li Sze Lim
Chairman

Zhang Li
Co-chairman and Chief Executive Officer

Contracted Sales

The Group's attributable contracted sales in 2020 were RMB138.8 billion, with GFA of 11,530,900 sq.m., and the average selling price was approximately RMB12,000 per sq.m.. The contracted sales were generated from 219 projects in 27 provinces (including municipalities and autonomous regions) across 7 regions of China (Northern China, Eastern China, Northwestern China, Southern China, Southwestern China, Central Southern China and Hainan) and 4 overseas countries. On a province basis, contracted sales of Guangdong, Zhejiang, Shanxi, Hainan, Shaanxi, Jiangsu, Chongqing, Inner Mongolia, Hebei and Beijing were the highest top 10, which contributed approximately RMB103.8 billion, accounting for 75% of total attributable contracted sales of the Group. In 2020, the Group launched, in total, 15 new projects, accounting for 13% of total contracted sales of the Group.

Details of the Group's 2020 attributable contracted sales by geographical distribution are set out below:

Region	Area	Approximate attributable saleable area sold (Thousand sq.m.)	+/- vs. 2019 (%)	Approximate attributable total value (RMB million)	+/- vs. 2019 (%)
Northwestern China	Shanxi	1,232.2	-16%	12,507.1	-19%
	Shaanxi	722.0	-19%	9,713.6	105%
	Inner Mongolia	989.7	17%	7,461.7	12%
	Gansu	66.0	N/A	1,038.5	N/A
	Xinjiang	71.1	55%	764.8	41%
Eastern China	Zhejiang	983.6	40%	17,168.8	28%
	Jiangsu	580.0	-31%	8,766.0	-25%
	Anhui	266.1	12%	2,132.9	Flat
	Shanghai	42.1	-40%	1,904.3	-41%
Northern China	Hebei	672.4	-5%	5,765.1	-17%
	Beijing	195.2	5%	5,155.3	7%
	Liaoning	580.8	2%	4,816.3	16%
	Shandong	465.5	-21%	4,512.5	-24%
	Tianjin	367.3	-52%	4,076.4	-55%
	Heilongjiang	134.8	-66%	2,227.1	-58%
	Henan	112.0	-4%	936.2	-23%
Southern China	Guangdong	1,277.8	-21%	19,159.4	24%
	Guangxi	71.5	186%	441.7	100%
Southwestern China	Chongqing	875.8	1%	7,737.3	-3%
	Sichuan	195.1	68%	1,287.0	20%
	Yunnan	67.1	48%	848.7	55%
	Guizhou	79.8	-16%	674.5	-43%
Hainan	Hainan	651.7	149%	10,393.4	140%
Central Southern China	Jiangxi	319.2	-24%	3,357.1	-23%
	Fujian	205.8	-15%	2,252.1	-19%
	Hunan	138.0	-38%	1,056.1	-47%
	Hubei	46.6	-24%	530.0	-4%
Overseas	Malaysia	43.0	-35%	842.9	-38%
	Cambodia	38.7	-30%	529.7	-36%
	Australia	37.7	390%	433.1	100%
	United Kingdom	2.3	44%	297.6	175%
Total		**11,530.9**	**-8%**	**138,787.2**	**Flat**

Region	Approximate attributable saleable area sold (Thousand sq.m.)	+/- vs. 2019 (%)	Approximate attributable total value (RMB million)	+/- vs. 2019 (%)
Northwestern China	3,081.0	-5%	31,485.7	15%
Eastern China	1,871.8	1%	29,972.0	-1%
Northern China	2,528.0	-24%	27,488.9	-27%
Southern China	1,349.3	-18%	19,601.1	25%
Southwestern China	1,217.8	8%	10,547.5	-2%
Hainan	651.7	149%	10,393.4	140%
Central Southern China	709.6	-25%	7,195.3	-26%
Overseas	121.7	-7%	2,103.3	-17%
Total	**11,530.9**	**-8%**	**138,787.2**	**Flat**

Properties Under Development

In response to changing market conditions, the Group was flexible in its approach to managing its properties under development during the year, aiming to ensure efficient deployment of its resources and to avoid accumulating excessive inventories. The Group started the year with approximately 32,342,000 sq.m. of attributable GFA under development, and during the year started construction of approximately 8,406,000 sq.m. of attributable GFA. During the year, the Group completed 10,897,000 sq.m. of attributable GFA of development properties with 8,582,000 sq.m. of attributable saleable area, and completed 223,000 sq.m. of attributable GFA of investment properties. By the end of 2020, the Group's attributable GFA under development is approximately 29,628,000 sq.m..

The following is the position as at 31 December 2020:

Area	Approximate attributable GFA (sq.m.)	Approximate attributable saleable area (sq.m.)
Northern China	6,656,000	4,742,000
Eastern China	3,811,000	2,468,000
Northwestern China	6,929,000	4,814,000
Southern China	5,314,000	4,009,000
Southwestern China	1,512,000	1,285,000
Central Southern China	2,248,000	1,528,000
Hainan	1,010,000	722,000
Overseas	1,189,000	721,000
Sub-total	**28,669,000**	**20,289,000**
Investment Properties	959,000	802,000
Total	**29,628,000**	**21,091,000**

Land Bank

In 2020, the Group continued to apply the same conservative and balanced criteria as its general direction towards land acquisitions. The general principles on land assessment of the Group during the year were total price being reasonable, fullfillment of profit forecast and quickness of turnover. The Group acquired 16 plots of land in 12 cities and regions with additional attributable saleable area of approximately 3,855,000 sq.m., 14 plots out of the 16 plots of land are located in the cities and regions where the Group currently has operations and 2 plots of land are located in the 2 cities where we have newly established business presence. The Group's total land bank at 2020 year-end was attributable GFA of approximately 64,263,000 sq.m. and attributable saleable area of approximately 51,878,000 sq.m., distributed across 99 cities and regions in China and overseas cities. Details are given below:

Location	Approximate attributable GFA (sq.m.)	Approximate attributable saleable area (sq.m.)
Development Properties		
Northern China	14,284,000	11,745,000
Eastern China	6,287,000	5,048,000
Northwestern China	13,641,000	10,728,000
Southern China	6,710,000	5,822,000
Southwestern China	5,391,000	4,587,000
Central Southern China	6,126,000	5,225,000
Hainan	3,087,000	2,762,000
Overseas	6,214,000	3,766,000
Sub-total	**61,740,000**	**49,683,000**
Investment Properties	**2,523,000**	**2,195,000**
Total	**64,263,000**	**51,878,000**

Property Investment

The Group's investment properties portfolio mainly located in tier-1 and tier-2 cities, including Grade-A office buildings, shopping malls, various retail properties, logistic parks and etc.. The Group's investment properties portfolio as at 31 December 2020 is approximately 5,050,900 sq.m. in total GFA, among which total GFA of investment properties under operation is approximately 2,656,800 sq.m., and total GFA under development or planning is approximately 2,394,100 sq.m.. The Group opened a new shopping mall in Zibo in July 2020, with total GFA of 150,000 sq.m..

Hotel Operation

As of 31 December 2020, the Group currently has 91 hotels under operation, with total GFA of 3,992,100 sq.m. and 27,409 hotel rooms. The 91 hotels are managed by well-known hotel management groups such as Marriott International, Inc., InterContinental Hotels Group, Hilton Worldwide Holdings Inc., Hyatt Hotels Corporation, Accor Hotels, Wanda Hotels and Resorts Co., Ltd. and other hotel groups. The Group became the largest deluxe hotel owner globally with 45 hotels under development and planning, 91 hotels under operation, totally 136 hotels. During the period, the Group took over Wanda Vista Changchun, a new hotel with total GFA of 39,900 sq.m. and 236 hotel rooms.

Outlook

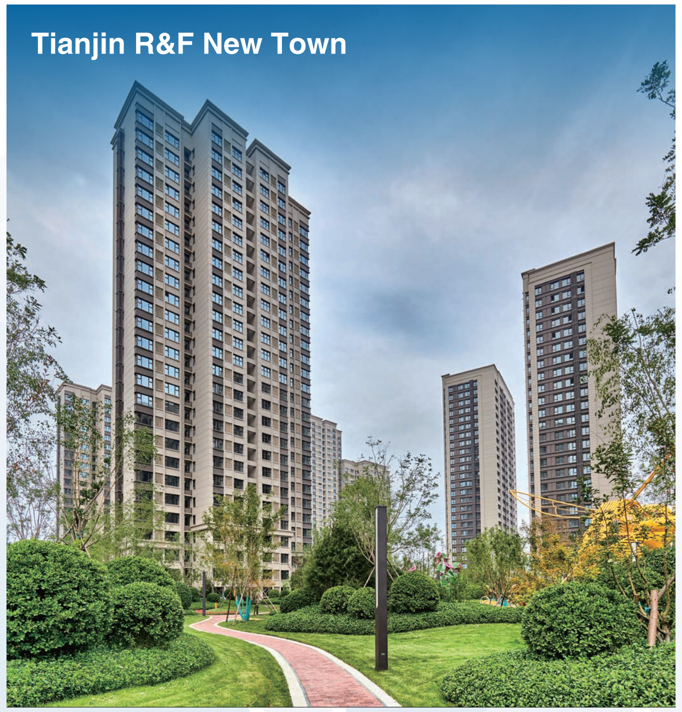
For 2021, the Group's total contracted sales target has been set at RMB150 billion. This target will be achieved from sales of over 230 projects, RMB270 billion in saleable resources. For 2021, the Group plans to deliver approximately 8,472,000 sq.m. saleable area of development properties. The details are set out below:

	To be completed in 1st half of 2021		To be completed in 2nd half of 2021		2021 Full Year Estimate	
Location	Approximate GFA (sq.m.)	Approximate saleable area (sq.m.)	Approximate GFA (sq.m.)	Approximate saleable area (sq.m.)	Approximate GFA (sq.m.)	Approximate saleable area (sq.m.)
Northern China	472,000	427,000	1,590,000	1,397,000	2,062,000	1,824,000
Eastern China	450,000	288,000	1,072,000	784,000	1,522,000	1,072,000
Northwestern China	466,000	435,000	1,694,000	1,543,000	2,160,000	1,978,000
Southern China	146,000	122,000	1,145,000	712,000	1,291,000	834,000
Southwestern China	271,000	199,000	872,000	634,000	1,143,000	833,000
Central Southern China	70,000	68,000	640,000	529,000	710,000	597,000
Hainan	29,000	28,000	291,000	266,000	320,000	294,000
Overseas	–	–	589,000	468,000	589,000	468,000
JV (Attributable)	103,000	69,000	629,000	503,000	732,000	572,000
Sub-total	**2,007,000**	**1,636,000**	**8,522,000**	**6,836,000**	**10,529,000**	**8,472,000**
Investment Properties	336,000	336,000	500,000	500,000	836,000	836,000
Total	**2,343,000**	**1,972,000**	**9,022,000**	**7,336,000**	**11,365,000**	**9,308,000**

OUR PROPERTY PORTFOLIO

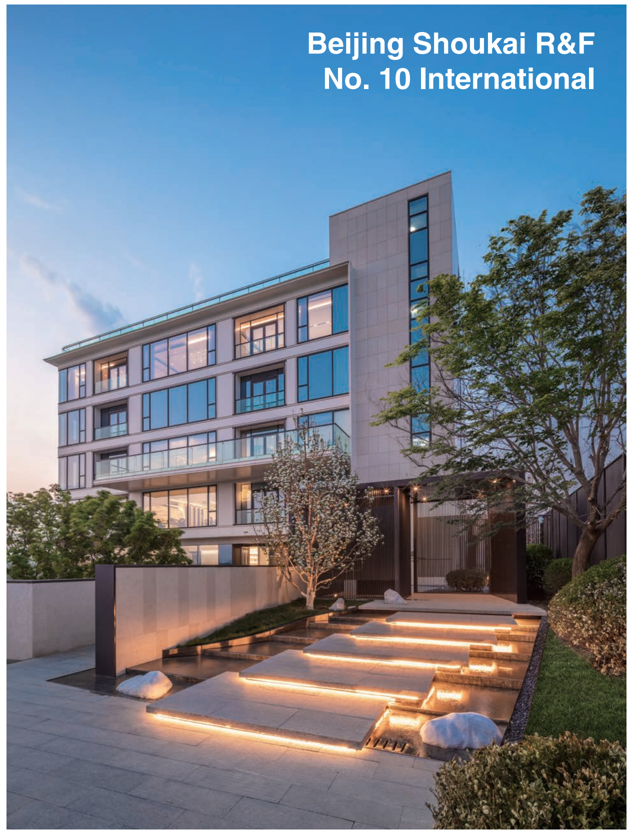

Shandong Qingdao Business Park


Shanghai Hongqiao R&F Center


Tianjin R&F New Town


Anhui Chuzhou R&F Wuyi Water Town


Hebei Qinhuangdao R&F Gongyuan Mountain


Beijing Shoukai R&F No. 10 International


Guangzhou R&F Peninsula No. 1


Yunnan Kunming R&F Bay Shore

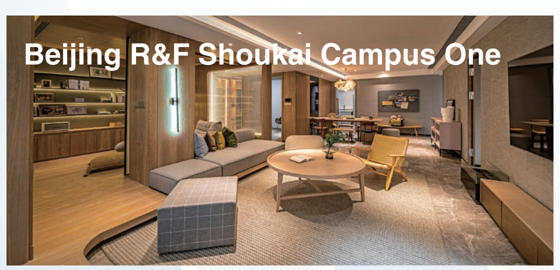

Huizhou R&F Huilin Hot Spring Village

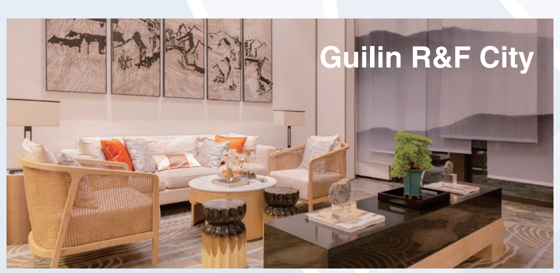

Jiangxi Shangrao R&F Cambridge Court


Fujian Zhangzhou R&F Phoenix Valley


Meizhou R&F Yanshan Lake


Hainan R&F Yuehai Bay Shore


Beijing R&F Shoukai Campus One


Guilin R&F City


Beijing R&F New Town


Jiangsu Zhenjiang R&F Yangtse River Residence


Zhejiang Jiande R&F Yujiang Hills


Zhejiang Ningbo R&F Yuhu Peninsula


Anhui Fuyang Dahe Chengzhang


Dalian R&F Dongdi Wanpan

Overseas

Northern China – Beijing, Tianjin, Henan, Hebei, Shandong, Liaoning and Heilongjiang;
Eastern China – Shanghai, Zhejiang, Jiangsu and Anhui;
Central Southern China – Fujian, Jiangxi, Hunan and Hubei;
Southern China – Guangdong and Guangxi;
Northwestern China – Shanxi, Shaanxi, Inner Mongolia, Gansu and Xinjiang;
Southwestern China – Sichuan, Guizhou, Yunnan and Chongqing;
Hainan – Hainan;
Overseas – Malaysia, Australia, Cambodia, Korea and United Kingdom.

The Company places great importance on opinions from the capital markets, therefore we maintain an effective dialogue with our industry analysts and corporate investors through regular information disclosure and active communication in 2020. Investor relations of Group is committed to keep close contact with investment community, maintenance long-term relationship with existing shareholders and bond investment institutions, also contact and expand the potential investment institutions constantly. Through an active and open dialogue, we regularly provide updates on our operations and financial position clearly. The aim of the Company's relation with investors is to allow investors to make an informed assessment of the Company and attain a high level of governance, maximize the benefits of the Company as a whole and protect investors' legal right.

During the year, the Company announced the 2019 Annual Results and the 2020 Interim Results. Due to the COVID-19, offline analyst and press meetings were cancelled and converted to online meetings. The Chairman being accompanied by the management, answered related questions in detail for investors and the press. Moreover, the Company sought opportunities to interact in depth with many institutional investors that from various places like Hong Kong, Singapore, London and New York one by one through non-deal roadshows ("NDR") after the results presentation via online conferences.

In regard to communication and interaction with investors, affected by COVID-19 in 2020, regular investor site visits and face-to-face meetings were restrained, but the Company has actively held conference calls, and participated in investor conferences to make available ourselves for every opportunity to interact with investors. The Company values every opportunity to engage in open conversation with the investment community to provide updates on industry developments, upcoming trends, the overall macro environment and understand how the Company will tackle the future challenges. In 2020, we attended over 20 online global conferences, post-result analyst meetings and NDR.

In 2020, the company has focused on mitigating risks on its balance sheet. During the period, the Company issued US$760 million offshore bonds, successfully completed the offshore debt refinancing task, and appropriately extend the term of the debt profile. In October 2020, the Company completed the placement of 257 million new H shares, obtaining a net proceeds of HK$2.498 billion. The successful placement helps to improve the Group's liquidity and reduce its leverage ratio. During the year, the Company also introduced Blackstone, the world's largest alternative investment fund, to sell 70% of the equity of Guangzhou International Airport R&F Integrated Logistics Park at a price of RMB6.3 billion. This transaction is conducive to optimizing the allocation of resources, increasing capital reserves and reducing the debt ratio, while improving the ability to resist risks.

The Company would like to thank all investors and shareholders who have provided feedback and constructive suggestions to the Company to take onboard, also thank them for their long-term support for our Company. We would also like to thank the property research community for their hard work in providing transparent and detailed analysis for the sector and the Company. We look forward to another year of cooperation and delivering the highest level of standard of investor relations to the investor.

2020

Month	Conference/Roadshow
January	• 20th United Bank of Switzerland ("UBS") Greater China Conference
March	• Post-result NDR with Citibank ("Citi") • Post-result NDR with UBS • Post-result NDR with J.P.Morgan • Post-result NDR with Deutsche Bank • Post-result NDR with CGS-CIMB Securities International Pte. Ltd.
June	• UBS HK/China Property Conference 2020 • Citi's Asia Pacific Property Conference 2020 • Morgan Stanley PWM Asia Virtual Conference
August	• Post-result NDR with Citi • Post-result NDR with Goldman Sachs (Asia) L.L.C. • Post-result NDR with Haitong International Securities Group Limited • Post-result NDR with Pingan
October	• NDR with Hong Kong and Shanghai Banking Corporation Limited
November	• Daiwa Investment Conference Hong Kong 2020 • 15th Citi China Investor Conference 2020

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

This is the fifth Environmental, Social and Governance Report (the "ESG" Report) of Guangzhou R&F Properties Co., Ltd. ("R&F Properties", "R&F" or the "Company"). The report discloses environmental and social performance of the Company and its subsidiaries (the "Group" or "We"), which helps to raise stakeholders' understanding of the Group's sustainable development strategy. The board of directors of the Company has reviewed this report to confirm the accuracy, truthfulness and completeness of the content.

REPORTING GUIDELINES

The report has been prepared in accordance with the core approach of the Global Reporting Initiative's ("GRI") Sustainability Reporting Standards, in compliance with the Environmental, Social and Governance Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and it is based on the actual situation of the Group. The Group has conducted materiality analysis and disclosed the methodology of data computation in this report to apply the reporting principles of materiality, quantitative and consistency.

SCOPE OF THE REPORT

The report discloses the Group's environmental and social performance for the period from 1 January 2020 to 31 December 2020. Unless otherwise stated, the social performance data in this report cover the entire Group. The boundary of environmental performance data has been adjusted comparing to 2019. In addition to projects under operation managed by in-house countrywide commercial management companies and hotels in operation, all office operations and projects under construction fully controlled by affiliated construction companies throughout the country were included. The projects under property management companies were excluded (the Group disposed the property management operations during the year). Thus, the environmental performance data cover 10 commercial projects, 89 hotel projects and 70 projects under construction controlled by the Group and all office operations.

FEEDBACK

During the preparation of this report, interests of different stakeholders are considered as far as possible, aiming to strike a balance. We strive to disclose the performance on issues of concern to various stakeholders, ensuring that this report is balanced, clear and easy to understand. We are committed to continuously improve the content and disclosure of the report. If you have any questions or suggestions about this report, please feel free to contact us:

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Email: gzrfir@rfchina.com

CHAIRMAN'S MESSAGE

Dear stakeholders,

Looking back at 2020, the world was facing a great deal of challenges and adversities. The outbreak of COVID-19 brought challenges to the medical system of the entire society and significant impact to the worldwide economy. In this tough situation, operations of the Group too were affected to varying extents, but we strived to ensure smooth operations by adopting rapid preventive measures against the pandemic, and timely adjusting operation strategies. In this Environmental, Social and Governance Report, we would like to present to our stakeholders the performance and progress in areas of sustainable development over the past year, hoping all stakeholders can understand our continuous efforts in sustainable development.

"SET THE GREEN BENCHMARK"

We have made great efforts to develop green buildings in recent years by integrating eco-friendly concepts such as energy conservation and emissions reduction into the whole life cycle of the construction projects and gradually expanding the scope of the green building design. In addition to residential buildings, we integrate green building requirements into the design of public construction projects such as kindergartens, schools, and public bus stations, and strive to create green and environment-friendly living spaces for the society. We are well aware of the impact of our business on the environment. In addition to strengthening management of energy conservation and emissions reduction in daily operations, we actively participate in industry associations to safeguard biodiversity together with all sectors of the society. At the end of 2020, the Group has incorporated green building design requirements into 161 projects with a total construction area of nearly 20 million sq.m., of which 138 projects have received green building evaluation labels. During the year, a number of projects including Guangzhou Bicun Village Reconstruction Project and Yantai R&F Bay, have obtained one-star green building certification.

"BUILD A CLEAN ENVIRONMENT"

The Group believes that fostering a clean working environment is one of the key factors to ensure the sustainable development of the Company. We especially focus on the integrity of key personnel responsible for sales, tendering and auditing, and promote integrity among our employees through a variety of anti-corruption education activities, including regularly circulation of publications related to integrity, and provision of integrity trainings. During the year, we conducted 33 integrity trainings for more than 7,000 participants, covering subsidiaries in various regions and employees in key positions.

"SUPPORT URBAN RENEWAL"

As a real estate company, it is our responsibility to contribute to urban renewal. Since its establishment, the Group has been deeply engaged in the field of urban renewal for more than 20 years. We closely follow development needs of the times; promote regional renewal and reconstruction; actively carry out urban renewal projects; and accordingly create a more engaged, comprehensive, and sustainable living environment for the community. So far, we have contracted urban renewal projects with a total planned construction area of over 80 million sq.m.. With its good achievements and comprehensive strength in urban renewal, the Group has obtained various awards such as the "2020 China Urban Renewal Model Enterprise Award".

"FIGHT AGAINST COVID-19"

COVID-19 did affect the Group's daily operations at the early stages of the outbreak. However, under the guidance of governmental departments, we have attached great importance to the prevention and control awareness, ensuring the orderly implementation of various internal preventive measures. We achieved no significant outbreak or infection at the workplace through strengthening disinfection and sterilisation in our business operations and implementing flexible working arrangements such as off-peak commuting and working online. Also, we supported the affected retailers and enterprises and made money and material donations to severely affected areas such as Wuhan and relevant charitable organisations to mitigate hardship. The Group has donated money and materials to the hardest-hit areas such as Wuhan as well as the scientific research institutions in total of RMB25 million helping locals tide over difficulties and contributing to the research related to COVID-19 virus. To date, the Group has donated more than RMB600 million in various public welfare undertakings.

In the face of the uncertain market prospects and challenging environment, we appreciate the continuous support from all stakeholders and are confident of overcoming the obstacles. We will continuously focus on the robust development of our business and the progress in the sustainability field to respond to the expectations and support of our stakeholders.

Li Sze Lim
Chairman
Guangzhou R&F Properties Co., Ltd.

25 March 2021

MAJOR ACHIEVEMENTS AND RECOGNITIONS IN 2020

During the year, we received accolades in recognition of the Group's economic, environmental and social performance from external stakeholders, some of which as follows.

Category	Award/Achievement	Issued by
Economic Contribution	• Included in "Hang Seng Composite LargeCap & MidCap 50 Index", "Hang Seng Large-Mid Cap Value Tilt Index", "Hang Seng China High Dividend Yield Index constituent stock Top 10"	/
	• 69th in China Top 500 Private Enterprises in 2020 • 25th in China Top 100 Private Service Enterprises in 2020	All-China Federation of Industry and Commerce
	• 2020 China Top 10 Real Estate Listed Development Enterprises • 2020 China Top 10 Listed H Shares Real Estate Enterprises	China Real Estate Association, China Property Management Institute, Shanghai E-house Real Estate R&D Institute, China Real Estate Appraisal
	• 2020 China Top 10 Real Estate Development Enterprises • 2020 China Top 10 Real Estate Developers of Comprehensive Strength • 2020 Top 10 China Real Estate Developers in Comprehensive Development • 2020 Top 10 China Real Estate Developers in Commercial Real Estate Comprehensive Strength • 2020 Top 10 China Real Estate Developers in Urban Renewal	China Real Estate Association, Shanghai E-house Real Estate R&D Institute, China Real Estate Appraisal
	• 10th in China Real Estate Brand Value Ranking 2020 (Brand Value: RMB80.1 billion)	China Real Estate News, China Real Estate Website, China Real Estate News, China Real Estate Think Tank
	• China Real Estate BRICS Award – 2020 Outstanding Achievement Enterprise	21st Century Business Herald, Boao 21st Century Real Estate Forum
	• 2020 Top 10 Mainland China Listed Real Estate Enterprises in Hong Kong in Comprehensive Strength • 2020 Top 10 Mainland China Listed Real Estate Enterprises in Hong Kong in Wealth Creation Capability • 2020 China Listed Real Estate Excellent Enterprise in Commercial Development and Operation	China Real Estate Top 10 Research Team, China Index Holding (CIH), China Index Academy
Employee Care	• Guangdong Innovation Extraordinary Employer	Liepin
	• 2020 HR Management Model Team • 2020 China 100 Model Employer • University Students' Favourite Employer in China	51job
	• China Best Employer in 2020-Best Employer in Guangzhou	Zhaopin

Category	Award/Achievement	Issued by
Product Responsibility	• "2020 China Real Estate Fashion Award" 2020 Top 30 influential real estate enterprise in China	Guandian Index Academy
	• Forbes 5-Star Awards (The Ritz-Carlton, Guangzhou; The Ritz-Carlton, Chengdu)	Forbes Travel Guide
	• 2020 China Benchmarking Operators of High-end Hotel	China Real Estate News, China Real Estate Website, China Real Estate News, China Real Estate Think Tank
	• China Construction Engineering Decoration Award (DoubleTree by Hilton Huidong Resort)	China Building Decoration Association
	• China Steel Structure Gold Award Excellent Welding Engineering First Prize (R&F Harbin Jiangwan New Town Public Project)	China Construction Metal Structure Association
	• Second Session of Liaoning Province BIM (Building Information Model) Technology Application Competition Excellent Award of Comprehensive Group (Shenyang R&F • International Financial Centre)	Liaoning BIM Whole Industry Development Association
Community Engagement	• 2020 "China Corporate Social Responsibility" Selection-Annual Social Responsibility Contribution Award • Outstanding Competitiveness City Developing Influence Selection-2020 Special Contribution Enterprise for Anti-pandemic	China Business Journal
	• Most Socially Responsible Listed Company	Sina Finance

SUSTAINABILITY MANAGEMENT

The Board is the highest decision-making authority in the Group's ESG-related work. It is responsible for monitoring the ESG strategies, ensuring the set up of an effective ESG risk management and internal control system, as well as assessing and approving the annual ESG report.

Under the supervision of the Board, diverse departments including Management Centre, Supervision Centre, Engineering Supervision and Management Centre, Audit Centre, Cost Monitoring Centre, Human Resources Management Centre, Investor Relations Department, Asset Management Centre, and commercial operation and management segment, hotels, and construction and other segments work together to coordinate the Group's sustainable development governance.

The Group follows unified planning and all departments and subsidiaries are responsible to closely communicate with their respective stakeholders to understand their perspectives on the Group's sustainable development governance. Besides, relevant departments and subsidiaries collect annual ESG information and data in accordance with the Group's planning. Also, the Group regularly reviews the related performance.

SUSTAINABILITY RISK IDENTIFICATION

The audit committee of the Group reviews and reports risk management and internal monitoring work of the Group to the Board on a semi-annual basis. The Board then reviews the effectiveness of the internal risk management and internal control systems. Details of the review are set out in the Corporate Governance Report.

The Group conducts risk assessments on a semi-annual basis, including identification of potential ESG risks. The results of the assessment this year indicate that ESG-related risks did not pose significant risks to the Group. The Group will continue to monitor the risks in this regard and improve ESG governance.

SUPPORTING THE UNITED NATIONS' SUSTAINABLE DEVELOPMENT GOALS

In order to better integrate the Group's businesses with Sustainable Development Goals ("SDGs") as defined by the United Nations, we analysed the SDGs business value chain during the year to identify the Group's potential risks and opportunities related to any environmental conditions. Based on our analysis, we believe that a total of 8 sustainability targets are most relevant to the Group. Given below is a brief description of our actions related to the 8 targets. For details, please refer to the respective sections.

Section		Sustainable Development Goals	Actions in 2020
Operate with Integrity and Honesty	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	16.5 – Substantially reduce corruption and bribery in all their forms	• Improve the anti-corruption governance structure and reporting system, so as to build a clean and honest work environment. • Continue to strengthen anti-corruption education. Organised 33 integrity training courses with a total attendance of 7,231 person-times during the year. Published anti-corruption publication including "R&F Integrity" to alert employees.

Section	Sustainable Development Goals	Actions in 2020
Ensure Health and Safety	3.d – Strengthen the capacity for early warning, risk reduction and management of health risks 8.8 – Protect labour rights and promote safe and secured working environments for all workers	• Cover all business segments of occupational health and safety management, with special emphasis on the management structure and measures of the construction operations. We set safety targets of construction business segment and synchronise the management policies and measures with subcontractors. • Each business segment carries out safety education in an orderly manner. For example, the construction business segment regularly carries out safety publicity activities, and a number of hotels also actively carry out fire safety, hygiene and safety training.
Reduce Emissions for the Blue Sky	9.1 – Develop quality, reliable, sustainable and resilient infrastructure 12.2 – Achieve sustainable management and efficient use of natural resources 12.5 – Substantially reduce waste generation 13.1 – Strengthen resilience and adaptive capacity to climate – related hazards and natural disasters 13.3 – Improve awareness of climate change mitigation and adaptation	• Continue to develop green building in response to the national appeal. To date, 138 projects of the Group have been awarded Green Building Label. • Explore environmental protection management throughout the life cycle of construction projects, focus on the environmental management of construction site, actively improve the impact of business operations to the environment. • Manage the climate risk from four aspects – "Governance, Strategy, Risk Management, Metrics and Targets" according to the results of climate risk assessment.
Create Value for Customers	11.1 – Ensure access for all to adequate, safe and affordable housing and basic services 12.a – Move towards more sustainable patterns of consumption and production	• Pay attention to the engineering quality management. Carry out various quality inspections methods to ensure the quality and safety of projects. • Emphasise sustainable supply chain management, maintain good communication and cooperation with suppliers, and gradually integrate the green procurement concept into supply chain management.
Build Careers for Employees	8.5 – Achieve full and productive employment and decent work for all women and men 8.7 – Prohibition of Child Labour	• Build a fair and impartial environment, so as to promote a sense of accomplishment and satisfaction of employees. • The employment of any child labour is strictly prohibited in the operation of the business.
Contribute to a Harmonious Society	1.A – Eradicate extreme poverty for all people everywhere 3.3 – Fight against the communicable diseases 11.3 – Enhance the capacity for participatory, integrated and sustainable human settlement planning and management	• Actively take the corporate social responsibility by participating in a number of poverty alleviation works, covering education, agriculture and other fields. • Take actions to fight against with COVID–19 during the year. Donate to the areas with serious pandemic and scientific research institutions, so as to fight against poverty and pandemic with all walks of life. To date, the Group has donated more than RMB600 million in various public welfare undertakings. • Positively boost urban renewal work, covering the Guangdong-Hong Kong-Macao Greater Bay Area, northwest and north of China, contributing to developing sustainable human living environment.

STAKEHOLDER ENGAGEMENT

The Group understands the importance of listening to voices of both internal and external stakeholders for promoting sustainable development. We communicate with stakeholders on a regular and ad hoc basis to understand their concerns and expectations, taking their suggestions as important considerations for the Group's sustainable development strategies.

MATERIALITY ASSESSMENT

The ESG issues involved in the Group's operations are extensive. To better understand the concerns of stakeholders, we conducted materiality assessments during the year with reference to the ESG Reporting Guide of the Stock Exchange and the GRI Standards and identified material issues that are highly concerned by stakeholders and closely related to the Group's operations.

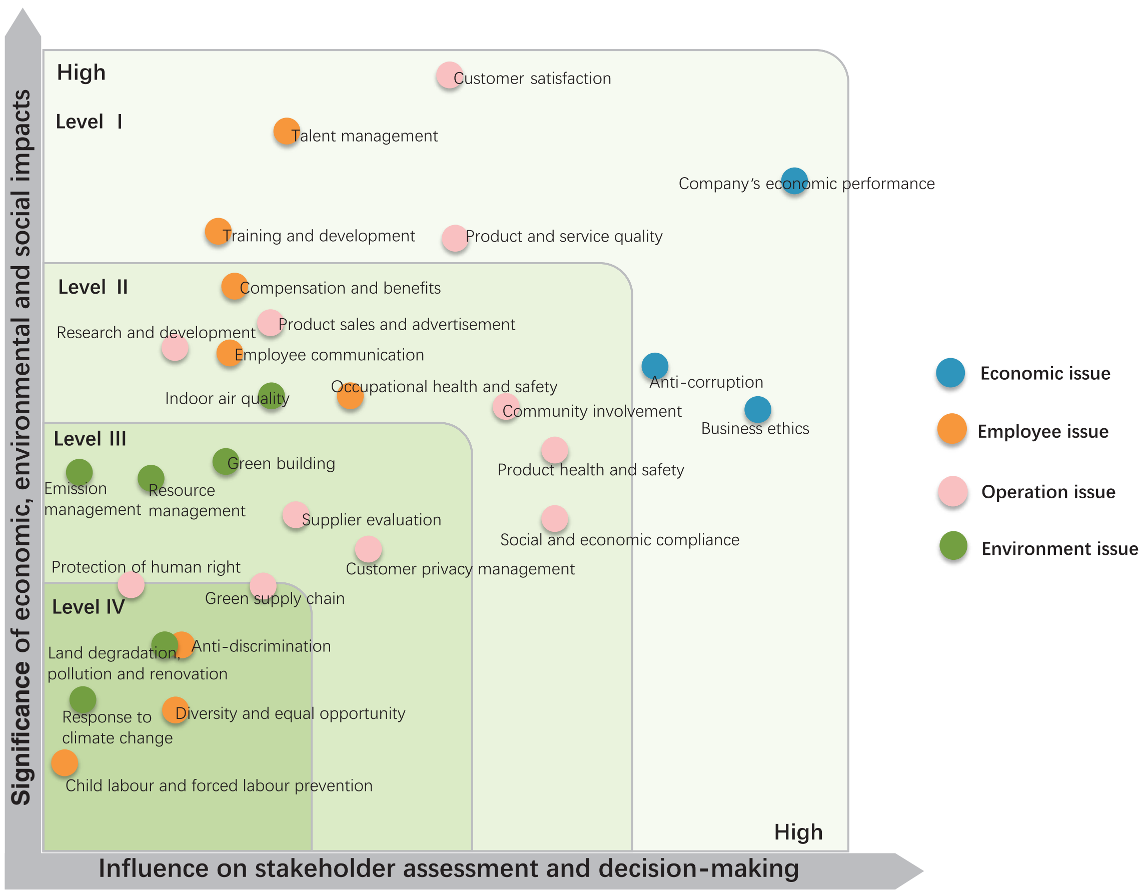
We invited stakeholders including employees, clients, and suppliers to assess the materiality of the identified issues to understand their views on the issues. Meanwhile, the management assessed significance and impacts of the potential material issues based on professional knowledge of the Group and the industry.

Identification: Identify 28 potential material issues according to the GRI Sustainability Reporting Standards and other guidelines

Prioritisation: Prioritise material issues based on two criteria: "significance of economic, environmental, and social impacts" and "influence on stakeholder assessments and decisions"

Validation: The Group's management validates and confirms the material issues

Review: Review the materiality assessment process and identify areas for improvement



By analysing the scores of each potential material issue from two dimensions— "significance of economic, environmental, and social impacts" and "influence on stakeholder assessment and decision-making", we have established a materiality matrix, and the issues located in the first level of the matrix are identified as material issues, which have high scores in both dimensions, or an extremely high score in one dimension.

Material Issue	Impact and Scope						GRI Standard	Section
	Employee	Shareholder/ Investor	Customer	Supplier/ Contractor	Government/ Regulatory Authorities	Community		
Anti-corruption	✓	✓		✓	✓		GRI 205	Operate with Integrity and Honesty
Business ethics	✓	✓	✓	✓	✓		GRI 205	Operate with Integrity and Honesty
Product and service quality		✓	✓	✓	✓		GRI 102	Create Value for Customers
Customer satisfaction		✓	✓	✓			GRI 102	Create Value for Customers
Talent management	✓				✓		GRI 401	Build Careers for Employees
Training and development	✓				✓		GRI 404	Build Careers for Employees
Company's economic performance	✓	✓		✓		✓	GRI 201	2020 Annual Report

OPERATE WITH INTEGRITY AND HONESTY

The Group strives to uphold employees' integrity and honesty and updates its "R&F Code of Integrity" (the "Code") during this year, to further strengthen the Group's anti-corruption work. It clearly states the standards that employees need to adhere to, and specifies requirements for different functional positions, covering procedures on sales planning, cost control, auditing, tendering, procurement, construction management and design management.

RISK MONITORING

The Group has set up a Monitoring Centre and the Vice-President designated by the Chairman of the Board is assigned the responsibility to supervise and lead the independent operations of the Monitoring Centre. The Monitoring Centre in turn has set up regional Monitoring Centres and their respective teams. Directly led by the Group's Monitoring Centre, these sub-units are responsible to manage the monitoring discharge of specified duties by subsidiaries operating in their respective regions and these sub-units are independent of the subsidiaries. Duties of the Monitoring Centre include strengthening internal monitoring in accordance with relevant national laws and regulations, as well as to regulate the standards of conduct at all departments and subsidiaries. It also handles investigations, receives whistle-blowing reports and shares anti-corruption values. Furthermore, we strive to take the approach of putting together checking and rectification and pay extra attention to prevention of corruption and corruption risk management. We believe in combining punishment with education to achieve this.

The Group continously assesses "fraud risk" and incorporates such risk into the risk assessment work conducted semi-annually. Risk assessment in respect of anti-corruption mechanisms and fraud prevention is also regularly conducted. During the year, the Group's risk asssessment result indicated a low "fraud risk" and therefore fraud constitutes no critical risk to the Group.

REPORTING SYSTEM AND WHISTLEBLOWER PROTECTION

The Group encourages employees to report any suspicious cases of unethical conduct to the Monitoring Centre. We have set up various reporting channels including hotline, mailbox and email for receiving complaints on an anonymous or named basis. All cases are handled seriously and investigated thoroughly with a record kept. Moreover, our internal documents set out the policy for protecting whistleblowers. The Monitoring Centre ensures anonymity of complaints filed and the real name is kept confidential. This serves to safeguard the legal rights and the personal safety of whistleblowers.

Whistleblower Protection Policy:

- Personal details of whistleblowers are strictly kept confidential
- Strictly prohibit leaking case information to units or persons being reported
- Disclosing the identity of whistleblowers during investigation process is forbidden
- Personal safety and legal rights of whistleblowers are safeguarded
- Shall not obstruct, suppress or retaliate against the whistleblowers

PROMOTE ANTI-CORRUPTION EDUCATION

The policy of monitoring implies that "Prevention comes first and tackling is supplementary". We are committed to enhance employees' self-awareness about the need for maintaining integrity and following anti-corruption practices. Training is provided to every new comer, covering areas of code of conduct and the punishment for misconduct for acts such as fraud or bribery. A series of anti-corruption activities and seminars are organised regularly, such as employees visits to Museum of Integrity Education and court hearings to promote employees' awareness on honesty, integrity and self-discipline. During the year, the Group's Monitoring Center provided 33 training courses about integrity to employees for a total of 7,231 person-times, covering subsidiaries and departments including audit, tendering, procurement, etc.

In addition, the Group attaches great importance to providing information regarding anti-corruption activities on a regular basis, with the aim of reminding employees to always stay vigilant and eliminate any corruptive behaviours. The Monitoring Centre distributes an internal publication "R&F Integrity" quarterly and publishes details of monitoring cases half-yearly, summarising some important concluded cases of corruption and misbehaviour. This serves to remind employees through the people and things around them. Furthermore, the Centre has also set up a WeChat official account "R&F Qingfeng" to regularly post relevant news on anti-corruption to employees and other stakeholders, using it as a reporting channel.

- "R&F Integrity" is the important internal publication of the Group for integrity education, host by the Group Monitoring Centre, which is published once every quarter.
- This publication mainly reports typical cases and major anti-corruption event of the Group. By in-depth analysing cases, it educates employees to be vigilant and guards against all kinds of corruption, warning of the serious consequences of corruption and severe punishment.

Apart from continuously improving the Group's internal integrity building, as a member of "Guangzhou Property Monitoring Alliance", we actively engage with industry stakeholders, sharing judicial resources and investigating methods. This can help promote anti-corruption within the industry.

ENSURE HEALTH AND SAFETY

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

We have implemented a specific system for occupational health and safety ("OHS") management throughout the Group's business operations. From construction, commercial management and hotel business to daily office operations, occupational health and safety is one of the essential factors to ensure a smooth daily operation. Due to the relatively high occupational safety and health risks in the construction business, we attach great importance to construction safety, and daily supervision and management of the business segment through measures. For instance, setting up a production safety organisation structure, implementing a safety inspection system, and clarifying the accountability of production safety to ensure occupational health and safety of employees. Up to now, Guangzhou Tianli Construction Co., Ltd. ("Tianli Construction") has obtained Occupational Health and Safety Management System Certification OHSAS18001.

We have also branched out OHS management requirements to service contractors. To date, Guangzhou Tianli Property Development Co., Ltd., the Group's service contractor for property management, has attained the Occupational Health and Safety Management System Certification ISO45001: 2018.

CONSTRUCTION SAFETY

The Group follows the production safety policy defined as "Safety First, Prevention Foremost, and Comprehensive Management", and has facilitated Tianli Construction to establish a Production Safety Committee (the "Safety Committee"), which is the highest decision-making body for matters related to safety and acts as the functional department of safety management. The regional safety leadership group and the project-level production safety leadership group ensure that construction safety guidelines are effectively communicated to all construction projects. The production safety policy is reinforced through the implementation of the production safety responsibility system and the assignment of corresponding production safety responsibilities to various duties. We have also set safety targets for the construction business, requiring no work-related fatalities, annual work-related injuries frequency rate below 24‰, and annual work-related injuries fee to production value ratio not exceeding 1%.

	Departments/Institutions	Production Safety Responsibilities
	Chairman or General Manager	First person-in-charge of production safety bearing overall responsibility for safety production
Company Level	Production Safety Committee	The highest decision-making body for safety production of the Company that investigate on material issues in production safety
Regional Level	Safety Leadership Group	Led by the regional general manager, the Group formulates, supervise and examine the production safety management system
Project Level	Production Safety Leadership Group	Implement safety management measures, organise project-based safety inspection, etc.

Production Safety Management Framework of Tianli Construction

In addition, we have adopted the "Project Safety and Civilisation Assessment Form" to conduct quarterly assessments for projects under construction, and evaluate the performance in four aspects, namely, safety management, safety education, civilised construction, and data management. We require the responsible units to rectify any substandard project performance and arrange for a re-inspection.

Through signing the "Production Safety Management Agreement" with sub-contractors, Tianli Construction has conveyed the policies and responsibilities on construction safety, and hence strengthening the safety management at construction sites, protecting worker safety and property safety of the company, ensuring smooth progress of construction. The Group requires sub-contractors to provide three-level safety education and safety production skills to workers carrying out construction projects. The sub-contractors are also required to meet the safety target of no significant injuries and deadly accidents, and a monthly minor injuries rate not exceeding 2% during the construction process.

HOTEL SAFETY MANAGEMENT

The Group attaches great importance to the safety management of hotels. All hotels have established a sound and complete OHS management structure and a series of OHS management measures, striving for the provision of a safe and healthy working environment.

SAFETY TRAINING

Tianli Construction has a production safety training system in place, which integrates production safety education and training into daily operations. The system includes onboarding, daily, seasonal and annual safety education and training, including training for relevant types of safety certificates. In addition, Tianli Construction regularly carries out safety advocacy activities including but not limited to summarising post-production safety issues, identifying difficulties in management and potential risks, formulating countermeasures for safety issues, coordinating safety competition day, etc. Through various activities, employees' safety awareness has been significantly enhanced. To strengthen the safety skills of workers in a targeted manner, the Group requires each project department to establish an amateur school for migrant workers that equipped with books on safety education.

Case: OHS Management of Park Hyatt Guangzhou

- Park Hyatt Guangzhou ("Park Hyatt") has an OHS management team which is led by hotel general manager and establishes clear internal OHS policy. It standardises management from the safety in production responsibility system, safety production management system, production safety operating rules, contingency plan in total four aspects of the hotel internal OHS management.
- Park Hyatt signs "Production Safety Responsibility Statement" with each department manager. It promises the annual safety target of each department, including 0% fatality and serious injury rate, 100% correction of safety hazards rate and 100% employee safety training rate.
- Park Hyatt evaluates each department every year and rewards and punishes to the relevant person in charge according to the completion of safety management targets.

Our hotels also actively carry out safety training, covering fire safety, public security safety, health safety, etc., in order to improve occupational safety awareness and safety emergency response ability of employees. A number of hotels have safety training evaluation mechanism, and according to the evaluation results to develop the next training plan.

During the year, we provided safety training covering various topics to our employees, amounted for a total of 966,051 person-times* and 1,849,993 training hours*.

* The occupational health and safety training data in 2020 cover projects under construction and hotel projects.

Safety Education Activity Cases

During the year, R&F Decoration Engineering Co., Ltd. organised safety training activities under two main themes:

Daily Safety Disclosure and Training

The project departments hold various safety training activities regularly as required by the Company to prevent accidents due to low safety awareness or lack of knowledge.

Pandemic Prevention Training

Since the early stage of the COVID-19 outbreak, the Company required all project departments to organise pandemic prevention training for construction teams to enhance preventive awareness to avoid propagation of virus.

SAFEGUARDING EMPLOYEE HEALTH

The Group provides free annual medical check-ups for all employees and vaccinations against hepatitis B and epidemics according to actual needs. During the pandemic, we closely monitor the pandemic trend, analyse the impact on employees, and adopt effective preventive measures. To this end, we prioritise the health and well-being of employees and assure there are no major outbreaks or infections in the workplace.

Our hotels are people-oriented and attach importance to the health and safety of our employees. All hotels have well-established OHS management systems, such as Sheraton Wuxi Binhu Hotel ("Sheraton"). Sheraton provides occupational health check-up for internal employees engaged in occupational health hazard positions, including pre-service, on-duty and off-duty check-up; entrust a third-party testing agency to test the occupational health risk factors every year; distribute labor protection articles to employees; carry out occupational health training regularly and establish employee occupational health records. Sheraton protects the health and safety of its employees through a series of measures to protect their health rights.

Case: Fight against COVID-19 to Ensure Safety of Employees

At the beginning of the outbreak of the pandemic, the Group immediately established an Emergency Support Team for pandemic prevention and control, and deployed pandemic prevention and control work in strict accordance with the requirements of the government.

- **Secure Pandemic Prevention Supplies:** In face of such problems as shortage of materials, transportation difficulties, we tried our best to search for purchasing channels, and finally successfully purchased masks, infrared forehead thermometer, disinfectant and other materials to ensure that employees can return to work in a safe environment. We also provided alcohol sprays, hand sanitizers and vitamin C effervescent tablets to all employees.
- **Disinfection Sterilisation Work:** We strengthened the disinfectant intensity of shuttle bus, office environment and canteen, installed automatic sensing hand washing liquid machine in the elevator of office building, and added waste gas mask recycling bucket in the workplace.
- **Flexible Working Office:** We implemented the staggered shifts, launched mobile attendance function to avoid employees gathered.

REDUCE EMISSIONS FOR THE BLUE SKY

ENVIRONMENTAL MANAGEMENT STRATEGY

By having a comprehensive environmental management system in place, the Group ensures environmental compliance and minimises the impacts of its business operations. In addition to paying attention to direct impacts of the Group's business on the environment, we continue to develop green buildings, identify the risks and opportunities brought by climate change to our business and formulate counter-measures to ensure sustainable development. We have extended our environmental management requirements to service contractors including property management companies. Tianli Construction and Guangzhou Tianli Property Development Co., Ltd., the Group's service contractor, have obtained ISO14001 environmental management system certification.

ENVIRONMENTAL MANAGEMENT SYSTEM FOR CONSTRUCTION BUSINESS

We understand that the construction business has a relatively higher impact on the environment. Thus, we attach great importance to environmental management of this business. The Group's construction business has formulated pollution prevention, energy-saving, and emission reduction measures in accordance with ISO14001 environmental management standards and relevant laws and regulations, striving to minimise the impacts on the environment.

We have established a safe and civilised construction management system, which includes environmental management in the construction process. The system is led by general manager, while the production team is responsible for the implementation of environmental protection measures on site. In order to strengthen management, the Group has established a Production Safety Supervision System and regularly conducts inspections on projects, at the same time has set targets for pollutants discharge. By implementing an environmental protection target responsibility system, targets are allocated to relevant departments and personnel through a responsibility statement, which is included in the project contract and post-duty system.

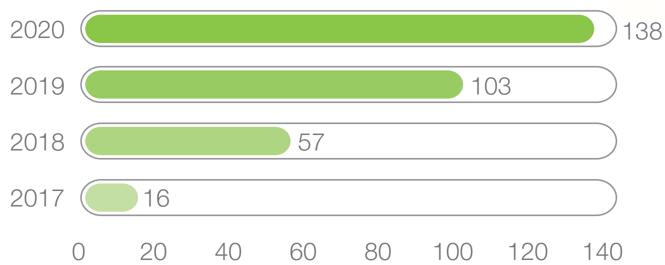
GREEN BUILDING

The Group proactively promotes the development of green buildings, green design, green construction and green operations for the entire life cycle of buildings on the basis of the "people-oriented" philosophy.

The Group actively responds to national calls, continuing to explore the application of the "Green Building Evaluation Standard". During the project design stage, the project is jointly assessed by various departments so as to optimise the project from different professional perspectives. Sustainable low-carbon and energy-saving designs are taken into consideration to minimise the impacts on the environment in the subsequent stages. We maintain strict control over the environmental management of construction projects throughout the building life cycle from design to operation, and integrate green, energy-saving, and environmental protection elements into all stages, hence creating green and environment-friendly projects that are in harmony with nature. We also actively explore the application of building information models (BIM) technology and other new project management technology. During the year, the Group's "Shenyang R&F • International Financial Center" project won the second of Liaoning Province Excellence Award in BIM Technology Application Competition.

During the year, the number of green building projects certified by the Group was 35, covering an area of more than 2.38 million sq.m.. By the end of 2020, 161 projects of the Group have adopted green building design requirements, with a total floor area of about 19.5 million sq.m.. Among them, 138 projects have received green building certificates including Chinese Green Building Evaluation Label and LEED certificates. We will continue to lead the development of green buildings by designing, building and managing high quality projects in the future.

Number of Green Building Certifications*



* Cumulative number of certificates obtained for the Group's green buildings as at a particular year

Datong R&F City – Two-Star Green Building Design Label

Various measures for energy saving, water conservation and material saving were adopted during the project design and construction process to enhance the sustainability of the building.

- Recyclable Materials: 100% use of ready-mixed concrete and mortar; use HRB400 bars; recyclable construction materials account for more than 10% of materials used
- Rainwater Reusing System: Filter the collected rainwater for garden irrigation and pool water supplement
- Energy Conservation: Use of energy-saving and water-saving appliances

Beijing Sina Headquarters – LEED Platinum Certification

With a total floor area of 133,022 sq.m., the project adopts various energy-saving and environmental protection measures to enhance the sustainability of the building.

- Cast-in-place concrete using ready-mixed concrete and commercial ready-mixed mortar
- Recyclable Materials: Recyclable construction materials account for more than 10% of materials used
- Renewable Energy: Adopt solar centralised hot water supply system
- Water Recycling: Rainwater reuse system and water reclamation system
- Energy Conservation: Use of energy-saving and water-saving appliances such as LED lights

ECOLOGICAL CONSERVATION

Recognising the importance of biodiversity to human society, the Group proactively takes actions to conserve biodiversity and the ecosystem, hence promoting the ecological civilisation development. At the early stage of a construction project, we conduct environmental impact assessments in accordance with relevant laws and regulations. Considering the impact on nearby communities, we select project sites strictly in accordance with the functional planning requirements of the location. During the construction phase, we actively adopt ecological restoration measures to minimise the changes or damages to the original ecological environment, including restoration of polluted water bodies and slope greening. In designing the project landscape, we carefully select species adapted to local climatic and soil conditions and avoid using exotic plants to prevent disturbance on local ecological balance.

Huizhou Huilin Slope Greening Project

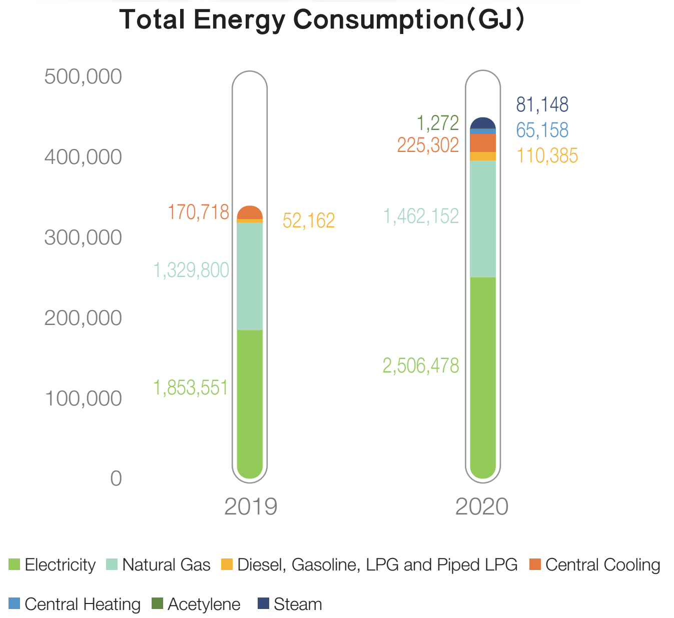
The Huilin Hot Spring Project undertaken by the Group adopts slope greening project and uses special spraying machines to spray the mixed dry materials such as soil, waste materials, organic substances, water-preserving materials, and plant seeds on the surface to create an environment suitable for plant growth, so as to restore the ecosystem, enhancing landscapes and protecting the environment.

Hainan R&F Ocean Paradise is a large-scale marine theme park financed by the Group. In 2018, the park established an Ocean Conservation and Rescue Centre to protect marine animals, organise education activities to promote public awareness of laws and regulations and scientific knowledge related to biodiversity protection.

During the year, Haikou R&F Club Tourism Development Co., Ltd., a subsidiary of the Group, joined the CMWCA（澄邁濕地保護協會）, the first wetland protection organisation in Chengmai County, Hainan, and actively participated in wetland protection and wetland restoration promotion, aiming to improve wetland biodiversity. We were also actively involved in other environmental protection organisations, working with the community to promote the development of ecological and environmental conservation.

ENERGY CONSUMPTION

During the year, the Group consumed a total of 4,451,895 GJ of energy, including electricity, gasoline, diesel, LPG, natural gas, and central cooling, etc. Electricity is the major source of energy consumption, accounting for 57% of the total energy consumption.



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To reduce energy consumption, the Group adopts energy-saving measures and actively explores energy-saving technologies to enhance energy efficiency. Premised on customer comfort, our hotels have established energy-saving systems and unified management processes to reduce energy consumption and operating costs. The engineering department conducts daily data analysis on energy usage in each region and makes timely rectification if any abnormalities are detected. We also conduct energy-saving training for all departments in the hotel and implement a series of energy-saving measures in each hotel:

Energy Saving Measures in Hotels		
Implement control standards for lighting and air-conditioning according to the operational needs of each area and guest room, and arrange dedicated personnel for inspections	Replace outdated equipment to improve energy efficiency, e.g. upgrading low-voltage capacitors cabinets	Use of intelligent control system to achieve automatic operation of air conditioners
Step up inspection on liquid and gas leakage	Install lighting time-control switches in various areas	Maximise the use of natural lighting to reduce electricity consumption for lighting
Implement centralised laundry service to reduce fuel gas consumption	Implement heat recycling, to recycle steam in the laundry room and reuse it in the water tank of the boiler room	Turn off idle electrical appliances (including computers, lighting, air conditioners, etc.)

Sheraton Zhenjiang Hotel reduces energy consumption and improves energy efficiency through energy retrofit:

- Revamping the water supply system of the air-conditioning cooling tower in the hotel, which is expected to save 34,650 kWh of electricity annually
- Renovating the solar water heaters to save approximately 100 m^3 of natural gas per day

Pullman Taiyuan has adopted a series of energy-saving measures to save energy and energy costs:

- Start up and shut down boiler room on time, which can save RMB21,600 of water, electricity and gas bill every month
- Adjust use of water facilities, such as cooling tower and fountains, which is expected to save RMB5,000 every month
- Implemented energy-saving measures such as reducing the frequency of high-power lighting usage, installing time-control lighting switch and LED projection lamp, which are expected to save RMB15,000 monthly

CLIMATE CHANGE

Greenhouse gas emissions contribute to global warming, which poses significant risks to the global economic and social development. Since 2018, the Group has started disclosing climate change related information, including the identification and assessment of the risks caused by climate change and the corresponding measures. During the year, we continued to explore the impact of climate change on the Group. We voluntarily announce the climate-related financial information in four areas, namely “Governance”, “Strategy”, “Risk Management” and “Metrics and Targets” with reference to Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

Areas	Actions Taken
Governance Governance measures to address climate-related risks and opportunities	• The Group incorporates climate-related risks into its risk management framework and conducts climate-related risk assessments twice a year. Relevant departments review the assessment results and adjust risk management measures with follow-up analysis. • The Group annually conducts materiality assessment and identifies material topics based on internal and external opinions, among which green building issue is highly relevant to climate change.
Strategy The Group’s actual and potential impacts of climate-related risks and opportunities on its businesses, strategies, and financial plans	• We are fully aware of the physical risks such as hurricanes and floods associated with climate change, and the possible damage or negative impacts on employees, supply chains, and the Group’s assets. We also acknowledge the transition risks such as technology, law, and market risks, as well as the potential financial impacts during the transition into a low-carbon economy. • Climate change also brings us opportunities. The Group actively develops green, low-carbon, and climate-resilient buildings, continuing to develop green technologies and increasing the application of sustainable materials and renewable energy, gradually improving the sustainability of its construction projects. For more information, please refer to the “Green Building” section. • The Group has started to disclose the information related to climate change since 2018 and has taken corresponding measures to transform into a low-carbon economy. • The Group has also put forward requirements for service contractors property management companies to implement measures against extreme weather events such as hurricanes and floods.

Areas	Actions Taken
Risk Management The process of identifying, assessing, and managing climate-related risks and opportunities	• During the year, we assessed the physical risks and transition risks faced by the Group based on TCFD recommendations, which are described in the section below. • The Group has established a well-functioning Emergency Management System, regularly holds emergency drills and conducts special training for relevant employees.
Metrics and Targets Metrics and targets of the Group that identify and manage climate-related risks and opportunities	• We have collected and analysed data on carbon emissions, energy consumption, water consumption, and waste production for 2020. We will further improve the data collection system and set up targets on energy conservation and emissions reduction. For details, please refer to the sections headed "Energy Consumption", "Water Consumption" and "Emissions Management".

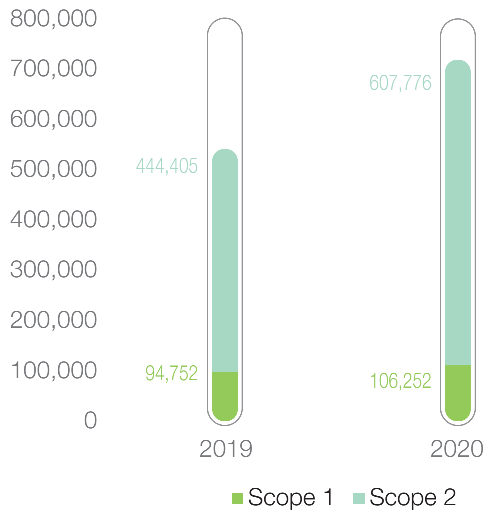
Greenhouse Gas Emissions

During the year, the Group's total GHG emissions were 714,028 tCO_2e.

The major greenhouse gas emissions is indirect emissions from the use of purchased electricity and heat (Scope 2) and the emissions were 607,776 tCO_2e, accounting for approximately 85% of the total emissions. Direct emissions from the use of fuel and refrigerants (Scope 1) were 106,252 tCO_2e.

We have adopted energy-saving measures such as improving energy efficiency of our equipment to reduce carbon emissions. For details, please refer to the section headed "Energy Consumption".

Total GHG Emissions (tCO_2e)



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RISK ANALYSIS ON CLIMATE CHANGE

We assess climate change-related risks based on TCFD recommendations. By referring to the climate change scenarios of the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA), and combining with the Group's business scope, we have identified and analysed the potential impact and the extent of impact of the following climate-related risks.

	Risk Type	Impact Scope	Risk Description	Impact Analysis
Physical Risks	Frequent Extreme Weather	Business Operation	• Extreme weather damages projects under construction and completed construction projects • Extreme weather affects the operation of some businesses such as hotels	• Decrease in revenue: affect business operations • Increase in expenditure: repair damaged properties
		Supply Chain	• Impacts the speed of construction work • Influences the normal supply of materials, and materials prices may surge	• Increase in operating costs: delay in construction completion time and increase in construction costs
		Investor	• Extreme weather damages properties under construction or built, which causes great losses to the Company and affects the share price of the Company	• Decrease in stock price of the Company and increase in financing cost
	Rising Sea Levels	Business Operation	• Coastal properties are vulnerable to flooding; reserved land may be eroded	• Increase in expenditure: repair damaged properties • Decrease in asset value: decrease in the value of reserved land
Transition Risks	Technology Risk	Business Operation	• Increased competition in green buildings, and our existing properties may be replaced	• Decrease in sales volume of existing properties
		Supply Chain	• Supply chain can no longer support the future construction needs for more severe weather conditions	• Increase in operating expenses: increase the procurement costs for identifying new suppliers
	Market Risk	Business Operation	• Shifts in buyers' preferences, such as preference for green buildings, decrease in popularity of sea-view houses, etc. • Changes in the occupancy rates of existing hotels due to shift in popularity of some tourism locations	• Drop in demand for sea-view housing or other specific properties and corresponding decline in property price • Decline in revenue from specific businesses such as hotel
		Investor	• Changes in investors' investment preferences, they may prefer concentrated green building real estate developers	• Increase in financing costs for traditional construction projects
	Reputation Risk	Business Operation	• Corporate reputation may decline due to failure to meet the compliance requirements for climate change	• Increase in financing costs
	Political and Legal Risk	Business Operation	• More stringent disclosure requirements for greenhouse gas emissions data • Government may require commercial land tenders and construction projects to deal with relevant climate change issues • Stricter environmental regulations may expose enterprises to higher risk of claims or lawsuits	• Increase in administrative expenses: enterprises are required to increase investment in information disclosure; increase costs of land tenders, site selection and project construction • Increase in compensation expenses: claims or litigation arising from non-compliance

EMISSIONS MANAGEMENT

The Group's air pollutant emission is mainly from vehicles combustion, including sulphur oxides (SOx), nitrogen oxides (NOx) and particulate matters (PM). During the year, emissions of the above air pollutants were 0.032 tonnes, 7.601 tonnes and 0.732 tonnes respectively. The Group's operations of construction, hotel, and commercial management projects generated wastes including construction waste, food waste, green waste and domestic waste. During the year, the Group generated a total of 42.23 tonnes of hazardous waste and 2,526,023.8 tonnes of construction waste (mainly inert and non-inert waste generated from construction projects)*, 2,059,196.4 tonnes of general waste (including food waste, green waste and domestic waste). Considering the significant environmental pollution caused by construction, such as dust generation which impacts air quality, the Group has formulated the "Pollutant Control Procedures" to implement environmental management at construction sites, step up inspection and monitor the environmental indicators, ensuring timely detection of pollution and implementation of mitigation measures.

Air Pollution

- Conctete-hardened pavement at construction sites
- Regularly spray water to reduce dust during construction
- Cover the dusty construction materials, or store the materials in the warehouse
- Set up vehicle washing platforms at the exit of the site

Wastewater Treatment

- Implement rain and sewage diversion system, ensuring the separation of pipe network
- Implement sedimentation tanks on construction sites to ensure sewage are sedimented before discharging to municipal waste pipelines

Solid Waste Management

- Set up temporary waste storage area on site to separate the construction and domestic wastes
- Recycle and reuse reusable wastes

Noise Pollution

- Adopt low-noise concrete vibrating rod
- Noise shielding equipment with sound insulation shed
- Ensure construction work take place at reasonable time in strict accordance with relevant regulations on construction noise

Oil & Chemical Management

- Set up dedicated chemical warehouses to prevent leakage
- Strictly prohibit toxic and hazardous waste to be backfilled, ensuring they are handled by professional units
- Set up dedicated storage rooms for flammable and explosive products

* In addition, the Group generated 128,404.4 m^3 of construction waste from construction projects during the year. We will attempt to standardise the unit of measurement of construction waste in the future to facilitate data comparison by our readers.

The construction business has also implemented a centralised processing system for 3 construction materials, aiming to standardise the procedures for steel bars, tiles and aerated bricks processing, which significantly reduces the scrap rate. The construction project established a centralised material processing facility according to its scale, site and other actual conditions, and carries out material processing and raw material management according to the requirements stated in the management system. We also adopt BIM technology to manage the life cycle of the building environment in a scientific and digital manner, so as to avoid raw materials wastage during processing. For residue materials, we have established a "Management System for Waste Recycling and Reuse" to re-process usable construction materials and wastes to improve the material utilisation rate.

To reduce paper consumption, we implement paperless office in the enterprise management centre, encouraging employees to reduce printing and adopt double-sided printing.

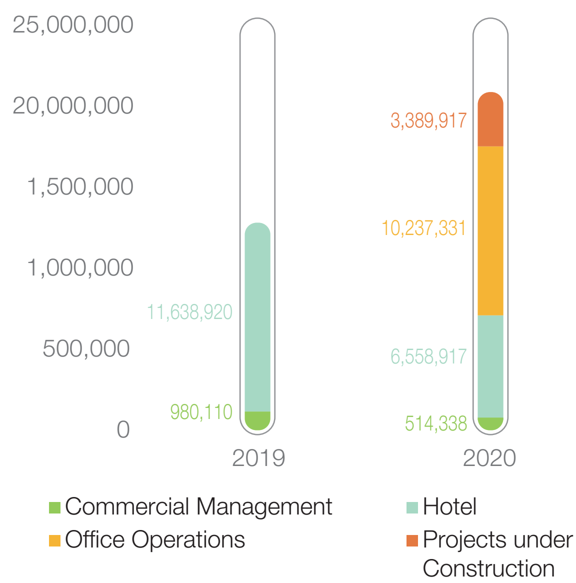
WATER CONSUMPTION

During the year, the total water consumption of the Group was 20,700,503 m^3. There was no issue of sourcing water that is fit for the purposes.

All business units of the Group are committed to reducing water consumption and protecting water resources in their operations. We strictly monitor the leak prevention measures in our hotels meticulously and replace the automatic faucets in toilets. In response to issues such as water leakage, Sheraton Zhenjiang Hotel renovated its landscaping water supply, guest rooms' toilets, and fire water tanks to reduce water consumption and wastage. Water conservation trainings for chef have been held exclusively to reduce water consumption from defrosting food in the kitchen, another area with notably high water consumption in the hotel.

To improve the water utilisation efficiency, the Group implemented wastewater recycling measures on construction sites, such as recycling the water from the automatic carwash machines for reuse, which significantly reduces the water consumption.

Total Water Consumption (m^3)



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CREATE VALUE FOR CUSTOMERS

SMART REAL ESTATE

During the year, the Group entered into a strategic cooperation framework agreement with China Tower Corporation Limited (hereinafter referred to as "China Tower"). We established a strategic cooperation mechanism to build an intelligent real estate ecosystem aligned with 5G technology, empowering the development of the real estate industry with technology. Pursuant to the agreement, the Group and China Tower will jointly promote the planning, design, implementation, and acceptance of the newly built real estate projects and communication infrastructure, and gradually improve the communication coverage of existing real estate projects based on actual situations, so as to promote the construction of smart real estate by the Group.

In April 2020, the Group and China Tower officially launched the first 5G commercial project (Harbin R&F Jiangwan New Town). The two parties will jointly establish four 5G smart scenarios, namely, commercial, community, hotel, and office, to complete the exploration of 5G and provide a safe, comfortable, and convenient smart living environment for local communities and residents from multiple dimensions.

PROJECT QUALITY MANAGEMENT

We continuously improve internal management of project quality and strive to provide customers with a comfortable commercial and residential environment. By formulating internal policies such as "R&F Project Quality Appraisal Approach", "R&F One-to-one Household Inspection Implementation Approach", and "R&F Residential Project Maintenance Management Measures", the Group ensures that the project quality at all stages is in accordance with the requirements. Tianli Construction, a subsidiary of the Group, and our service contractor, Guangzhou Tianli Property Development Co., Ltd. have obtained ISO9001 quality management system certification. During the year, the Group won a number of engineering projects quality awards issued by the government, including 2 national quality awards, 15 provincial quality awards and 19 municipal quality awards.

- **Quality Assessment of Projects Under Construction**

  For projects under construction, the Group undertakes quality assessments to ensure project quality. The Engineering Supervision and Management Centre and other professional technicians form an inspection team to inspect and evaluate the structural engineering, decoration, and waterproofing etc. The Engineering Supervision and Management Centre is also responsible for reporting the inspection results to the Group's management, and the Group decides on handing out rewards or punishments based on relevant internal regulations.

- **"One-to-one Household Inspection Implementation Approach"**

  For residential projects, we have established a "One-to-one Household Inspection Implementation Approach". Two months prior to delivery, the "One-to-one Household Inspection Implementation Approach" working group inspects the perceived and functional quality of the project. For non-conforming projects, the construction team is required to conduct rectification within a prescribed period and offer it to the working group for re-inspection and re-evaluation. The Engineering Supervision and Management Centre also checks the household inspection work for regional companies to ensure that the delivery procedures begin only after meeting the standards.

- **Quality Return Visit and Comprehensive Acceptance Assessment**

  Within 3 months after the project is delivered, the quality monitoring team organises return visits and conducts comprehensive acceptance assessments focusing on the quality evaluation of interior decorations, facility installations, and public areas. In addition, we actively seek opinions from property owners and property management companies to collect information on project quality to solve any issues in a targeted manner. If any issues are found, the construction units and the property management companies are required to make rectifications within a prescribed period. If problems are found in the design or material selection, the quality monitoring team provides timely feedback to the Design Department or Supply Department of the Group.

- **Maintenance Management**

  We provide our customers with warranties. During the warranty period, if there is a problem with the project, the real estate project engineers are responsible for formulating the best maintenance plan and follow-up actions; after the warranty expires, the Property Service Group takes over the maintenance duty and conducts centralised management.

CUSTOMER SATISFACTION

To further improve the Group's service quality, we listen to customers' needs and opinions through various channels, including satisfaction survey and complaint channels, and make improvements in a timely manner.

For residential customers, the Construction Inspection Monitoring Centre takes the lead to conduct customer satisfaction surveys on projects under the Group's management and ensures that satisfaction surveys are conducted at least once a year for projects that have been delivered to property owners for more than 3 months or with delivery rate of 80% or above. The survey covers aspects ranging from housing design, quality of housing, engineering maintenance to property services. The Construction Inspection Monitoring Centre compiles the quarterly investigation results into the "Customer Satisfaction Specific Reports" and submits it to the Group's Chairman. Upon approval by the Chairman, the general manager of regional real estate companies or the deputy general manager of engineering formulate the corresponding corrective measures, prevention, and improvements accordingly, and track and supervise the implementation of rectification. During the year, the Group carried out internally four customer satisfaction surveys on a seasonal basis, each of which yielded a score of about 80 points (100 points in total). According to the survey results, the Group required relevant subsidiaries to formulate corresponding improvement measures for the problems reported by customers, so as to improve the problem handling efficiency and enhance customer satisfaction.

For hotel customers, each hotel conducts the corresponding customer satisfaction surveys, using emails, questionnaires, third-party surveys, etc., to timely understand the guests' experience and provide references for continuous improvement of hotel services.

In addition, we have also standardised the customer complaint handling process and strive to respond to customers' demands timely. Taking our hotels as an example, each hotel has its own complaint handling mechanism and requires employees to maintain a courteous and patient service attitude.

Customer Complaint Handling Procedures of Hotel Business

CUSTOMERS' HEALTH AND SAFETY

The Group attaches great importance to the health and safety of all customers. For the hotel business, we have engaged a third-party evaluation agency to conduct regular evaluation and monitoring of facility safety and food safety to ensure that fire-fighting facilities function properly and food hygiene and safety meet the applicable standards. During the pandemic, the hotels promptly launched emergency plans to strengthen hygiene control and customers' health protection to the greatest extent. We also require service contractors of property management companies to organise regular training and conduct an annual "Emergency Drill Plan" at the end of each year to improve its employees' emergency-response ability so as to better protect customers' safety.

INFORMATION PROTECTION

The Group's supervision work covers confidentiality protection during the sales process. The Supervision Centre and each supervision group monitor whether the sales personnel violates the confidentiality policy or disclose the Group's trade secrets to others. We also extend the requirements to property management companies (service contractors) and require them to protect the Group's customers' information and privacy. For handling paper or electronic files containing customer information, property management companies must assign special personnel. Besides, we strictly prohibit property management companies from providing customer information to any other departments or individuals.

ADVERTISING COMPLIANCE

To ensure compliance and accuracy of marketing narratives, the Group has formulated the "Design Specification Standards and Management System", which strictly prohibits false pricing and requires true and accurate presentation of the internal structure and decoration. We also set out in the system that no infringement of others' intellectual property rights is allowed in the design, material usage and promotion work.

SUSTAINABLE SUPPLY CHAIN

We are committed to build stable and long-term relationships with our suppliers to promote sustainable development of our supply chain. During the year, we had a total of 347 suppliers located in mainland China, mainly materials and equipment suppliers and construction contractors. We also manage the supply chain through the "Supplier Relations Management System", in which the Group's Procurement Centre, local Supply Department, Engineering Department, Design Management Department, Supervision Centre, and other relevant departments evaluate and select suppliers in accordance with the "Guidelines on Shortlisting and Evaluating Suppliers" and the "R&F Procurement Management Approach".

We have a clear supplier development, access and evaluation mechanism to strengthen supplier management and ensure the quality of products and services provided by suppliers.

Supplier Development	1. Develop suppliers in multiple channels 2. Adopt risk-avoidance measures, such as prohibiting suppliers with affiliation or relationship or business with from participating in unified materials and equipment procurement
Supplier Selection	1. Reputation Verification: Exclude suppliers with quality defects, illegal acts and bad reputation in the past two years 2. Information Review: Review the "Pre-qualification Preview Documents" and its appendices, excluding suppliers whose qualifications and products do not meet the pre-qualification standards 3. On-site Evaluation: The evaluation team conducts on-site inspection on business, technologies and product quality of the suppliers
Supplier Assessment	1. Annually conduct regular assessments for the basic qualifications and performance of the suppliers 2. Basic Qualification Assessment: examine and verify the business circumstances, certification status, production equipment and other basic information and capabilities of the suppliers 3. Performance Assessment: examine and verify the supplying quality, delivery condition and after-sales service of the suppliers

We also incorporate the environmental and social requirements into supplier assessment. For labour and materials suppliers, R&F Decoration Engineering Co., Ltd. ("R&F Decoration") assesses its suppliers' employee safety and health management, including major occupational safety and health accidents, safety management capability for on-site personnel, and distribution of personal protective equipment to workers.

We believe that effective communication with suppliers is positive for maintaining a stable and sustainable supply chain. R&F Decoration provides suppliers with complaint channels to collect suggestions and responds promptly.

We have incorporated the "Supply Chain Risk" into the Group's semi-annual risk assessment, which collects employees' opinions of each subsidiary through questionnaires and reviews of the current management status and potential risks of the supply chain (such as fraud, commercial bribery, and quality problems in the procurement process). The results of the Group's risk assessment during the year showed that the "Supply Chain Risk" was low, which did not constitute a significant risk for the Group.

We have also gradually integrated the concept of green procurement into our supply chain management. The Group promotes the sustainable supply chain by procuring Forest Stewardship Council (FSC) certified paper.

BUILD CAREERS FOR EMPLOYEES

TALENT MANAGEMENT

To optimise the Group's talent management system, we invite corresponding departments and subsidiaries to assess the "Human Resources Risk" through reviewing the human resources allocation, remuneration and benefit structure, and staff training on a semi-annual basis. During the year, the "Human Resources Risk" index was relatively low and did not constitute a key risk to the Group. The Group is committed to nurture talents and build a thriving talent supply chain.

Talent Pool

The Group adheres to the philosophy of "Openness, Fairness, Justice, and Legitimacy" throughout the recruitment process and recruits talents through campus recruitment, job fairs and other channels.

Our "R&F Star" campus recruitment programme continues to attract students from renowned universities to join our team. Through job rotation programs, mentoring, and "R&F Star Training Camp", we identify and cultivate potential talents. Outstanding students are eligible to join the "Management Trainee Programme" and thereby promote as project managers or department managers by means of systematic training. In this regard, a stable and sustainable talent pool can be maintained.

Employee Benefits

The Group is committed to provide employees with competitive remuneration package and benefits within the market, including holidays, housing purchasing discount, insurance, provident fund, etc. The remuneration of employees consists of basic salary, year-end double salary, and performance-based bonus. In order to ensure the remuneration can be rewarded accordingly with the performance evaluation effectively, the Group has established various types of periodic performance evaluations mechanism to comprehensively assess the capabilities, work quality, and performance of the employees comprehensively. A clear assessment procedure lay the foundation of job promotion or remuneration adjustment.

Talent Retention

Talent development is prioritised and considered as an integral part of talent management by the Group. A career development channel is in place to attract and nurture our talents. Adhering to the sustainable, systematic and agile principles, we motivate employees to plan and nourish their career paths while advancing their personal capabilities. Taking employees expectations, skills, position requirement and business needs into consideration, new employees together with counsellors, tutors and department representative ascertain the short-term and long-term goals for career development and select the best suitable career development channels collectively.

Systematic Principle — Establish corresponding career development channels for employees with different expertise

Agile Principle — Adjust in accordance with the development of the Group, restructure, and development needs at different stages of employees

Sustainable Principle — The career development plan of employees shall go through the employment life cycle

The Group implements and improves the training programme in accordance with opinions on training needs and plans collected from employees and departments on annual basis. The Group assists the employees to accomplish their career development goals through various training activities, striving for a balance between the human resources demand of the Group and personal career development needs of the employees.

Training Design
The Human Resources Department of each region and subsidiary is responsible for coordinating the training management system of the Company, formulating the training taskforce and plan, and followed by execution

Training Formats
Centralised lectures, specialised seminars, course videos, outdoor activities, onsite teaching, job rotation, site visits, departmental internal sharing sessions, joint-department exchange, continuing education courses, etc.

Training Content
- General skills
- Professional skills
- Leadership & management

Training Purpose
- Orientation
- Job competency training
- Specific training

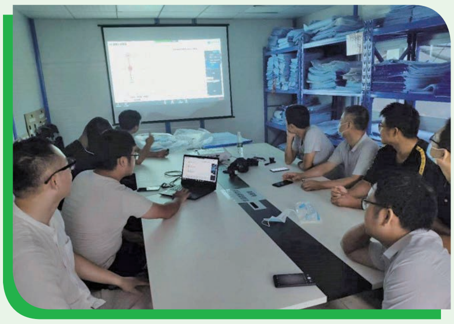
Training Methods
- Internal training
- External training
- Self-learning

During the year, a total of 38,824 employees of the Group received training. The overall percentage of training was 100%, and the average training hours per employee was 37. The training covers diversified topics, such as professional skills and equipping management techniques. Please refer to the performance data summary for data regarding employee training programmes.

Training Programmes

Project Manager Training Camp

Focus on the competencies of project managers and actual business needs, the training are designed on corporate culture and positioning, professional knowledge, business competence and industry vision



R&F School Season

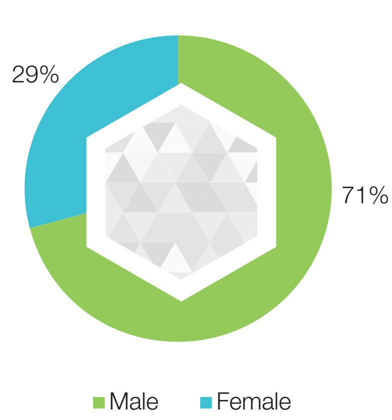
Improving the capabilities of general staff and management

Employee Composition

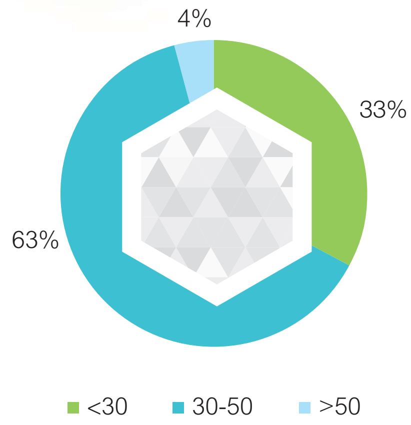
As of the end of 2020, the Group employed a total of 38,824 employees, of which 100% were full-time employees and approximately 21% employees based in Guangzhou. The overall turnover rate of the year was 8%. Details of employee composition are set out in the performance data summary.

The Group resolutely prohibits child labour and forced labour in our business units. During the recruitment process, the Human Resources Department will verify the conformity of the identity card with the candidate and to validate the attainment of legal employment age. In case of any employees being found under the age requirement, the Group handles it carefully by terminating the employment relationship and providing support instantly.

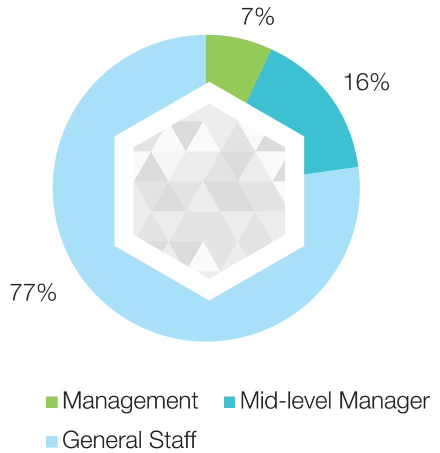
Gender Profile



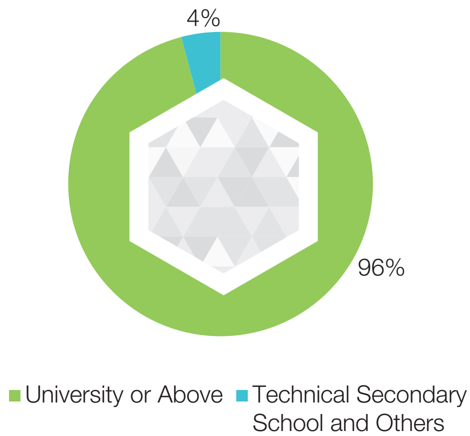
Age Profile



Employee Category Profile



Education Profile



CONTRIBUTE TO A HARMONIOUS SOCIETY

A series of effective and sound charitable actions is something deeply rooted in our philosophy of corporate social responsibility. The Group collaborates with different stakeholders such as investors, employees, business partners, communities and regulators, to take concrete steps for advancing the Group's initiatives. To date, our welfare initiatives cover aspects including targeted poverty alleviation, elderly care and disaster relief, with cumulative donations of over RMB600 million. COVID-19 has brought unprecedented challenges to all enterprises during the year. We strive to take stringent measures and extreme caution towards combating the pandemic and protecting our neighbourhood.

Promote Urban Renewal

The Group actively participates in the renewal and transformation of communities, promotes the overall improvement of the living environment and urban value. We are committed to promoting comprehensive urbanisation, achieving zero distance between "village and city". By transforming the urban village into a modern urban community, the historical context of the village can be integrated with the urban culture continuously. By the end of 2020, the Group has signed contracts with urban renewal projects in China, with a planned total construction area of more than 80 million square meters. In the future, we will continue to keep up with the needs of social development and contribute to the enhancement of city value and pursuit of sustainable growth.

Case: Old Renovation and Reconstruction Project of Bicun Village in Guangzhou

Located in the south of the eastern district of Guangzhou Economic and Technological Development Zone, Bicun Village is the most important gateway area to the southeast of the Huangpu District. In 2015, we officially launched the urban renewal project in Bicun Village, striving to develop it into a brand new high-end residential community equipped with sound transportation, hospitals and schools, etc., so as to achieve comprehensive coverage of municipal facilities. The project involves 2,345 residential buildings of villagers, of which 2,282 were contracted as at 31 October 2020, representing a signing rate of 97.31%. It is expected to be fully completed by the end of 2022.

Reality image before renovation

Design sketch after transformation

Fighting Against the Virus Together

The unprecedented pandemic COVID-19 this year has struck almost every sector of the society and caused severe economic and social damages. As a socially responsible corporation, the Group has donated RMB10 million to China Youth Development Foundation since the outbreak of the pandemic, as funding for specific hospitals to purchase materials needed for pandemic prevention and control work, assisting voluntary services and infected medical personnel. We also donated RMB10 million to Guangzhou Charity Association, supporting the research work of virus diagnosis of Zhong Nanshan Medical Fund, etc. Furthermore, we have donated some daily commodities and resources worth RMB5 million to Wuhan, to assist the local people in combating the pandemic.

In our business operations, we offer anti-pandemic aids within the reach of our capability to various stakeholders. The Group not only combats the pandemic with active planning within operational premises to ensure the safety of the community, but has also waived rents for specified periods for tenants of 7 shopping malls of the Group in accordance with actual situation, to help them go through the hard time.

Targeted Poverty Alleviation

Over the years, we actively participate in national poverty alleviation work and engage in various poverty relief projects. Over RMB100 million was invested in the construction and refurbishment of hospitals and elderly homes, striving to perfecting internal basic public facilities of the community. Our effort is devoted to improving livelihood and helping local people to realise poverty alleviation.

The Group strongly believes education is the key to end poverty and make the nation strong. Therefore, we spare no effort in improving the education environment through various activities. We assist students from underprivileged families to finish schools through an education fund. Since 2003, the Group has launched the “Hope Construction Private Enterprise Education Fund” and proactively calls for engagement from other private enterprises. We hope to eliminate the intergenerational transmission of poverty through the means of educational aids.

In addition, during the year, we actively participated in the activity of “2020 Ecological Conghua – Meili Customisation • Conghua Lychee Public Welfare Customisation Carnival”, and took the lead in the donation of 1,000 lychee trees. Under the impact of the pandemic, we participated in the public welfare activities to help farmers thereby increase their income.

Caring for Children in Need

We are dedicated to protecting and caring children and accommodate their needs whenever possible. During the year, we launched an activity named “Discover my hidden characteristics H5” with relevant organisations during the “Protecting Non-Adult Week”. Through this activity, children including those who suffer from autistic spectrum disorder enjoyed the fun of painting and expressed their understanding of the world.

Adhering to the philosophy of “Creating the extraordinary and positive symbiosis”, the Group has been paying attention to the growth of the children group with special needs. By regularly gathering the Company’s volunteers for visits and recreational activities, we aim to create a supportive and healthy growing environment for these youngsters.

In addition, the Group actively responded to the call of the Communist Youth League and the China Youth Development Foundation, and vigorously carried out the "Fight against the Pandemic, Walk with Hope" — special action for Hope Project to care for children of frontline medical staff and special action for youth suffering from the pandemic. As of June 2020, the Group raised a total amount of RMB46.9 million for the above two caring activities, and a total of 8,693 children of frontline medical staff and young people in need due to the pandemic.

Promoting the Construction of University

The Group strongly supports education, helps university to improve their level of education and scientific research, improves the education and learning environment for students, and provides more outstanding talents for various industries in the society. Together with Nanchi Group, we have donated RMB50 million to Sun Yat-sen University to set up "Sun Yat-sen University's 'Double-class' Construction and Development Fund/Sun Yat-sen University Student Incentive Excellence Scholarship" to support the development of Sun Yat-sen University's education and support the 'Double-class' construction of the school. Besides, we have donated RMB38 million to Guangdong University of Foreign Studies to support its development and construction.

Membership and Charters

While we fully take up our own corporate social responsibility, it is essential for us to work with different parties to bring about the best social contribution. As such, R&F or its subsidiaries participate in the following organisations or associations. The Group also supports international initiatives in sustainable development, including the International Labour Convention and the United Nations' SDGs.

Environment	Economic	Community	Industry
• European Endangered Species Programme • CMWCA (澄邁濕地保護協會) • Society of Entrepreneurs and Ecology	• Guangzhou Chamber of Commerce of Private Enterprises • Chinese Chamber of Commerce • American Chamber of Commerce in South China	• Guangzhou Charity Association • Guangdong Charity Federation • Guangdong Anti-Drug Foundation • The fourth council of Guangzhou Justice and Courage Foundation • Guangdong Youth Development Foundation	• Guangzhou Real Estate Trade Association • Guangdong Real Estate Association • Guangdong Real Estate Chamber of Commerce • China Real Estate Chamber of Commerce • Guangzhou Urban Renewal Association • Guangdong Province Old Town Old Factory Old Village Recreation Association

APPLICABLE LAWS AND REGULATIONS

Topics	Applicable Laws and Regulations	Compliance
Environment	• Environmental Protection Law of the People's Republic of China	During the year, there was no non-compliance of relevant laws and regulations that have a significant impact on the Group relating to the emission of gas and greenhouse gases, the discharge to the water or land, and the generation of hazardous or harmless waste.
	• Atmospheric Pollution Prevention and Control Law of the People's Republic of China	
	• Water Pollution Prevention and Control Law of the People's Republic of China	
	• Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes	
	• Energy Conservation Law of the People's Republic of China	
	• Law of the People's Republic of China on Appraising of Environment Impacts	
	• Regulations on the Administration of Construction Project Environmental Protection	
	• Soil Pollution Prevention and Control Law of the People's Republic of China	
	• Soil Pollution Prevention and Control Law	
Employment	• Labour Law of the People's Republic of China	During the year, there was no non-compliance of relevant laws and regulations that have a significant impact on the Group relating to employment and labour practices and the use of child on forced labour.
	• Labour Contract Law of the People's Republic of China	
	• Provisions on the Prohibition of Using Child Labour	
	• Law of the People's Republic of China on the Protection of Minors	
Safety	• Production Safety Law of the People's Republic of China	During the year, there was no non-compliance of relevant laws and regulations that have a significant impact on the Group relating to occupational health and safety. During the year, the Group did not have any serious work-related injuries and work-related fatalities.
	• Law of the People's Republic of China on the Prevention and Control of Occupational Diseases	
Product Responsibility	• Construction Laws of the People's Republic of China	During the year, there was no non-compliance of relevant laws and regulations that have a significant impact on the Group relating to the health and safety, advertising, labelling and privacy of products and services.
	• Law of the People's Republic of China on Urban Real Estate Administration	
	• City Planning Law of the People's Republic of China	
	• Advertising Law of the People's Republic of China	
Anti-corruption	• Criminal Law of the People's Republic of China	During the year, there was no non-compliance of relevant laws and regulations that have a significant impact on the Group relating to the prevention of bribery, extortion, fraud and money laundering.
	• Anti-Unfair Competition Law of the People's Republic of China	
	• Hong Kong Prevention of Bribery Ordinance	

PERFORMANCE DATA SUMMARY

Environmental management

	2020					2019	
Indicators	Commercial Management[1]	Hotel[2]	Office Operations[3]	Projects under construction[4]	2020 Total	Commercial Management[5]	Hotel[6]
Energy Consumption							
Electricity (kWh)	44,081,591	372,800,270	194,201,064	85,160,918	696,243,843	52,614,112	462,261,304
Gasoline (litres)	N/A	8,542	1,644,797	79,343	1,732,682	N/A	155,927
Diesel (litres)	1,520	66,671	300,419	369,944	738,554	800	201,268
Piped LPG (m^3)	N/A	1,651,043	N/A	N/A	1,651,043	N/A	2,528,928[7]
LPG (litres)	N/A	36,590	8,975	6,864	52,429	N/A	N/A
Steam (tonnes)	N/A	30,452	N/A	N/A	30,452	N/A	N/A
Natural gas (m^3)	1,081,910	36,434,597	41,011	N/A	37,557,518	1,089,199	33,068,665
Acetylene (litres)	N/A	N/A	N/A	141,593	141,593	N/A	N/A
Central cooling (kWh)	25,939,629	23,845,863	12,798,514	N/A	62,584,006	2,050	47,419,692
Central heating (kWh)	N/A	16,690,741	1,408,674	N/A	18,099,415	N/A	N/A
Total energy consumption (GJ)	294,251	3,018,178	815,496	323,970	4,451,895	231,850	3,174,381
Energy intensity (GJ/m^2)	1.403	0.756	7.003	0.011	N/A	N/A	N/A
Water Consumption							
Total water use (m^3)	514,338	6,558,917	10,237,331	3,389,917	20,700,503	980,110	11,638,920
Water intensity (m^3/m^2)	2.453	1.643	87.907	0.110	N/A	N/A	N/A
Raw Material Consumption							
Rebar (tonnes)	N/A	N/A	N/A	337,303	337,303	N/A	N/A
Concrete (m^3)	N/A	N/A	N/A	3,863,761	3,863,761	N/A	N/A
I-beam (tonnes)	N/A	N/A	N/A	17.8	17.8	N/A	N/A
Wood planks (tonnes)	N/A	N/A	N/A	70,000	70,000	N/A	N/A
Refrigerant Consumption							
R134a (kg)	457.5	2,999.5	176.8	N/A	3,633.8	N/A	2,956.2
R22 (kg)	N/A	1,310.2	480.5	N/A	1,790.7	N/A	2,578.9
R22a (kg)	N/A	134.3	N/A	N/A	134.3	400.0	90.2
R410a (kg)	N/A	613.9	90.0	N/A	703.9	N/A	500.9
R404a (kg)	N/A	2,054.2	N/A	N/A	2,054.2	N/A	2,282.8
R134 (kg)	N/A	40.3	N/A	N/A	40.3	N/A	N/A
R32 (kg)	N/A	14.0	30.0	N/A	44.0	N/A	18.8

Indicators	2020 Commercial Management[1]	2020 Hotel[2]	2020 Office Operations[3]	2020 Projects under construction[4]	2020 Total	2019 Commercial Management[5]	2019 Hotel[6]
Greenhouse Gas Emissions[8]							
Direct GHG emissions (scope 1) (tCO_2e)	2,938	95,656	6,458	1,200	106,252	2,358	92,394
Indirect GHG emissions (scope 2) (tCO_2e)	37,672	331,332	160,881	77,891	607,776	43,826	400,579
Total GHG emissions (tCO_2e)	40,610	426,988	167,339	79,091	714,028	46,184	492,973
GHG emissions intensity (tCO_2e/m^2)	0.194	0.107	1.437	0.003	N/A	N/A	N/A
Air Pollutants							
Sulphur oxides (SOx) (tonnes)	N/A	N/A	0.025	0.007	0.032	N/A	N/A
Nitrogen oxides (NOx) (tonnes)	N/A	N/A	6.991	0.610	7.601	N/A	N/A
Particulate matters (PM) (tonnes)	N/A	N/A	0.673	0.059	0.732	N/A	N/A
Waste							
Hazardous Waste							
Total hazardous waste (tonnes)	0.32	41.91	N/A	N/A	42.23	N/A	41.76
Hazardous waste intensity (kg/m^2)	0.002	0.011	N/A	N/A	N/A	N/A	N/A
General Waste							
Construction waste (m^3)	N/A	N/A	N/A	128,404.4	128,404.4	N/A	N/A
Construction waste (tonnes)	99.0	686.2	204.3	2,525,034.3	2,526,023.8	22.0	2,075.8
Food waste (tonnes)	4,184.0	609,331.9	35,945.3	226,196.0	875,657.2	346.8	16,022.3
Green waste (tonnes)	309.5	627.8	14,784.3	43,933.6	59,655.2	303.0	506.1
Domestic waste (tonnes)	83,236.5	108,962.8	243,678.6	688,006.1	1,123,884.0	2,058.3	11,506.5
General waste intensity[9] ($tonnes/m^2$)	0.419	0.180	2.530	0.113	N/A	N/A	N/A
Recycled general waste (tonnes)	4.8	18,234.8	75.3	863.9	19,178.8	N/A	3,435.4

2020 environmental data reporting boundary:

1 Cover 10 commercial projects in operation in 2020

2 Cover 89 hotel projects in operation in 2020

3 Cover the Group's all office operations in 2020

4 Cover 70 projects under construction fully controlled by the Group in 2020

2019 environmental data reporting boundary:

5 Cover 10 commercial projects in operation in 2019 (excluding commercial projects under property management companies)

6 Cover 89 hotel projects in operation in 2019

7 2,528,928 m^3 LPG disclosed in 2019 report has been corrected to 2,528,928 m^3 Piped LPG

8 Carbon Emission Calculation Methodology:

Emission factors are adjusted compared to those disclosed in 2019 report, and GHG emission for 2019 are recalculated and adjusted in the above table. The calculation of GHG emissions is based on the Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong (2010 edition) published by the Environmental Protection Department. Emission factors are referenced from the 2019 Emission Reduction Project China Regional Grid Baseline Emissions Factor (《2019年度減排項目中國區域電網基準綫排放因子》) and the HKEx's How to Prepare Environmental, Social and Governance Report Appendix II: Reporting Guidance Environmental KPIs. The global warming potential is referred to in the Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC)

9 The units of the construction waste are not unified, thus the general waste intensity is calculated based on the data of general waste in tonne

Note: For the convenience of annual data comparison for the readers, 2019 data exclude projects managed by property management companies in 2019

EMPLOYEES MANAGEMENT

Indicators	2020 Total	2019 Total[10]
Total Headcount	**38,824**	**60,235**
By Gender		
Male	71%	64%
Female	29%	36%
By Employee Category		
Management	7%	5%
Mid-level manager	16%	13%
General staff	77%	82%
By Age		
<30	33%	39%
30-50	63%	58%
>50	4%	3%
By Geographical Distribution		
Guangzhou	21%	24%
Other areas	79%	76%
By Education Background[11]		
University or above	96%	96%
Technical secondary school and others	4%	4%
Overall Turnover Rate	**8%**	**6%**
Turnover Rate by Age		
<30	3%	2%
30-50	5%	4%
>50	0%	0%
Turnover Rate by Gender		
Male	6%	4%
Female	2%	2%
Turnover Rate by Geographical Distribution		
Guangzhou	2%[12]	1%
Other areas	7%[12]	5%
Training Performance		
Training hours	1,435,046	1,914,111
Average training hours	37	32

10 Unless stated otherwise, the employee data in 2019 cover the entire Group, including the Group's service contractor for property management
11 The employee education background data in 2019 does not cover the Group's service contractor for property management
12 The original data are 1.6% and 6.7% for "Guangzhou" and "Other areas" respectively. The presented data are rounded results

Indicators	2020 Total	2019 Total[10]
Average Training Hours by Gender		
Male	38	N/A
Female	35	N/A
Average Training Hours by Employee Category		
Management	43	N/A
Mid-level manager	37	N/A
General staff	36	N/A
Occupational Health and Safety Training[13]		
Total training person-time	966,051	797,892
Toral training hours	1,849,993	1,456,338
Occupational Health and Safety Performance		
Employees of the Group		
Number of fatalities as a result of work-related injury	0	0
Rate of fatalities as a result of work-related injury[14]	0%	N/A
Number of high-consequence work-related injuries (excluding fatalities)	0	0
Rate of high-consequence work-related injuries (excluding fatalities)[15]	0%	N/A
Number of recordable work-related injuries	0	N/A
Rate of recordable work-related injuries[16]	0%	N/A
Contract Workers		
Number of fatalities as a result of work-related injury	0	N/A
Rate of fatalities as a result of work-related injury[14]	0%	N/A
Number of high-consequence work-related injuries (excluding fatalities)	1	N/A
Rate of high-consequence work-related injuries (excluding fatalities)[15]	0.2%	N/A
Number of recordable work-related injuries	0	N/A
Rate of recordable work-related injuries[16]	0%	N/A

COMMUNITY ENGAGEMENT

Indicators	2020 Total	2019 Total
Community Investment		
Charitable donations (RMB)	52,103,754	35,200,000
Voluntary work (hours)	300	200

13 The occupational health and safety training data in 2020 cover projects under construction and hotel projects, while the 2019 data only cover projects under construction

14 Rate of fatalities as a result of work-related injury = (Number of fatalities as a result of work-related injury/Number of hours worked) *200,000. The factor 200,000 is the annual work hours worked by 100 employees (based on 40 hours per week for 50 weeks a year). The rate indicates the number of work-related injuries per 100 full-time employees over a one-year timeframe

15 Rate of high-consequence work-related injuries (excluding fatalities) = (Number of high-consequence work-related injuries (excluding fatalities)/Number of hours worked) *200,000. The factor 200,000 is the annual work hours worked by 100 employees (based on 40 hours per week for 50 weeks a year). The rate indicates the number of high-consequence work-related injuries (excluding fatalities) per 100 full-time employees over a one-year timeframe

16 Rate of recordable work-related injuries = (Number of recordable work-related injuries/Number of hours worked) *200,000. The factor 200,000 is the annual work hours worked by 100 employees (based on 40 hours per week for 50 weeks a year). The rate indicates the number of recordable work-related injuries per 100 full-time employees over a one-year timeframe

CONTENT INDEX

This content index includes the GRI Sustainability Reporting Standard and the ESG Reporting Guide set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Material aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
General Disclosure				
Organizational Profile	102-1	–	Name of organization	Annual Report cover page
	102-2	–	Activities, brands, products, and services	Annual Report "About R&F"
	102-3	–	Location of headquarters	Annual Report "Corporate Information"
	102-4	–	Operational Location	Annual Report "Our Property Portfolio"
	102-5	–	Ownership and legal form	Company Limited
	102-6	–	Markets served	Annual Report "Our Property Portfolio"
	102-7	–	Scale of the organization	Annual Report "Business Review"
	102-8	B1.1	Information on employees and other workers	Build Careers for Employees
	102-9	B5.1	Supply Chain	Create Value for Customers
	102-10	–	Significant changes to the organization and its supply chain	No significant change
	102-11	–	Precautionary Principle or approach	Reduce Emissions for the Blue Sky
	102-12	–	External initiatives	Contribute to a Harmonious Society
	102-13	–	Membership of associations	Contribute to a Harmonious Society

Material aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
Strategy	102-14	–	Statement from the senior decision maker	Chairman's Message
Ethics and Integrity	102-16	–	Values, principles, standards and code of conduct	Sustainability Management
Governance	102-18	–	Governance structure	Sustainability Management
Stakeholder Engagement	102-40	–	List of stakeholder groups	Sustainability Management
	102-41	–	Collective negotiation agreement	Sustainability Management
	102-42	–	Identification and selection of stakeholders	Sustainability Management
	102-43	–	Approach to stakeholder engagement	Sustainability Management
	102-44	–	Material topics and concerns raised	Sustainability Management
Reporting Practices	102-45	–	Entities included in the consolidated financial statements	Annual Report "Consolidated Financial Statements"
	102-46	–	Defining report content and topic boundaries	About the Report
	102-47	–	List of material topics	Sustainability Management
	102-48	–	Restatements of information	About the Report
	102-49	–	Changes in the Report	About the Report
	102-50	–	Reporting Period	About the Report
	102-51	–	Date of the latest report	March 2020
	102-52	–	Reporting cycle	About the Report
	102-53	–	Contact Information for Issues in the Report	About the Report
	102-54	–	Statement of Reporting in accordance with GRI Standards	About the Report
	102-55	–	GRI content index	About the Report
	102-56	–	External assurance	No external assurance has been conducted for this ESG Report

Material aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
Material Issues				
Social				
Talent Management	103 401-2	B1 B1	Information on: the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Build Careers for Employees; Applicable Laws and Regulations
	401-1	B1.2	Employee turnover rate by gender, age group and geographical region	Performance Data Summary
Training and Development	103	B3	Policies on improving employees' knowledge and skills in performing job duties. Describe training activities	Build Careers for Employees
	404-1	B3.2	Average training hours completed per employee by gender and employee category	Performance Data Summary
Product and Service Quality Management	103	B6	Information on: the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Create Values for Customers; Applicable Laws and Regulations
		B6.4	Description of quality assurance process and recall procedures	Create Values for Customers
Customer Satisfaction	103	B6	Information on: the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Create Values for Customers; Applicable Laws and Regulations
		B6.2	Number of products and service related complaints received and how they are dealt with	Performance Data Summary
Economy				
Company Economic Performance	103		Explain how the organization manages the material topic and its impact	Annual Report "Letter to Shareholders"; "Financial Review"
	201-1		Direct economic value generated and distributed	
Business Ethics	103		Explain how the organization manages the material topic and its impact	Operate with Integrity and Honesty

Material aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
Anti-corruption	103	B7	Information on: the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Operate with Integrity and Honesty; Applicable Laws and Regulations
	205-3	B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	Operate with Integrity and Honesty
		B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	
Other Issues				
Environment				
Energy		A2	Policies on the efficient use of resources, including energy, water, and other raw materials	Reduce Emissions for the Blue Sky; Performance Data Summary
	302-1 302-3	A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in' 000s) and intensity (e.g. per unit of production volume, per facility)	
	302-4	A2.3	Description of energy use efficiency initiatives and results achieved	
Water Resources		A2	Policies on the efficient use of resources, including energy, water, and other raw materials	Reduce Emissions for the Blue Sky; Performance Data Summary
	303-1	A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility)	
		A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	
Emissions		A1	Information on: the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Reduce Emissions for the Blue Sky; Performance Data Summary
	305-1 305-2 305-4	A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	
	305-7	A1.1	The types of emissions and respective emissions data	
	306-3	A1.5	Description of measures to mitigate emissions and results achieved	

Material aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
Effluents and Waste		A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	Reduce Emissions for the Blue Sky; Performance Data Summary
		A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility)	
		A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	
Environment and Natural Resources	103	A3	Policies that reduce the issuer's significant impact on the environment and natural resources	Reduce Emissions for the Blue Sky
		A3.1	Describe the significant impact of business activities on the environment and natural resources and actions taken to manage the impact	
Social				
Health and Safety		B2	Information on: the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Ensure Health and Safety; Applicable Laws and Regulations
		B2.1	Number and rate of work-related fatalities	Performance Data Summary; Ensure Health and Safety
		B2.2	Lost days due to work injury	
		B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	

Material aspects	GRI Indicator	ESG Guide	Description	Section/Remarks
Development and Training		B3	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Build Careers for Employees
	404-1	B3.2	The average training hours completed per employee by gender and employee category	Performance Data Summary
Labour Standards		B4	Information on: the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour	Build Careers for Employees
Supply Chain Management		B5	Policies on managing environmental and social risks of the supply chain	Create Values for Customers
Product Responsibility		B6	Information on: the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Create Values for Customers; Applicable Laws and Regulations
		B6.2	Number of products and service related complaints received and how they are dealt with	Create Values for Customers
		B6.3	Description of practices relating to observing and protecting intellectual property rights	
		B6.4	Description of quality assurance process and recall procedures	
		B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	
Local communities		B8	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests	Contribute to a Harmonious Society
		B8.1	Focus areas of contribution	Contribute to a Harmonious Society
		B8.2	Resources contributed to the focus areas	

HKEx Appendix 27 "Comply or explain" provisions   HKEx Appendix 27 Recommended disclosures

The Group's profit for the year decreased to RMB9.146 billion, from RMB10.093 billion in the previous year. Revenue from property development was RMB78.568 billion in 2020 (2019: RMB79.689 billion). Rental income from property investment decreased by 5% and profit for the segment was RMB480 million (2019: RMB506 million), not including the fair value gains from investment properties and revaluation gains on investment properties transferred from completed properties held for sale. Revenue from hotel operations decreased to RMB4.463 billion from RMB7.022 billion in the previous year. It is mainly due to the negative impact of COVID-19 in the first half of 2020. In the second half of the year, due to the Chinese government actively fight against the epidemic and with the full economic recovery in China, the hotel operations of the Group had continued to improve. The Group's other business segments (including the soccer team) recorded a loss of RMB1.080 billion as compared with a loss of RMB776 million in the previous year.

The Group carries out its core business of property development in 89 cities. The following comments, with the exception of #7 (on financing costs) and #9 (on net profits), relate only to the results from sales of properties:

CONSOLIDATED INCOME STATEMENT

2020

	Note	Property development (RMB'000)	Property investment (RMB'000)	Hotel operation (RMB'000)	All other segments (RMB'000)	Group (RMB'000)
Revenue	1	**78,568,290**	**1,157,922**	**4,462,735**	**1,702,831**	**85,891,778**
Cost of sales	2	**(58,794,309)**	**(122,241)**	**(4,388,239)**	**(2,198,497)**	**(65,503,286)**
Gross profit	3	**19,773,981**	**1,035,681**	**74,496**	**(495,666)**	**20,388,492**
Other income and other gains – net	4	**2,247,142**	**4,979,107**	**43,590**	**27,963**	**7,297,802**
Selling and administrative expenses	5	**(7,799,568)**	**(137,812)**	**(1,055,140)**	**(664,887)**	**(9,657,407)**
Gains on bargain purchase		**–**	**–**	**66,909**	**–**	**66,909**
Operating profit/(loss)		**14,221,555**	**5,876,976**	**(870,145)**	**(1,132,590)**	**18,095,796**
Finance costs	7	**(1,034,808)**	**(247,857)**	**(832,967)**	**(293,139)**	**(2,408,771)**
Share of results of joint ventures	6	**293,531**	**–**	**–**	**(1,353)**	**292,178**
Share of results of associates	6	**(53,003)**	**–**	**–**	**(14,517)**	**(67,520)**
Profit/(loss) before income tax		**13,427,275**	**5,629,119**	**(1,703,112)**	**(1,441,599)**	**15,911,683**
Income tax (expenses)/credits	8	**(5,991,593)**	**(1,411,342)**	**276,252**	**361,315**	**(6,765,368)**
Profit/(loss) for the year	9	**7,435,682**	**4,217,777**	**(1,426,860)**	**(1,080,284)**	**9,146,315**

2019

	Note	Property development (RMB'000)	Property investment (RMB'000)	Hotel operation (RMB'000)	All other segments (RMB'000)	Group (RMB'000)
Revenue	1	79,689,217	1,213,119	7,022,452	2,889,182	90,813,970
Cost of sales	2	(51,870,087)	(144,686)	(5,737,660)	(3,288,968)	(61,041,401)
Gross profit	3	27,819,130	1,068,433	1,284,792	(399,786)	29,772,569
Other income and other gains – net	4	883,142	1,877,477	35,339	56,172	2,852,130
Selling and administrative expenses	5	(7,343,974)	(138,381)	(1,436,783)	(656,169)	(9,575,307)
Operating profit/(loss)		21,358,298	2,807,529	(116,652)	(999,783)	23,049,392
Finance costs	7	(4,501,247)	(244,227)	(843,834)	(10,219)	(5,599,527)
Share of results of joint ventures	6	611,829	–	–	(638)	611,191
Share of results of associates	6	166,545	–	–	(1,337)	165,208
Profit/(loss) before income tax		17,635,425	2,563,302	(960,486)	(1,011,977)	18,226,264
Income tax (expenses)/credits	8	(7,682,199)	(639,999)	(47,110)	236,254	(8,133,054)
Profit/(loss) for the year	9	9,953,226	1,923,303	(1,007,596)	(775,723)	10,093,210

1. Revenue slightly decreased by 1% to RMB78.568 billion, from RMB79.689 billion in the previous year. This revenue was based on delivery of 9,167,000 sq.m. of sale properties in the year which was approximately 10% more than the 8,296,000 sq.m. delivered in the previous year. Overall average selling price decreased by 10% to RMB8,600 per sq.m.. This decrease in overall average selling price was due to marketing strategies of lowering prices to promote sales. The top three projects, R&F City in Chongqing, R&F Tianxi City in Taiyuan and R&F Yuguanshan in Ningbo, which individually had revenue of over RMB2.5 billion and a combined revenue of RMB9.9 billion, which accounted for 13% of total revenue and the average selling price was RMB8,830 per sq.m.. Based on revenue distribution by cities, Taiyuan had the highest revenue among all cities where the Group operated. It accounted for 10% of the total revenue. In the terms of amount, revenue in Taiyuan amounted to RMB7.613 billion and was mainly derived from R&F Tianxi City. Chongqing's revenue ranked second with revenue amounted to RMB5.223 billion for the year, equivalent to 7% in total. Tianjin ranked third with revenue amounted to RMB3.600 billion. These top three cities ranked by revenue in the year, Taiyuan, Chongqing and Tianjin, together accounted for 21% of the total revenue. The remaining 79% of the revenue for the year was contributed by the other 86 cities in which the Group operated, the more significant of which were Ningbo, Hainan, Baotou, Beijing, Huizhou and Harbin with revenue exceeding RMB2 billion for each.

The following table is the summary of revenue by city:

City	Amount of revenue (in RMB million)	Saleable area sold (sq.m.)	Average selling price (RMB/sq.m.)
Taiyuan	7,613	953,700	7,770
Chongqing	5,223	770,100	6,780
Tianjin	3,600	468,000	7,690
Ningbo	3,468	243,800	14,230
Hainan	2,997	172,100	17,420
Baotou	2,472	375,900	6,580
Beijing	2,119	117,300	18,060
Huizhou	2,074	252,500	8,220
Harbin	2,065	230,000	8,980
Zibo	1,971	153,900	12,810
Guangzhou	1,715	76,400	22,440
Huhhot	1,647	218,700	7,530
Tangshan	1,644	214,100	7,680
Hangzhou	1,611	113,500	14,190
Wenzhou	1,590	130,700	12,160
Wuxi	1,473	93,900	15,690
Nantong	1,378	176,900	7,790
Xi’An	1,356	129,700	10,450
Shanghai	1,319	30,500	43,280
Meixian	1,287	241,900	5,320
Putian	1,242	178,100	6,970
Huzhou	1,208	130,000	9,290
Guiyang	1,151	121,500	9,480
Urumqi	1,039	104,000	10,000
Shangrao	996	139,100	7,160
Shijiazhuang	960	110,500	8,680
Weinan	883	145,500	6,060
Dalian	844	97,000	8,710
Tongliao	840	171,600	4,900
Suzhou	819	99,000	8,270
Baoji	803	127,400	6,300
Jiujiang	786	121,400	6,470
Linfen	777	95,600	8,130
Handan	760	108,000	7,040
Nanping	734	104,700	7,010
Anshan	728	114,400	6,360
Zhenjiang	664	44,800	14,820
Nanchang	658	46,400	14,190
Qingdao	645	79,900	8,070
Longyan	643	64,400	9,980
Malaysia	596	35,200	16,910
Shenyang	590	86,100	6,850
Fuzhou	537	28,600	18,800

City	Amount of revenue (in RMB million)	Saleable area sold (sq.m.)	Average selling price (RMB/sq.m.)
Dezhou	525	81,200	6,470
Yueqing	491	34,900	14,070
Ziyang	479	86,900	5,520
Ulanqab	474	94,600	5,010
Datong	472	104,200	4,530
Jiangmen	466	55,200	8,430
Australia	454	12,700	35,650
Shaoguan	444	76,000	5,840
Cambodia	417	34,300	12,140
Dongying	415	65,600	6,330
Foshan	414	78,600	5,270
Zhuhai	407	34,800	11,690
Huaibei	379	45,800	8,270
Fuzhou	377	59,700	6,310
Zouping	346	38,000	9,100
Leshan	320	53,500	5,980
Qingyuan	306	53,300	5,750
Jiaxing	300	31,000	9,670
Lechang	260	68,300	3,800
Puyang	245	56,700	4,320
Heze	239	40,600	5,900
Tieling	226	28,000	8,070
Chengdu	225	56,100	4,020
Nanjing	219	29,200	7,500
Jiande	208	24,600	8,440
Fuyang	206	31,500	6,550
Qinhuangdao	175	26,500	6,610
Zhaoqing	175	35,600	4,910
Wuhan	156	11,700	13,310
Chuzhou	155	19,700	7,840
Others	1,068	181,400	5,900
Total	**78,568**	**9,167,000**	**8,570**

2. Cost of goods sold consists of land and construction costs, capitalised interest and levy and business tax. During the year, land and construction costs made up 91% of the Group's total costs. In the terms of costs per sq.m., land and construction costs was stable at RMB5,830 (2019: RMB5,810 per sq.m.). The range for the land and construction costs per sq.m. of individual project was from RMB2,740 to RMB26,930. However, the three cities with highest revenues in the year, Taiyuan, Chongqing and Tianjin, carried average land and construction cost of RMB5,220 per sq.m., and they together casted a significant influence to overall land and construction costs per sq.m. due to their high proportion in total revenue. Capitalised interest included in the cost of goods sold amounted to RMB4.764 billion. As a percentage of revenue from sale of properties, capitalised interest was 6.1%. The cost of sales also included RMB594 million (2019: RMB614 million) in levy and business tax.

3. As described above, with the average selling price decreased by 10% while the cost of sales per sq.m. was comparable with the previous year, the overall gross margin fell accordingly by 9.7 percentage point to 25.2% from 34.9% in the previous year. Analysing based on the gross margin by city, gross margin of the key cities including Taiyuan, Chongqing, Tianjin, Ningbo and Hainan were 15%, 38%, 14%, 32% and 30% respectively.

4. Other income and other gains-net were mainly the result of interest income and gains on disposals of subsidiaries and certain equity interests in an associate.

5. Selling and administrative expenses as a percentage of revenue increased to 10.0% from 9.2% in 2019. As compared to the previous year, selling and administrative expenses for the year increased by 6.2% to RMB7.800 billion. Breaking down into its two components, selling expenses increased by 4% to RMB3.044 billion and administrative expenses increased by 8% to RMB4.756 billion. Selling expenses increased mainly due to the number of sales projects further increased in the year. The main component of administrative expenses was personnel costs.

6. The share of result of associates was mainly derived from the Group's 35% interests in Zhengzhou Wulong New Town and R&F Jianye Shangyue Court projects and 50% interests in Suzhou Swan Harbor Park project. The share of results of joint ventures were mainly from 33.34% interests in Guangzhou Liedecun project, 25% interests in Tianjin Jinnan New Town project, 60% interests in Guiyang R&F Center project and 33% interests in Changsha Xirong Plaza project. These seven projects mentioned had a combined revenue of RMB6.910 billion.

7. Finance costs being interest expenses incurred in the year after deduction of amounts capitalised to development costs, decreased by 57% to RMB2.409 billion (2019: RMB5.600 billion) mainly coming from an exchange gain of RMB2.855 billion due to the appreciation of exchange rate of RMB to US dollars. Total interest incurred in the year increased from RMB13.731 billion in the prior year to RMB14.434 billion with outstanding loans at the year-end of approximately RMB159.7 billion (2019: RMB197.1 billion) and an average interest rate of 6.9% (2019: 6.6%). Aggregate interest expenses included in this year's results amounted to RMB7.180 billion (2019: RMB8.642 billion) counting also capitalised interest released to cost of sales of RMB4.771 billion (2019: RMB3.042 billion).

8. Land appreciation tax (LAT) of RMB3.801 billion (2019: RMB4.045 billion) and enterprise income tax of RMB2.191 billion (2019: RMB3.637 billion) brought the Group's total income tax expenses for the year to RMB5.992 billion. As a percentage of revenue, LAT decreased to 4.8% from 5.1% in 2019.

9. Overall, the Group's profit margin for the year was 10.6%, when compared to 11.1% in the previous year.

CONSOLIDATED BALANCE SHEET

	Note	**2020 (RMB'000)**	2019 (RMB'000)	Changes (%)
ASSETS				
Non-current assets				
Property, plant and equipment	1	**42,113,735**	35,091,574	20%
Right-of-use assets		**10,846,583**	10,774,952	1%
Investment properties	2	**33,957,965**	33,469,576	1%
Intangible assets	3	**1,183,384**	1,281,393	-8%
Interests in joint ventures	4	**11,617,336**	10,795,165	8%
Interests in associates	5	**1,440,026**	644,329	123%
Deferred income tax assets	6	**12,610,456**	10,346,768	22%
Financial assets at fair value through other comprehensive income	7	**639,850**	1,042,442	-39%
Trade and other receivables and prepayments	8	**–**	162,469	-100%
Current assets				
Properties under development	9	**164,788,269**	167,399,023	-2%
Completed properties held for sale	10	**64,029,794**	55,313,790	16%
Inventories		**1,141,518**	969,621	18%
Trade and other receivables and prepayments	8	**46,315,461**	57,729,973	-20%
Contract assets		**1,621,299**	963,907	68%
Tax prepayments		**3,600,167**	2,905,530	24%
Restricted cash	11	**14,275,892**	15,531,531	-8%
Cash and cash equivalents	11	**25,672,822**	22,904,275	12%
Assets classified as held for sale		**6,330,658**	–	N/A
LIABILITIES				
Non-current liabilities				
Long-term borrowings	12	**95,848,642**	134,870,694	-29%
Lease liabilities		**452,557**	132,013	243%
Deferred income tax liabilities		**10,307,753**	8,221,383	25%
Other payables		**1,343,481**	–	N/A
Current liabilities				
Accruals and other payables	13	**106,533,115**	83,905,870	27%
Contract liabilities		**48,002,504**	38,899,448	23%
Current income tax liabilities	14	**21,167,911**	19,159,511	10%
Short-term borrowings	12	**10,919,529**	14,116,659	-23%
Current portion of long-term borrowings	12	**52,961,902**	48,153,395	10%
Lease liabilities		**96,448**	68,220	41%
Liabilities directly associated with assets classified as held for sale		**2,546,030**	–	N/A
TOTAL EQUITY		**92,005,343**	79,799,125	15%
Non-controlling interests		**2,507,140**	2,441,232	3%

1. The increase was mainly resulted from acquisitions of a hotel and certain companies during 2020.

2. The increase represented mainly by: 1) certain new investment properties transferred from properties hold for sale in Beijing, Chongqing and Nanjing and 2) the fair value gain of existing properties in Guangzhou, Beijing, Chengdu and Shandong.

3. The decrease of intangible assets represented mainly by the acquisition and disposal of soccer team members, and the amortisation charges of Guangzhou soccer team and Hong Kong soccer team.

4. Increase mainly being the Group's investment in Weihai Fuhuan and some subsidiaries transfer to joint ventures in 2020.

5. Increase mainly being the Group's capital injection to the existing projects.

6. Increase of deferred income tax assets was mainly resulted from tax losses and accrued development cost.

7. The decrease of financial assets at fair value through other comprehensive income was mainly due to: 1) the disposal of the shares of Guangzhou Yuexiu Financial Holdings Group Co., Ltd and 2) the fair value gain of existing holding shares of Shanghai Wuling Investment Center (limited partnership) and Bank of Jiujiang Co. Ltd.

8. Trade receivables maintained at a controllable level of less than 10% of the contract sales for the year and there were no material overdue debts under efficient credit control. The increase was mainly due to the housing delivery on a large scale in the end of 2020 including the delivery of Guiyang R&F Xintiandi and Shanghai R&F Hongqiao Plaza. The decrease in other receivables was mainly due to the recovery of the funds used for urban redevelopment project this year.

9. The decrease was mainly due to land acquisition and ongoing construction activities in various cities, including Beijing, Wuhan, Ningbo, Huzhou, Wenzhou and Shanghai.

10. The increase was mainly due to completion of various projects in Shanghai, Hainan, Xiamen, Xianyou, Guiyang and Qingyuan.

11. Cash maintained at a level adequate for the Group's operation and further development.

12. Please refer to "Financial resources, liquidity and liabilities".

13. Construction payables and other payables and accrued charges representing approximately 45% and 26% of the total and increased by RMB 9.431 billion and RMB 0.783 billion, respectively.

14. The increase in income tax liabilities was mainly due to the accrued LAT, which are the results of the increase of LAT clearance.

CASH FLOW

	Note	2020 (RMB'000)	2019 (RMB'000)
Net cash generated from/(used in) operating activities	1	**19,324,332**	(24,145,456)
Net cash generated from/(used in) investing activities	2	**2,885,119**	(5,379,698)
Net cash (used in)/generated from financing activities	3	**(19,415,258)**	32,517,052
Net increase in cash		**2,794,193**	2,991,898
Exchange (losses)/gains on cash		**(25,646)**	129,494
Cash at 1 January		**22,904,275**	19,782,883
Cash at 31 December		**25,672,822**	22,904,275

1. Positive operating cash flow mainly due to cash used in land acquisition decreased and pre-sale proceeds increased.

2. Cash repayments from joint ventures and associates increased.

3. Decrease mainly being the repayment of domestic bonds and bank loans.

FINANCIAL RESOURCES, LIQUIDITY AND LIABILITIES

At 31 December 2020, the Group's cash amounted to RMB39.95 billion of which RMB35.80 billion was in Renminbi, RMB3.60 billion was in US dollar, RMB274 million was in British pound, RMB134 million was in Australian dollar, RMB86 million was in Malaysian Ringgit and the remaining was in Hong Kong dollar, Korean won and Singaporean dollar. Total borrowings at RMB159.73 billion of which RMB113.71 billion was in Renminbi, RMB44.18 billion was in US dollar, RMB618 million was in Hong Kong dollar, RMB608 million was in Australian dollar, RMB457 million was in British pound and RMB161 million was in Malaysian Ringgit. Net debt to total equity ratio was at 130.2%. The total borrowings were made up of financing from sources which included 1) bank loans, 2) offshore USD senior notes, 3) domestic bonds, and 4) trust loans and others, each accounted for 51%, 22%, 12% and 15% respectively. The Group has secured from various relationship banks uncommitted credit facilities of which approximately RMB139.2 billion (2019: RMB120.0 billion) was unutilised. Such credit facilities indicate that the banks are prepared to lend to the Group up to the limit of the facilities when certain conditions are fulfilled such as the availability of suitable projects and specified documents e.g. construction permits.

DEBT PROFILE

	Due within					
	1 year	**2 years**	**3-5 years (RMB million)**	**over 5 years**	**Total**	**Interest rate**
Bank borrowings	5,136	1,189	2,325	221	8,871	Fixed
Bank borrowings	18,551	11,182	22,578	19,573	71,884	Floating
Domestic Bonds	15,164	3,770	–	–	18,934	Fixed
Senior Notes	8,950	8,957	17,406	–	35,313	Fixed
Other borrowings	15,857	5,753	1,365	799	23,774	Fixed
Other borrowings	223	484	247	–	954	Floating
	63,881	**31,335**	**43,921**	**20,593**	**159,730**	

The maturity profile of the Group's total borrowings was well balanced between short, medium and long term debt. Debts due within 1 year, between 1 and 5 years and beyond 5 years accounted for 40%, 47% and 13% of total debts respectively. Bank loans repaid in the year amounted to RMB40.23 billion while new bank loans of RMB25.05 billion were procured. The effective interest rate of the total bank loan portfolio at 31 December 2020 was 5.78% (2019: 5.54%). Exchange rate exposure was manageable as non-RMB borrowings only accounted for approximately 29% of total borrowings. The Group will closely monitor the fluctuations of the RMB exchange rate and give prudent consideration as to entering into any currency swap arrangement as and when appropriate for hedging corresponding risks. As at 31 December 2020, the Group has not entered into any foreign exchange hedging transactions. As for interest rate, RMB bank loans were at normally stable floating interest rates benchmarked to rates published by the People's Bank of China. The fixed rate offshore USD senior notes, domestic bonds, medium-term notes and super & short-term commercial papers further reduced interest rate exposure and therefore no interest rate hedging arrangements had been put in place. Overall, the Group has not used any financial instruments for hedging purposes.

Charge on assets

As at 31 December 2020, assets with total carrying values of RMB123.18 billion and the Group's shares of certain subsidiaries were pledged to secure bank loans and other borrowings amounting to RMB96.34 billion (at 31 December 2019: RMB107.88 billion).

Contingent liabilities

The Group provided guarantees in respect of bank mortgage loans taken out by purchasers of the Group's sale properties and joint liability counter-guarantees for certain borrowings granted to the Group's jointly controlled entities and an associate for project development purpose. For guarantees provided in respect of residential properties, the guarantees are released upon the issuance of real estate ownership certificates for the properties concerned. As at 31 December 2020, such guarantees totaled RMB102.09 billion, increased by 14% from RMB89.74 billion as at 31 December 2019.

EMPLOYEE AND EMOLUMENT POLICIES

As of 31 December 2020, the Group had approximately 38,824 employees (31 December 2019: 62,305). The decrease in number of employees is mainly due to the sale of the property management companies. The total staff costs incurred were approximately RMB3.868 billion during the financial year ended 31 December 2020. The Company's emolument policy is to ensure that the remuneration offered to employees including executive directors and senior management is based on skill, knowledge, responsibilities and involvement in the Company's business affair. The remuneration of executive directors is also linked with business performance and profitability of the Company and the market conditions. Directors and senior management would not be involved in deciding their own remuneration.

The Company is committed to good corporate governance practices, believing that they enhance shareholder value. The corporate governance practices adopted by the Company place a focus on maintaining a high-quality board, effective internal controls, a high level of transparency and full accountability to shareholders. Throughout the year ended 31 December 2020, the Company complied with all relevant laws and the code provisions of the Corporate Governance Code and Corporate Governance Report (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

THE BOARD

The board of directors (the "Board") is charged with providing overall leadership for and effective control over the Company in a way that maximizes financial performance and shareholder value. The Board formulates business policies and strategies for the Group, including dividend policy and risk management strategies. It is also responsible for implementing internal controls and monitoring their effectiveness. The day-to-day execution of the Board's policies and strategies is delegated to the Company's executive directors and a team of designated senior management. For better formulation of the Company's long-term strategic policy, the Company authorized the formation of a specific function in 2015, of which is supported by senior management. Mr. Zheng Ercheng, an independent non-executive director of the Company, and Dr. Li Sze Lim and Mr. Zhang Li, the executive directors of the Company, are the members of that function.

The Board is well-diversified in terms of gender, industry experience, professional expertise and education background. As at 31 December 2020, the Board consisted of nine directors, including four executive directors: Dr. Li Sze Lim, Chairman, Mr. Zhang Li, Co-chairman and chief executive officer, Mr. Zhang Hui and Mr. Xiang Lijun; two non-executive directors: Ms. Zhang Lin and Ms. Li Helen; and three independent non-executive directors: Mr. Zheng Ercheng, Mr. Ng Yau Wah, Daniel and Mr. Wong Chun Bong. Biographical details of the directors and their relationships, if any, are set out on pages 103 to 104 of this annual report.

All directors, including non-executive directors and independent non-executive directors, have devoted sufficient time and effort to the business affairs of the Company. The Board believes that the ratio of executive directors to non-executive directors is reasonable, and provides checks and balances that are sufficient to safeguard the interests of shareholders and of the Group. The Board also believes that the independent judgments offered by non-executive directors and independent non-executive directors on issues relating to the Company's strategies, performances, conflicts of interest and management processes are valuable for protecting the interests of the Company's shareholders. The term of office of all directors shall be three years. Upon maturity of the current term of office, a director shall be eligible to offer himself/herself for re-election and reappointment.

All directors of the Company have access to timely information about the Group's business and are able to make further enquiries whenever necessary. They also have unrestricted access to the advice and services of the company secretary, who is responsible for providing directors with board papers and related materials. The Board has also agreed that any director may seek independent professional advice on issues relating to the Group's business at the Company's expense.

The Company has subscribed appropriate and sufficient insurance coverage on directors' liabilities in respect of legal actions against the directors arising out of corporate activities.

Chairman and Chief Executive Officer

The Chairman, Dr. Li Sze Lim, provides leadership and oversees the Board's jobs and performances. He is responsible for the Board's effectiveness by ensuring that all key issues are discussed within the Board in a timely and informed manner, and that the Board adopts good corporate governance practices.

The Chairman from time to time holds meetings with independent non-executive directors without the presence of executive directors.

Mr. Zhang Li, the Co-chairman, is also the chief executive officer of the Company. He is responsible for the execution of all business policies, strategies, objectives and plans adopted by the Board.

The role of the chief executive officer is separate from that of the Chairman.

Independent Non-executive Directors

Pursuant to the requirement of Rule 3.10 of the Listing Rules, the Company has three independent non-executive directors, one of whom has appropriate professional qualifications in accounting and financial management. The Company has received from each of the independent non-executive directors an annual confirmation of independence. The nomination committee of the Board has also conducted an annual review of the independence of all independent non-executive directors of the Company. The Board is of the view that all the independent non-executive directors satisfied the requirement of independence as set out in Rule 3.13 of the Listing Rules and considers all of them to be independent.

The Company has maintained an updated list of its directors identifying their roles and functions on websites of the Company and the Stock Exchange. Independent non-executive directors are identified in all corporate communications that disclose the names of directors.

BOARD MEETINGS

The Board held four meetings during the year under review, and the attendance records of the directors are set out below:

Directors	Meetings attended/Total
Executive Directors	
Li Sze Lim	4/4
Zhang Li	4/4
Zhang Hui *(appointed with effect from the conclusion of the annual general meeting on 29 May 2020)*	3/3
Xiang Lijun *(appointed with effect from the conclusion of the extraordinary general meeting on 9 October 2020)*	1/1
Zhou Yaonan *(resigned with effect from the conclusion of the extraordinary general meeting on 9 October 2020)*	3/3
Lu Jing *(resigned with effect from the conclusion of the annual general meeting on 29 May 2020)*	1/1
Non-executive Directors	
Zhang Lin	4/4
Li Helen	4/4
Independent Non-executive Directors	
Zheng Ercheng	4/4
Ng Yau Wah, Daniel	4/4
Wong Chun Bong	4/4

During these Board meetings, the directors discussed matters relating to business policies and strategies, corporate governance, financial, risk management and internal control systems. They also reviewed the interim and annual financial results and other relevant matters. All directors are urged to participate in these Board meetings in person, but those who are unable to attend in person can also participate via electronic means. According to the articles of association of the Company (the "Articles of Association"), directors participating by electronic means are deemed to have physically attended the Board meeting.

Notice for Board meetings are given to all directors at least 14 days prior to the date of a meeting. All directors are given the opportunity to include any matter they would like to discuss in the agenda.

The company secretary assists the Chairman in preparing the agenda for the Board and Board committees' meetings and ensure that all applicable rules and regulations are followed. He also prepares detailed minutes of each meeting. After the meeting, the draft minutes are circulated to all or related directors for comment as soon as practicable. All Board members are given a copy of the final approved minutes.

Should a matter being considered involves a potential conflict of interest for a director, the director concerned will abstain from voting. Independent non-executive directors with no conflicts of interest will be present at meetings dealing with such issues.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparation of the financial statements for the financial year ended 31 December 2020 which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended and are properly prepared on the going concern basis in accordance with the applicable statutory requirements and accounting standards.

The statement of the external auditor of the Company about its reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" contained in this annual report.

BOARD COMMITTEES

The Company currently maintains three Board committees with defined terms of reference which are posted on the websites of the Company and the Stock Exchange. The meetings of the Board committees adopt the practices used in the Board meetings.

Audit Committee

The audit committee was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. As at the date of this report, the committee is made up of three members: a non-executive director, Ms. Li Helen, and two independent non-executive directors, Mr. Zheng Ercheng and Mr. Wong Chun Bong. The chairman of the committee is Mr. Wong Chun Bong, who has professional accounting qualifications and expertise in financial management.

The Board is responsible for presenting a clear and balanced assessment of the Group's performance, results and prospects. The audit committee is delegated by the Board to be responsible for reviewing the accounting policies and practices adopted by the Group as well as reviewing internal control, risk management and financial reporting matters of the Group. It is also tasked with coordinating with external auditors in respect of the annual audit on matters such as the scope of the audit and any issues arising from it; making recommendations to the Board on appointing or removing external auditors; and considering their remuneration and terms of engagement.

The audit committee held two meetings during the year. Following Board practice, minutes of these meetings were circulated to all members for comment, approval and record as soon as practicable after each meeting. There was no disagreement between the Board and the audit committee regarding the reappointment of external auditors. The audit committee has reviewed the annual results for the year ended 31 December 2019 and the interim results for the six months ended 30 June 2020 of the Company and discussed with the management and/or the Company's auditor the accounting policies and practices adopted by the Group, internal control, risk management and financial reporting matters of the year. The audit committee reported that there was no material uncertainty that cast doubt on the Company's going concern ability.

The attendance records of individual committee members are set out below:

Committee members	Meetings attended/Total
Wong Chun Bong	2/2
Li Helen	2/2
Zheng Ercheng	2/2

Remuneration Committee

The remuneration committee was established with written terms of reference in accordance with Appendix 14 to the Listing Rules. As at the date of this report, the committee comprises three directors: Dr. Li Sze Lim, an executive director, and two independent non-executive directors, Mr. Zheng Ercheng and Mr. Ng Yau Wah, Daniel. Mr. Zheng Ercheng is the chairman of the committee.

The remuneration committee is responsible for formulating and recommending to the Board on policy regarding remuneration-related matters including, among others, bonus structures and provident funds. The Company's remuneration policy is designed to ensure that the remuneration offered to employees, including executive directors and senior management, is based on factors such as levels of skill, knowledge, responsibility and involvement in the Company's affairs. The remuneration of executive directors is also linked to the Company's business performance and profitability in the context of the prevailing market conditions. The committee makes recommendations to the Board on the remuneration packages of executive directors and senior management. Individual director and senior management are not involved in determining their own levels of remuneration.

During the year, the remuneration committee held one meeting, in which it reviewed the Company's remuneration policies, its terms of service contracts, and the performance of executive directors and senior management. The remuneration committee also passed resolutions to make recommendations to the Board on the remuneration packages of the executive directors appointed during the year.

For the year ended 31 December 2020, the remuneration (before taxation) of the senior management by band is set out below:

Remuneration band (RMB)	Number of person
0-4,000,000	1
4,000,001-8,000,000	6
8,000,001 or above	1

Further particulars regarding the directors' emoluments as required to be disclosed pursuant to Appendix 16 of the Listing Rules are set out in Note 41 to the financial statements.

The attendance records of individual committee members are set out below:

Committee members	Meetings attended/Total
Zheng Ercheng	1/1
Li Sze Lim	1/1
Ng Yau Wah, Daniel	1/1

Nomination Committee

The nomination committee has been established with written terms of reference in accordance with Appendix 14 to the Listing Rules. As at the date of this report, the committee comprises three directors: Dr. Li Sze Lim, an executive director, and two independent non-executive directors, Mr. Zheng Ercheng and Mr. Wong Chun Bong. Dr. Li Sze Lim is the chairman of the committee.

The nomination committee is responsible for the formulation of nomination policy for the consideration of the Board and implementing the policy approved by the Board. The nomination policy sets out the procedures and criteria for selecting and recommending candidates for directorship. Specific responsibilities of the nomination committee include, among others, review the structure, size and composition of the Board according to the Board diversity policy (the "Board Diversity Policy"), identify and nominate candidates to fill casual vacancies of directors and make recommendations to the Board in respect of succession planning. The Board Diversity Policy specifies that the selection of candidates for appointment to the Board will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, length of service or professional experience. The nomination committee will review such policy, as appropriate, to ensure its effectiveness.

During the year, the nomination committee held one meeting, and the attendance records of individual committee members are set out below:

Committee members	Meetings attended/Total
Li Sze Lim	1/1
Zheng Ercheng	1/1
Wong Chun Bong	1/1

During the year under review, the nomination committee had reviewed the structure, size and composition of the Board and considered the retirement and re-appointment of the directors and supervisor in the Company's general meeting. The nomination committee has also passed resolutions to make recommendations to the Board to appoint Mr. Zhang Hui and Mr. Xiang Lijun as the executive directors of the Company.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy") which sets out, inter alia, the factors in determining dividend payment. The Board will review the Dividend Policy, as appropriate, in order to maintain a balance between the expectations of shareholders and prudent capital management.

CORPORATE GOVERNANCE FUNCTIONS

In the year, the Board had:

(a) developed and reviewed the Company's policies and practices on corporate governance;

(b) reviewed and monitored the training and continuous professional development of directors and senior management;

(c) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;

(d) reviewed and monitored the code of conduct applicable to employees and directors; and

(e) reviewed the Company's compliance with the Code and disclosure in the Corporate Governance Report.

DIRECTORS' TRAINING

The Company would provide a comprehensive induction package to each newly appointed director to ensure that he/she has a proper understanding of the Group's operations and is sufficiently aware of his/her responsibilities and obligations under the relevant statutes, laws, rules and regulations.

The directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary provides the directors with updates on latest changes and developments in the Listing Rules, corporate governance practices and other relevant legal and regulatory requirements from time to time.

During the year, induction training has been provided to the new directors appointed during the year and all directors are provided with training materials on regulatory matters. A summary of training of directors is as follow:

Name of Directors	Type of Continuous Professional Development: Training on corporate governance, regulatory development and other relevant topics
Executive Directors	
Li Sze Lim	√
Zhang Li	√
Zhang Hui *(appointed with effect from the conclusion of the annual general meeting on 29 May 2020)*	√
Xiang Lijun *(appointed with effect from the conclusion of the extraordinary general meeting on 9 October 2020)*	√
Zhou Yaonan *(resigned with effect from the conclusion of the extraordinary general meeting on 9 October 2020)*	√
Lu Jing *(resigned with effect from the conclusion of the annual general meeting on 29 May 2020)*	√
Non-executive Directors	
Zhang Lin	√
Li Helen	√
Independent Non-executive Directors	
Zheng Ercheng	√
Ng Yau Wah, Daniel	√
Wong Chun Bong	√

SUPERVISORY COMMITTEE

The supervisory committee of the Company consists of three members, including two supervisors who represent shareholders, Ms. Liang Yingmei and Mr. Zhao Xianglin, and one who represents employees, Mr. Chen Liangnuan. The supervisors effectively performed their supervisory duties relating to the Company's operations.

During the year, the supervisory committee held two meetings, and the attendance records of individual committee members are set out below:

Committee members	Meetings attended/Total
Chen Liangnuan	2/2
Liang Yingmei	2/2
Zhao Xianglin	2/2

RE-ELECTION OF DIRECTORS

All directors and supervisors have entered into a service contract with the Company for a specific term of three years. They are all subject to retirement from office by rotation and re-election at the general meeting once every three years in accordance with the Articles of Association.

The term of office of (i) Dr. Li Sze Lim and Mr. Zhang Li, the executive directors of the Company; and (ii) Mr. Ng Yau Wah, Daniel, the independent non-executive director of the Company, will expire on 30 May 2021, all of them, being eligible, have offered themselves for re-election at the forthcoming 2020 annual general meeting ("AGM").

SECURITIES TRANSACTIONS OF DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") laid out in Appendix 10 to the Listing Rules as the code of conduct for directors and supervisors in any dealings in the Company's securities. The Company has made specific enquiries of each director and supervisor, each of whom has confirmed their compliance with the Model Code during the financial year ended 31 December 2020.

AUDITOR'S REMUNERATION

PricewaterhouseCoopers is the Company's external auditor. During the year, the firm had not been engaged to perform any other work that could have conflicted with its role as auditor of the Company or otherwise compromised its independence.

The audit committee has recommended to the Board, and the Board has accordingly agreed, to propose the reappointment of PricewaterhouseCoopers as the external auditor of the Group until the date of the next AGM, pending approval by shareholders at the forthcoming 2020 AGM. During the year, the total remuneration paid in respect of audit services and non-audit services was RMB7.068 million and RMB2.538 million respectively. Audit services include the review of financial information. Non-audit services mainly consisted of advisory, review and other reporting services.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The Board, with the assistance of the audit committee, is responsible for maintaining the internal control and risk management systems effectively to protect the Group's assets and its shareholders' interests. The Company's internal control and risk management systems are embedded within its various operational departments.

The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has an internal audit function. The Group's system of internal control includes a well-established corporate structure and an organization with clearly defined lines of responsibility and authority, which are set out in writing in an operation manual where appropriate. Each department is responsible for its daily operations, and is required to implement the strategies and policies adopted by the Board. Each department has a responsibility to effectively use the Company's resources so as to avoid misappropriation or damage to assets, and to prevent errors and fraud. The Board has set up some independent monitoring departments to assist it to closely monitor the implementation of the Company's internal control system on an on-going basis and assessing their effectiveness. The scope of surveillance covers project development, tendering, sales and leasing, financial reporting, human resources and computer systems. The monitoring departments have not identified any material errors, frauds or non-compliance of the Group's policies and procedures based on its work during the year.

The Board, as a pivotal component of an effective risk governance framework, enhances its accountability with regard to risk management. A risk management system is well-established and implemented throughout the Group. The Board, with the assistance of audit committee, collect the information from the reporting procedure of the risk management system. Risks that would significantly affect the Group are identified, assessed and prioritised. Plans are then established to mitigate those risks that are significant.

The Company takes every precaution in its handling of inside information. The Company has implemented a set of guidelines formally adopted by the Board on 20 March 2014 which aims to prevent inadvertent or selective dissemination of inside information and above all, to ensure compliance of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO"), in relation to the disclosure of inside information.

The Board oversees the internal control and risk management systems on an ongoing basis and has conducted an interim and annual review of the effectiveness of the internal control and risk management systems of the Group for the six months ended 30 June 2020 and for the year ended 31 December 2020. It believes that the existing internal control and risk management systems are effective and adequate, and the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions are adequate.

COMPANY SECRETARY

The company secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. For the year under review, he has confirmed that he has undertaken enough hours of relevant professional training.

SHAREHOLDERS' RIGHTS

The proceedings of the AGM are reviewed periodically to ensure that shareholders' rights are maintained. Notice of the AGM, setting out details of each proposed resolution, voting procedures and other relevant information, is sent to all shareholders prior to the date of the meeting in accordance with the relevant rules and regulations.

Voting of shareholders at general meeting will be taken by poll in accordance with the Listing Rules, unless otherwise required and permitted. Detailed procedures for conducting a poll will be explained to the shareholders at the beginning of general meeting to ensure that shareholders are familiar with such voting procedures. Separate resolution will be proposed by the chairman of general meeting in respect of each substantial issue. The poll results will be posted on the websites of the Company and the Stock Exchange on the same business day of the general meeting.

Pursuant to the Articles of Association, an extraordinary general meeting and class meeting can be convened on the requisition of shareholders, either individually or jointly, holding 10% or more of the paid up capital of the Company carrying the right of voting at such meeting of the Company. Such requisition must be in writing and the Board will follow up to convene such meeting within 30 days.

According to the Articles of Association, shareholders individually or jointly holding 3% or more of the voting shares of the Company may submit in writing interim proposals to the convenor 10 days before the date of the convening of the shareholders' general meeting.

The convenor shall, within 2 days upon receipt of such proposals, review the proposals and serve a supplementary notice of the shareholders' general meeting to announce the content of the interim proposals.

Procedures in relation to the nomination of directors by shareholders have been published on the website of the Company.

INVESTORS AND SHAREHOLDERS RELATIONS

The Company aims to maintain amicable relationships with its shareholders and investors, and to enhance the transparency of its business operations. It disseminates information about its business operations to investors and shareholders in a timely manner using a variety of channels and methods. In addition to publishing interim and annual reports, the Company occasionally meets with analysts and holds press conferences. Enquiries and suggestions from shareholders, investors, media and the general public are followed up by executive directors or appropriate management staff. In addition, the corporate website is another channel through which the Company provides up-to-date information.

The AGM also serves as an important channel of communication between directors and shareholders. The chairman of the Board personally chairs the AGM to ensure shareholders' views are communicated to the Board. During the AGM, the chairman of the Board and the chairman/members of the Board committees are present to answer any queries from shareholders. External auditors are also invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

GENERAL MEETINGS

In 2020, the Company held two general meetings including the 2019 AGM and one extraordinary general meeting held on 9 October 2020 (the "EGM").

Attendance of the directors at the general meetings is set out below:

Name of Directors	2019 AGM	The EGM
Executive Directors		
Li Sze Lim	√	√
Zhang Li	√	√
Zhang Hui *(appointed with effect from the conclusion of the annual general meeting on 29 May 2020)*	N/A	√
Xiang Lijun *(appointed with effect from the conclusion of the extraordinary general meeting on 9 October 2020)*	N/A	N/A
Zhou Yaonan *(resigned with effect from the conclusion of the extraordinary general meeting on 9 October 2020)*	√	√
Lu Jing *(resigned with effect from the conclusion of the annual general meeting on 29 May 2020)*	–	N/A
Non-executive Directors		
Zhang Lin	√	√
Li Helen	√	√
Independent Non-executive Directors		
Zheng Ercheng	√	√
Ng Yau Wah, Daniel	√	√
Wong Chun Bong	√	√

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary whose contact details is as follows:

Company Secretary
Guangzhou R&F Properties Co., Ltd.
Room 6303, The Center,
No. 99 Queen's Road Central, Hong Kong
Telephone: (852) 2511 6675
Fax: (852) 2511 9087

CONSTITUTIONAL DOCUMENTS

During the year, the Articles of Association was amended three times with details as follows:

(a) amendment in relation to the allotment of H shares on 30 December 2019 which was approved by the Shareholders in the extraordinary general meeting held on 21 December 2018;

(b) amendment in relation to, inter alia, the notice period of the general meetings and provisions on share repurchase which was approved by the Shareholders in the annual general meeting on 29 May 2020; and

(c) amendment in relation to (i) the conversion of the 2,207,108,944 unlisted domestic shares into overseas listed shares of the Company on 28 September 2020 which was approved by the Shareholders in the annual general meeting on 30 May 2018; and (ii) allotment of H shares on 5 October 2020 which was approved by the Shareholders in the annual general meeting on 29 May 2020.

The directors are pleased to submit their report, together with the audited financial statements of the Group, for the year ended 31 December 2020. The audited financial statements were approved by the directors on 25 March 2021.

PRINCIPAL ACTIVITIES

The Group's principal activity is the development of quality residential and commercial properties for sale mainly in China, and its target customers are members of China's large and growing middle class. The Group also develops hotels, office buildings and shopping malls in Beijing, Guangzhou and other cities, which are held as investment properties.

An analysis of the Group's revenue and total assets during the financial year, by business segment, is set out in Note 5 to the financial statements.

A list of principal subsidiaries, joint ventures and associates, together with their places of operation and incorporation, their issued capital and registered capital, is set out in Notes 11, 12 and 13 to the financial statements.

RESULTS

The profit of the Group for the year ended 31 December 2020 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 114 to 222 of this annual report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 224 of this annual report. The summary of results is for comparative purposes only, and does not form an integral part of the audited financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Details of the management discussion and analysis during the year are set out on pages 16 to 82 of this report and the paragraphs below.

Policy Risk

As an important pillar for various economic indicators and drivers of growth across industries, the property industry is more susceptible to the impact of macro-economic and industrial policies.

Amidst the backdrop of COVID-19, business activities in China were significantly affected in the first quarter of 2020 with the implementation of home quarantines and closure of on-site sales. There were also tightening onshore regulatory policies on property. The Chinese Government introduced the "Three Red Lines" to reduce companies' over reliance of loans and debt financing. It is important for the Company to proactively adapt itself to changes in policies, and improve its risk control, business management standards on an ongoing basis and formulate reasonable business strategies.

Business Risk

As a property development company, if we are unable to acquire land sites required for project development in a timely manner and maintain a dynamic land bank required for ongoing development, the Company's development will be restrained and the continuous growth in the Company's revenue and operating results will be affected as a result. The Group has adopted a prudent land banking approach with the current land bank scale being adequate. In 2020, the Company continues to actively develop valuable land and has acquired 16 plots of land in 12 cities and regions, increasing the land bank resources.

Market Risk

As the growth rate of the industry becomes stabilised, the industry will face the risk of declining long-term potential demands. Therefore, in order to maintain and further enhance its market competitiveness, the Company implements a steady business development strategy by actively developing a diversified market in cities in China. The Group has also made significant progress in conversion of urban renewal projects.

Financial Risk

The Company raises funds mainly through internal resources, bank borrowings and debt issues in the capital markets. Restrictions in access to bank borrowings, funds derived from internal resources and revenue from presales/sales of commodity housing falling short of project construction requirements, or inability to issue debt in the capital markets will affect the property project development plans of the Company and hence the business development of the Company.

In 2020, the Group has raised capital through USD senior notes, syndicated loan facility and commercial loans. The Company has also completed the placing of 257,000,000 new H shares on 5 October 2020 to optimize the capital structure of the Company.

As a PRC property development and investment company listed on the Main Board of the Stock Exchange, the Company shall comply with the relevant rules and regulations of both of the PRC and Hong Kong. On the corporate level, the Group complies with the requirements under the Companies Ordinance in Hong Kong and PRC, the Listing Rules and the SFO for, among other things, the disclosure of information and corporate governance, and the Group has adopted the Model Code.

INTERIM DIVIDEND

The Board declared an interim dividend for the six months ended 30 June 2020 of RMB0.38 per share, or a Hong Kong dollar equivalent of HK$0.425306 per share.

FINAL DIVIDEND

The Board has proposed a final dividend for 2020 of RMB0.62 per share. The proposed final dividend, if approved by the shareholders at the AGM on 28 May 2021, will be paid to shareholders whose names appear on the register of members of the Company as at the close of business on Wednesday, 9 June 2021. The proposed final dividend has not been reflected in the financial statements as at 31 December 2020. Dividends on H shares are also subject to PRC withholding tax.

According to the Articles of Association, dividends payable to shareholders shall be calculated and declared in RMB. Dividends payable to holders of the Company's H shares shall be in Hong Kong Dollar. The exchange rate to be adopted shall be the average closing rate of the one-week period preceding the date of declaration of dividend as announced by the People's Bank of China.

According to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) and its implementation regulations (the "EIT Law"), the tax rate of the enterprise income tax applicable to the income of a non-resident enterprise deriving from the PRC is 10%. For this purpose, any H shares registered under the name of non-individual enterprise, including the H shares registered under the name of HKSCC Nominees Limited, other nominees or trustees, or other organizations or entities, shall be deemed as shares held by non-resident enterprise shareholders (as defined under the EIT Law). The Company will distribute the dividend to those non-resident enterprise shareholders subject to a deduction of 10% enterprise income tax withheld and paid by the Company on their behalf.

Any resident enterprise (as defined under the EIT Law) which has been legally incorporated in the PRC or which was established pursuant to the laws of foreign countries (regions) but has established effective administrative entities in the PRC, and whose name appears on the Company's H share register should deliver a legal opinion ascertaining its status as a resident enterprise furnished by a qualified PRC lawyer (with the official chop of the law firm issuing the opinion affixed thereon) and relevant documents to Computershare Hong Kong Investor Services Limited in due course, if they do not wish to have the 10% enterprise income tax withheld and paid on their behalf by the Company.

Pursuant to the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guoshuifa (1993) No. 045 Document (關於國稅發(1993) 045號文件廢止後有關個人所得稅徵管問題的通知) (the "Notice") issued by the State Administration of Taxation on 28 June 2011, the dividend to be distributed by the PRC non-foreign invested enterprise which has issued shares in Hong Kong to the overseas resident individual shareholders, is subject to the individual income tax with a tax rate of 10% in general.

However, the tax rates for respective overseas resident individual shareholders may vary depending on the relevant tax agreements between the countries of their residence and Mainland China. Thus, 10% individual income tax will be withheld from the dividend payable to any individual shareholders of H shares whose names appear on the H share register of members of the Company on the record date, unless otherwise stated in the relevant taxation regulations, tax treaties or the Notice.

PROFIT DISTRIBUTION TO INVESTORS OF SOUTHBOUND TRADING

For investors of the Shanghai Stock Exchange and Shenzhen Stock Exchange (including enterprises and individuals) investing in the H shares of the Company listed on the Hong Kong Stock Exchange (the "Southbound Trading"), the Company has entered into the Agreement on Distribution of Cash Dividends of H shares for Southbound Trading (港股通H股股票現金紅利派發協議) with the Shanghai Branch and Shenzhen Branch of China Securities Depository and Clearing Corporation Limited ("China Securities"), pursuant to which, China Securities, as the nominee of the holders of H shares for Southbound Trading, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H shares of Southbound Trading through its depositary and clearing system. The cash dividends for the investors of H shares of Southbound Trading will be paid in RMB. Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2014] No. 81) and the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (關於深港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2016] No. 127), for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through the Southbound Trading, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through the Southbound Trading, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF DIVIDEND

Upon obtaining approval of the shareholders at the forthcoming AGM, the final dividend will be payable to shareholders whose names appear on the register of members of the Company as at the close of business on Wednesday, 9 June 2021. The final dividend is expected to be paid to the shareholders of the Company on or before Friday, 30 July 2021. The H share register of members of the Company will be closed from Thursday, 3 June 2021 to Wednesday, 9 June 2021, both days inclusive, during which period no transfer of H shares will be registered. In order for H shareholders to qualify for the proposed final dividends, all the share transfer documents must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 2 June 2021.

AGM AND CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF ATTENDING AGM

The 2020 AGM of the Company will be held on Friday, 28 May 2021 and the notice of AGM will be published and dispatched in the manner as required by the Listing Rules.

For the purpose of determining shareholders who are entitled to attend and vote at the AGM to be held on Friday, 28 May 2021, the register of members of the Company will be closed from Monday, 24 May 2021 to Friday, 28 May 2021, both days inclusive. In order for the shareholders to qualify for attending and voting at the AGM, all the share transfer documents should be lodged for registration with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 21 May 2021.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the percentage of purchases attributable to the Group's five largest suppliers combined was less than 30% of the Group's total purchase. The percentage of revenue attributable to the Group's five largest customers combined was less than 30% of the Group's total revenue.

DONATIONS

During the year, the total amount of charitable donations made by the Group was approximately RMB52.10 million (2019: RMB35.20 million).

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

The detailed changes in property, plant and equipment, and investment properties of the Group for the year are set out in Notes 7 and 9 to the financial statements, respectively.

PROPERTIES UNDER DEVELOPMENT

Details of the properties under development of the Group during the year are set out in Note 16 to the financial statements.

COMPLETED PROPERTIES HELD FOR SALE

Details of the completed properties held for sale of the Group during the year are set out in Note 17 to the financial statements.

BANK BORROWINGS

Particulars of the bank borrowings of the Group as at 31 December 2020 are set out in Note 25 to the financial statements.

PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this Directors' Report was or is there any permitted indemnity provision being in force for the benefit of any of the directors of the Company or an associated company.

MANAGEMENT CONTRACTS

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

CAPITALIZED BORROWING COSTS

Borrowing costs capitalized by the Group during the year amounted to approximately RMB9.227 billion (2019: approximately RMB8.505 billion).

MAJOR PROPERTIES

Major properties of the Group as at 31 December 2020 are set out on pages 225 to 242 of this annual report.

SHARE PREMIUM AND RESERVES

Movements in the share premium and reserves of the Company during the year up to 31 December 2020 are set out in Note 23 to the financial statements.

DISTRIBUTABLE RESERVES

In accordance with the Articles of Association, distribution of dividends should be made out of distributable reserves, this being the lower amount either as determined under China Accounting Standard for Business Enterprises ("CAS") or as determined under the Hong Kong Financial Reporting Standards ("HKFRS"). As at 31 December 2020, the Company's distributable reserves were approximately RMB4.282 billion, being the smaller of the distributable reserves as determined under CAS and HKFRS.

SHARE CAPITAL

The Company has completed the conversion of the 2,207,108,944 unlisted domestic shares into overseas listed shares of the Company on 28 September 2020.

Based on the placing agreement dated 15 September 2020, the Company completed the placing of 257,000,000 new H shares to no less than 6 independent placees on 5 October 2020 at the placing price of HK$9.82 per placing share. The Directors considered that the placing is able to increase liquidity and improve capital structure of the Group. Proceeds from the placing have been used to repay the Company's off-shore debts. For details of the placing, please refer to the announcements of the Company dated 15 September 2020 and 5 October 2020.

Details of movements in the share capital of the Company during the year up to 31 December 2020 are set out in the statement of changes in equity on pages 118 to 119 of this annual report.

DIRECTORS AND SUPERVISORS

The directors and supervisors of the Company during the year were:

Executive Directors
Dr. Li Sze Lim
Mr. Zhang Li
Mr. Zhang Hui *(appointed with effect from the conclusion of the annual general meeting on 29 May 2020)*
Mr. Xiang Lijun *(appointed with effect from the conclusion of the extraordinary general meeting on 9 October 2020)*
Mr. Zhou Yaonan *(resigned with effect from the conclusion of the extraordinary general meeting on 9 October 2020)*
Mr. Lu Jing *(resigned with effect from the conclusion of the annual general meeting on 29 May 2020)*

Non-executive Directors
Ms. Zhang Lin
Ms. Li Helen

Independent Non-executive Directors
Mr. Zheng Ercheng
Mr. Ng Yau Wah, Daniel
Mr. Wong Chun Bong

Supervisors
Mr. Chen Liangnuan
Ms. Liang Yingmei
Mr. Zhao Xianglin

The Company has received an annual confirmation from each of the independent non-executive directors of their independence and considered all independent non-executive directors to be independent of the Company.

The term of office of (i) Dr. Li Sze Lim and Mr. Zhang Li, the executive directors of the Company; and (ii) Mr. Ng Yau Wah, Daniel, the non-executive director of the Company, will expire on 30 May 2021, all of them, being eligible, have offered themselves for re-election at the forthcoming 2020 AGM.

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S BIOGRAPHICAL DETAILS

Biographical details of the directors and supervisors of the Company and the senior management of the Group are set out on pages 103 to 107 of the annual report.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the directors and supervisors of the Company has entered into a service contract with the Company for a term of three years. None of the directors or supervisors has entered into any service contract with the Company or any of its subsidiaries, which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Apart from the relevant agreements disclosed in the section headed "Connected Transactions and Continuing Connected Transactions" below, there were no transaction, arrangement or contract of significance to which the Company or any of its subsidiaries or joint ventures was a party, and in which a director or a supervisor of the Company was materially interested, whether directly or indirectly, subsisted at any time during the year or as at 31 December 2020.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, the following directors had interests in the following businesses which are considered to compete or be likely to compete, either directly or indirectly, with the business of the Group (other than those businesses where the directors were appointed as director of the businesses concerned to represent the interests of the Company/Group):

	Businesses which are considered to compete or be likely to compete, either directly or indirectly, with the business of the Group		
Name of director	**Name of entity**	**Description of business**	**Nature of the interest of the director in the entity**
Li Sze Lim	Beijing Fushengli Investment Consulting Co., Ltd. ("Fushengli")	Owns partial parking spaces in Beijing	Shareholder
Zhang Li	Fushengli	Owns partial parking spaces in Beijing	Shareholder

Dr. Li Sze Lim and Mr. Zhang Li have confirmed that Fushengli has no intention of engaging in any business (save as disclosed) which competes or is likely to compete with the Group. The Company's directors are of the view that the Company is capable of carrying on its business independently of Fushengli.

DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2020, the beneficial interests and short positions of the directors, chief executive and supervisors of the Company in the shares, underlying shares or debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO), which are required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO; or (ii) entered into the register required to be kept by the Company under section 352 of Part XV of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(a) Long positions in the shares, underlying shares and debentures of the Company as at 31 December 2020 were as follows:

		Number of shares				
Director/ Supervisor	**Class of shares**	**Personal**	**Spouse or child under 18**	**Corporate interest**	**Total number of shares held at the end of the period**	**Approximate percentage of interests in the total share capital Note**
Li Sze Lim	H share	1,066,092,672	5,000,000	16,000,000	1,087,092,672	28.97%
Zhang Li	H share	1,011,725,472	20,000,000		1,031,725,472	27.50%
Zhang Hui	H share	1,894,800			1,894,800	0.05%
Xiang Lijun	H share	1,800,000			1,800,000	0.05%
Li Helen	H share	1,003,600			1,003,600	0.03%
Ng Yau Wah, Daniel	H share	588,000			588,000	0.02%
Chen Liangnuan	H share	20,000,000			20,000,000	0.53%

Note:

The Company's total number of issued shares as at 31 December 2020 was 3,752,367,344 H shares.

(b) Long positions in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO):

Director	Name of associated corporation	Type	No. of shares	Percentage of total issued capital
Li Sze Lim	Guangzhou Tianfu Property Development Co., Ltd. ("Tianfu") (Note 1)	Corporate	N/A	7.50%
	Fushengli (Note 2)	Corporate	N/A	34.64%
	Easy Tactic Limited ("Easy Tactic") (Note 3)	Corporate	N/A	N/A
Zhang Li	Tianfu (Note 1)	Corporate	N/A	7.50%
	Fushengli (Note 2)	Corporate	N/A	34.64%
Li Helen	Easy Tactic (Note 4)	Corporate	N/A	N/A

Notes:

1. Tianfu is 15% and 85% owned by Century Land Properties Limited and the Company respectively. Century Land Properties Limited is beneficially owned by Dr. Li Sze Lim and Mr. Zhang Li at 50% each.

2. Fushengli is 70% and 30% owned by Well Bright International Limited and Guangzhou Tianli Construction Co., Ltd. respectively. Guangzhou Tianli Construction Co., Ltd. is a subsidiary of the Company. Well Bright International Limited is 51% and 49% owned by Guangdong South China Environmental Protection Investment Co., Ltd. and Sparks Real Estate Holdings Limited respectively. Each of Dr. Li Sze Lim and Mr. Zhang Li owns 49% of Guangdong South China Environmental Protection Investment Co., Ltd.. Sparks Real Estate Holdings Limited is beneficially owned by Dr. Li Sze Lim and Mr. Zhang Li at 50% each.

3. Dr. Li Sze Lim (a), through his spouse, has an interest in (i) US$14,000,000 of the US$375 million 8.625% senior notes due 2024 issued by Easy Tactic, a wholly-owned subsidiary of the Company; (ii) US$10,000,000 of the US$875 million 8.125% senior notes due 2023 issued by Easy Tactic; (iii) US$49,500,000 of the US$450 million 8.125% senior notes due 2024 issued by Easy Tactic; (iv) US$50,000,000 of the US$400 million 8.625% senior notes due 2024 issued by Easy Tactic; and (v) US$5,000,000 of the US$360 million 12.375% senior notes due 2022 issued by Easy Tactic; (b) through Fusion Capital Limited which is owned by him and his spouse at 50% each, has an interests in (i) US$2,000,000 of the US$800 million 7% senior notes due 2021 issued by Easy Tactic; (ii) US$2,000,000 of the US$375 million 8.75% senior notes due 2021 issued by Easy Tactic; (iii) US$1,000,000 of the US$300 million 9.125% senior notes due 2022 issued by Easy Tactic; and (iv) US$1,000,000 of the US$725 million 5.75% senior notes due 2022 issued by Easy Tactic; and (c) through Parkford Assets Management Limited which is 100% owned by him, has an interest in (i) US$1,000,000 of the US$300 million 9.125% senior notes due 2022 issued by Easy Tactic; and (ii) US$2,500,000 of the US$725 million 5.75% senior notes due 2022 issued by Easy Tactic.

4. Ms. Li Helen, through Pleasant View Limited which is 100% owned by her, has an interest in (i) US$1,050,000 of the US$800 million 7% senior notes due 2021 issued by Easy Tactic; (ii) US$500,000 of the US$375 million 8.625% senior notes due 2024 issued by Easy Tactic; (iii) US$1,000,000 of the US$400 million 8.625% senior notes due 2024 issued by Easy Tactic; and (iv) US$500,000 of the US$360 million 12.375% senior notes due 2022 issued by Easy Tactic.

Save as disclosed above, as at 31 December 2020, none of the directors, chief executive or supervisors of the Company or their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2020, so far as the directors are aware, there are no persons (other than the directors, chief executive and supervisors of the Company) held 5% or more beneficial interests or short positions in the shares and underlying shares of the Company which would be required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, as recorded in the register as required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

The Group did not adopt any share option scheme during the year.

PRE-EMPTIVE RIGHTS

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

FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANIES

The Company has not provided any financial assistance to or guarantee for facilities granted to affiliated companies (within the definition under Chapter 13 of the Listing Rules) which together in aggregate would exceed the relevant percentage of 8%, requiring disclosure under the Listing Rules.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

The following transactions between certain connected persons (as defined in the Listing Rules) and the Company have been entered into and/or are ongoing for which relevant announcements, if necessary, had been made by the Company in accordance with Chapter 14A of the Listing Rules.

(1) CONNECTED TRANSACTIONS

During the year ended 31 December 2020, the Group entered into transactions with related parties as disclosed in Note 39 "Significant related-party transactions" to the consolidated financial statements. These related-party transactions included the following transactions which constituted connected transactions under the Listing Rules.

(a) Connected transactions exempted from the reporting, announcement and independent shareholders' approval requirements:

1. Purchase of environment drinking water system from Guangzhou Canton-Rich Environmental Inc.;
2. Purchase of installation services from 廣州鉅融機電工程有限公司;
3. Purchase of construction services from 准格爾旗富量礦業有限公司;
4. Amounts due to major shareholders.

(b) Connected transactions subject to the reporting and announcement requirements but exempted from the independent shareholders' requirements:

1. Transfer of equity interests in subsidiaries to 廣州富星投資諮詢有限公司 (Guangzhou Fuxing Investment Consultation Co., Ltd.*) ("Guangzhou Fuxing");

   As disclosed in the Company's announcement dated 9 April 2020 (the "Connected Transaction Announcement"), on 9 April 2020, (i) the Company and Guangzhou Fuxing; and (ii) 廣州鼎力創業投資有限公司 (Guangzhou Dingli Chuangye Investment Co., Ltd.*, a subsidiary of the Company) and Guangzhou Fuxing entered into agreements dated 9 April 2020 respectively in relation to the sale of the entire equity interest in 廣州天力物業發展有限公司 (Guangzhou Tianli Property Management Co., Ltd.*) to Guangzhou Fuxing in the consideration of RMB300,000,000 (the "Disposal"). The Group believes that with the Disposal (together with the First Disposal and the Second Disposal (as defined in the Connected Transaction Announcement)), it can focus on its core business and be able to utilize the proceeds for its core business.

Guangzhou Fuxing is owned as to 50% by Dr. Li Sze Lim and as to 50% by Mr. Zhang Li. Each of Dr. Li and Mr. Zhang is an executive director and a substantial shareholder and hence a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. Accordingly, each of the Disposal, the First Disposal and the Second Disposal constituted a connected transaction for the Company under the Listing Rules. The First Disposal and the Second Disposal were fully exempted under Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios in respect of the Disposal, after aggregation with the First Disposal and the Second Disposal, is more than 0.1% but less than 5%, the Disposal is subject to the reporting and announcement requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Details of the above connected transaction are set out in the Connected Transaction Announcement.

2. Purchase of Notes by Ms. Cheung Yee Man, Elisa, the spouse of Dr. Li Sze Lim

As disclosed in the Company's announcement dated 12 November 2020 (the "Notes Issuance Announcement"), on 11 November 2020, Easy Tactic Limited ("Easy Tactic", an indirect wholly-owned subsidiary of the Company and the issuer of the 2022 Notes), the Company, R&F Properties (HK) Company Limited and the other Subsidiary Guarantors (as defined in the Notes Issuance Announcement) entered into a subscription agreement with Credit Suisse (Hong Kong) Limited, Goldman Sachs (Asia) L.L.C., China CITIC Bank International Limited, Deutsche Bank AG, Hong Kong Branch, Haitong International Securities Company Limited, HeungKong Securities Limited and J.P. Morgan Securities plc in connection with the issue of the US$360 million senior notes due 2022 by Easy Tactic (the "2022 Notes") (the "Notes Issue").

Pursuant to the Notes Issue, Ms. Cheung Yee Man Elisa ("Ms. Cheung") has purchased the 2022 Notes in an aggregate amount of US$5 million. Ms. Cheung is the spouse of Dr. Li Sze Lim, the chairman and an executive director of the Company. Hence, Ms. Cheung is an associate of Dr. Li Sze Lim and thus a connected person of the Company. Accordingly, the purchase of the 2022 Notes by Ms. Cheung constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the purchase by Ms. Cheung are below 5%, the purchase is subject to the reporting and announcement requirements, and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Details of the above connected transaction are set out in the Notes Issuance Announcement.

Save for the above connected transactions, there were no other connected transactions in the year.

(2) CONTINUING CONNECTED TRANSACTIONS

(a) Agreements of Continuing Connected Transactions

On 9 April 2020, the Company entered into a framework agreement (the "Framework Agreement") with 大同恒富物業服務有限公司 (Datong Hengfu Property Development Co., Ltd.*) ("Datong Hengfu"), 天津華信物業管理有限公司 (Tianjin Huaxin Property Management Co., Ltd.*) ("Tianjin Huaxin") and 廣州天力物業發展有限公司 (Guangzhou Tianli Property Management Co., Ltd.*) ("Guangzhou Tianli") (collectively the "Companies"), pursuant to which the Companies and their respective subsidiaries are commissioned to provide various services for the property projects of the Group, including property management services, property developer services and commercial operation and consultation services. The Framework Agreement has a term commencing from 9 April 2020 up to and including 31 December 2020 (both days inclusive).

In addition, service agreements (including (i) the agreement between certain member of the Group and Datong Hengfu in relation to the provision of various services for the property projects of the Group; and (ii) the 232 agreements between certain members of the Group and Guangzhou Tianli in relation to the provision of various services for the property projects of the Group) (the "Existing Service Agreements") have been entered into which have a fixed term expiring on or before 31 December 2020. The annual cap of the service fees payable by the Group for the transactions contemplated under the Framework Agreement and the Existing Service Agreements for the year ended 31 December 2020 shall not exceed RMB1,000,000,000. For the year ended 31 December 2020, the annual fee paid by the Company to the Companies under the Framework Agreement and the Existing Service Agreements was RMB529,868,000, which is within the annual cap of RMB1,000,000,000.

The price and the terms of the above transaction have been determined in accordance with the pricing policies and guideline set out in the relevant announcement dated 9 April 2020.

Guangzhou Fuxing is owned as to 50% by Dr. Li Sze Lim and as to 50% by Mr. Zhang Li. Each of Dr. Li and Mr. Zhang is an executive director and a substantial shareholder and hence a connected person of the Company for the purpose of Chapter 14A of the Listing Rules. As such, upon completion of (i) the disposal of the entire equity interests in Datong Hengfu to Guangzhou Fuxing on 23 December 2019; (ii) the disposal of the entire equity interests in Tianjin Huaxin to Guangzhou Fuxing on 30 December 2019; and (iii) the disposal of the entire equity interests in Guangzhou Tianli to Guangzhou Fuxing on 9 April 2020, therefore the Companies became connected persons of the Company under the listing rules. The transactions under the Framework Agreement and the Existing Service Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The above continuing transactions are all subject to the reporting, announcement and annual review requirements but exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(b) Annual Review of Continuing Connected Transactions

Pursuant to Rule 14A.55 of the Listing Rules, all independent non-executive directors have reviewed the above continuing connected transactions and confirmed that they have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) according to the Framework Agreement and the Existing Service Agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions for the year ended 31 December 2020 in accordance with 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 auditor has issued his unqualified letter containing his findings and conclusions in respect the continuing connected transactions disclosed by the Group on page 99 of the Annual Report in accordance with Rule 14A.56 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

The connected transactions and continuing connected transactions disclosed above also constitute related party transactions under the Hong Kong Financial Reporting Standards. A summary of significant related party transactions made during the year ended 31 December 2020 is disclosed in Note 39 to the financial statements.

The Board confirms that the Company has complied with the disclosure requirements as required by the Listing Rules in relation to the aforementioned connected transactions or continuing connected transactions.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

AUDITOR

The financial statements of the Group have been audited by PricewaterhouseCoopers and it has indicated its willingness to be continuously in office. A resolution will be proposed by the Board at the AGM to re-appoint the firm as the auditor of the Company until the close of the next AGM.

By order of the Board
Li Sze Lim
Chairman

Guangzhou, China
25 March 2021

* *For identification purpose only*

REPORT OF THE SUPERVISORY COMMITTEE

Dear Shareholders,

During 2020, the Supervisory Committee (the "Committee") carried out its supervisory duties conscientiously and diligently in accordance with PRC Company Law and the Company's Articles of Association to protect the interests of shareholders.

The Committee consists of three members: Mr. Chen Liangnuan, who was elected amongst the Company's employees; and Ms. Liang Yingmei and Mr. Zhao Xianglin, both independent supervisors representing shareholders' interests. A member of the Committee attended the Board meeting at which the Company's 2020 final results were approved, and will also attend the upcoming 2020 AGM.

Throughout the year, members of the Committee monitored the performance of the Company's directors and senior management, and reviewed all material policies formulated and important decisions taken. The Committee considers that the directors and senior management have conducted the Company's business diligently and honestly with the aim of advancing its stated corporate goals, and that they have acted in the best interests of the Company and its shareholders and in compliance with the laws and regulations of the PRC and the Company's Articles of Association.

The Committee has reviewed the financial statements for the year ended 31 December 2020, which were prepared in accordance with Hong Kong Financial Reporting Standards and audited by the Company's auditor, PricewaterhouseCoopers. The Committee has also reviewed the report of the directors and the profit appropriation proposal to be presented by the Board at the forthcoming 2020 AGM. The Committee considers that the financial statements reflect a true and fair view of the Company's financial position and the results of its operations, and that they comply with all regulations applicable to the Company.

The Committee is satisfied with the business performance and achievement of the Company in 2020, and has great confidence in its future.

By order of the Supervisory Committee
Chen Liangnuan
Convenor

Guangzhou, China
25 March 2021

EXECUTIVE DIRECTORS

Li Sze Lim（李思廉）, SBS, JP, HonDBus (Macq), aged 64, is the Chairman of the Company

Dr. Li is the founder of the Group, the Chairman, an executive director, a member of the remuneration committee and the chairman of the nomination committee of the Company. He is responsible for the strategic direction of the Group and also specially responsible for the sales and financial management function. Dr. Li obtained his bachelor degree in mathematics in 1978 from the Chinese University of Hong Kong and was awarded a degree of Doctor of Business (Honoris Causa) by Macquarie University in 2018. He was a merchant when starting his career in the real estate business in 1993. In August 1994, Dr. Li and Mr. Zhang Li together founded the Company. He owns over 20 years of experience in real estate development and investment. Dr. Li is the chairman of the Council of Guangdong Chamber of Real Estate, the president of China Real Estate Developers and Investors Association, the president of Guangzhou Real Estate Association and Guangzhou Real Estate Institute, a member of the Twelfth Executive Committee of the All-China Federation of Industry and Commerce, a vice chairman of All-China General Chamber of Industry and Commerce, the president and the chairman of the supervisory board of New Home Association and a director and part-time professor of Jinan University. Dr. Li was awarded a Silver Bauhinia Star from the Hong Kong Special Administrative Region on 1 July 2019. Dr. Li is the brother of Ms. Li Helen who is a non-executive director of the Company. Save as disclosed above, Dr. Li is also a director of certain subsidiaries of the Company.

Zhang Li（張力）aged 68, is the Co-chairman and Chief Executive Officer of the Company

Mr. Zhang is the founder of the Group, the Co-chairman, an executive director and chief executive officer of the Company. He is mainly responsible for land acquisition, construction development, cost control and managing daily operations. Mr. Zhang started his career in the construction and renovation business. Prior to founding the Company, he was the Secretary of Youth League Committee of Guangzhou 2nd Light Industry Bureau and the Head of production department of Guangzhou Baiyun District Township Enterprise Administration. In 1993, Mr. Zhang began to engage in real estate development and in August 1994, together with Dr. Li Sze Lim, founded the Company. Mr. Zhang owns over 20 years of experience in real estate development and investment. Mr. Zhang is also chairman and executive director of Kinetic Mines and Energy Limited (Stock code: 1277), a company listed on the Hong Kong Stock Exchange. Mr. Zhang is a member of the 11th, 12th and 13th National Committee of the Chinese People's Political Consultative Conference, the president of China Real Estate Chamber of Commerce and a director and part-time professor of Jinan University. Mr. Zhang is the brother of Ms. Zhang Lin who is a non-executive director of the Company. Save as disclosed above, Mr. Zhang is also a director of certain subsidiaries of the Company.

Zhang Hui（張輝）aged 46, is an Executive Director and a vice president of the Company

Mr. Zhang is an executive director and a vice president of the Company. Mr. Zhang graduated from South China University of Technology with a bachelor degree majoring in architecture. From 2002 to 2005, Mr. Zhang held several positions in the Company, including vice chief engineer and chief engineer of the Company. He was appointed as vice general manager of the Company in 2005 and as general manager of Beijing R&F Properties Development Co., Ltd. and R&F (Beijing) Properties Development Co., Ltd., both subsidiaries of the Company, in 2007, principally in charge of project development in Beijing. Mr. Zhang has been appointed as a vice president of the Company since December 2010. He was appointed as chairman of Great Northern region and chairman of R&F (Beijing) Properties Development Co., Ltd. since December 2017. Mr. Zhang has been appointed as an executive director of the Company since 29 May 2020. Prior to joining the Company, Mr. Zhang worked with Guangzhou Design Institute from 1998 to 2002. Save as disclosed above, Mr. Zhang is also a director of certain subsidiaries of the Company.

Xiang Lijun（相立軍）aged 48, is an Executive Director, a vice president of the Company, and chairman of Northwestern China region

Mr. Xiang is an executive director, a vice president and chairman of Northwestern China region of the Company. Upon joining the Company in 2005, Mr. Xiang had held the position of a vice general manager of Guangzhou Tianli Construction Co., Ltd., a subsidiary of the Company. Since March 2013, he was appointed as a vice general manager of the Company. He has been appointed as a vice president of the Company since July 2016 and was appointed as chairman of Northwestern China region in October 2018. Mr. Xiang has been appointed as an executive director of the Company since 9 October 2020. Save as disclosed above, Mr. Xiang is also a director of certain subsidiaries of the Company.

NON-EXECUTIVE DIRECTORS

Zhang Lin（張琳）aged 72

Ms. Zhang is a non-executive director of the Company. Ms. Zhang graduated from the South China University of Technology having majored in electrical engineering. Ms. Zhang served as a lecturer at the South China University of Technology from 1982 to 1993 and as an associate professor in the Engineering Training Centre from 1993 to 2003. Ms. Zhang is the sister of Mr. Zhang Li.

Ms. Zhang is a non-executive director of Kinetic Mines and Energy Limited (Stock code: 1277), a company listed on the Hong Kong Stock Exchange.

Li Helen（李海倫）aged 70

Ms. Li is a non-executive director and a member of the audit committee of the Company. Ms. Li has over 25 years of experience in international trade and has held various senior executive positions with several international companies. From 1986 to 1987, she was the managing director of Sunrise Knitwear Ltd., a knitwear manufacturing company in Hong Kong and a subsidiary of Hong Kong Sales Knitwear Ltd.. From 1988 to 2005, she was the president of Great Seas Marketing Inc., a Canadian garment wholesale and distribution company. Ms. Li is the sister of Dr. Li Sze Lim.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Zheng Ercheng（鄭爾城）aged 63

Mr. Zheng is an independent non-executive director, a member of the audit committee, the chairman of the remuneration committee and a member of the nomination committee of the Company. Mr. Zheng was sub-branch deputy governor and then governor of China Construction Bank, Guangzhou Branch, Tianhe Sub-branch from 1987 to 1997 and general manager of the International Business Department of the Guangzhou Branch of the China Construction Bank from 1997 to 1999. He was the general manager of the Guangzhou Branch of Cinda Asset Management Company from 1999 to 2000. Mr. Zheng has extensive experience in the China banking industry and financial sector.

Mr. Zheng is an independent non-executive director of Kinetic Mines and Energy Limited (Stock code: 1277), a company listed on the Hong Kong Stock Exchange.

Ng Yau Wah, Daniel（吳又華）aged 65

Mr. Ng is an independent non-executive director and a member of the remuneration committee of the Company. He obtained his bachelor degree in economics in 1978 from the York University, Canada. Mr. Ng had engaged in carpet trading and manufacturing business for more than 20 years; he was previously the executive director of International Carpet Company Limited. He is currently the executive director of Gayloy Limited, a company engaging in real estate property investment and management, leasing of property and rental of parking spaces in Hong Kong. Mr. Ng has substantial experience in property investment projects in China, Hong Kong and Malaysia.

Mr. Ng is an independent non-executive director of Anchorstone Holdings Limited (Stock code: 1592), a company listed on the Hong Kong Stock Exchange.

Wong Chun Bong（王振邦）aged 62

Mr. Wong is an independent non-executive director, the chairman of the audit committee and a member of the nomination committee of the Company. Mr. Wong is a fellow member of each of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants, the Taxation Institute of Hong Kong and the Institute of Chartered Accountants in England and Wales. Mr. Wong has held a range of positions relating to the provision of assurance, taxation, accounting and financial management services. Mr. Wong holds a higher diploma in Accountancy from the Hong Kong Polytechnic, currently known as The Hong Kong Polytechnic University. Mr. Wong is the founder of a firm of certified public accountants in Hong Kong and an experienced practising accountant. He is a member of the Council and also an ex-member of the Court of The Hong Kong Polytechnic University. He was the ex-chairman of the Executive Committee of the Association of Chartered Certified Accountants in Hong Kong.

Mr. Wong is an independent non-executive director of Glory Sun Financial Group Limited (Stock code: 1282) and Glory Sun Land Group Limited (Stock code: 299), companies listed on the Hong Kong Stock Exchange.

SUPERVISORS

Chen Liangnuan（陳量暖）aged 71

Mr. Chen is a supervisor of the Company. Mr. Chen graduated from Shanghai Textile College in 1977. From 1977 to 1996, Mr. Chen had served as the general manager or party secretary of various textile factories in Guangzhou. Mr. Chen joined Guangzhou Tianli Construction Co., Ltd. ("Tianli") in 1996 as its general manager and is now its supervisor. Tianli is a wholly-owned subsidiary of the Company. Mr. Chen was also the chairman of Tianli, Foshan Lizun Metal Products Co., Ltd.（佛山力尊金屬製品有限公司）and Guangzhou Tianyin Landscape Engineering Co., Ltd.（廣州天盈園林工程有限公司）. Save as disclosed above, Mr. Chen is also a director of certain subsidiaries of the Company.

Liang Yingmei（梁英梅）aged 80

Ms. Liang is a supervisor of the Company (representative of shareholders). Ms. Liang received a bachelor's degree in chemistry from the South China University of Technology in 1964. She was the chairman of the Association of the Construction Materials Industry of Guangzhou. Prior to 2000, she served as an engineer, a deputy general manager and finally chairman and general manager of Guangzhou Construction Materials Group Corporation. Ms. Liang has over 40 years of experience in the construction industry.

Zhao Xianglin（趙祥林）aged 79

Mr. Zhao is a supervisor of the Company (representative of shareholders). Mr. Zhao graduated from Yangzhou University in 1964 with a higher education diploma. From 1969 to 2002, Mr. Zhao was a senior teacher at the Affiliated High School of Yangzhou University ("AHSYU"). During Mr. Zhao's tenure at AHSYU, he was also the head of the Music Curriculum Development Team, vice-president of the Labor Union and the director of the Office of School Sponsored Enterprises of AHSYU. From 1998 to 2002, Mr. Zhao was a member of the Political Consultative Conference of the City of Yangzhou. Mr. Zhao is very experienced in supervising the functioning of sizable enterprises.

SENIOR MANAGEMENT

Zhu Ling（朱玲）aged 54, is the Chief Financial Officer of the Company

Ms. Zhu graduated from Research Center for International Management at Tsinghua University majoring in financial accounting and capital operation and Tianjin University of Finance and Economics majoring in financial management in 2007 and 2009 respectively. She is an associate member of The Association of International Accountants. Prior to joining the Company, Ms. Zhu had worked with, among others, Guangzhou Suburban District Sugar Tobacco and Liquor Company（廣州郊區糖煙酒公司）, China National Aero-Technology Import & Export Corporation Guangzhou Hangcheng Company（中國航空技術進出口公司廣州航城公司）as chief financial officer or financial manager. Ms. Zhu had held the positions of financial controller and vice general manager of the Company since February 1995 and became the chief financial officer of the Company since October 2005. Save as disclosed above, Ms. Zhu is also a director of a subsidiary of the Company.

Wang Heng（王珩）aged 51, is a vice president of the Company

Ms. Wang graduated from Shanghai Jiaotong University. Ms. Wang joined the Company in 1995 and has held several positions in the Company, such as manager of human resources and administration department, director of human resources and administration department and secretary of the Board of the Company. Ms. Wang was appointed as secretary of the Board of the Company in 2001, vice general manager of the Company in 2003. She has been appointed as vice president of the Company since December 2010. Save as disclosed above, Ms. Wang is also a director of certain subsidiaries of the Company.

Liu Zhen（劉臻）aged 55, is a vice president of the Company

Prior to joining the Company, Mr. Liu had worked with Guangdong Guangxin Project Management Co., Ltd. (廣東廣信監理工程有限公司) and Guangdong Xinyu Construction Decoration Engineering Co., Ltd. (廣東信譽建築裝飾工程有限公司). Since joining the Company in 2002 and until 2008, Mr. Liu held several positions in the Company, such as project manager and general manager of the Company's engineering department. In 2008, Mr. Liu was appointed as a vice general manager of the Company. In 2009, he was appointed as a vice general manager of the Company and chairman of Guangdong Hengli Engineering Co., Ltd. (廣東恒力建設工程有限公司), a subsidiary of the Company. In March 2013, he was appointed as a vice general manager of the Company and general manager of Southern China region. He has been appointed as a vice president of the Company and general manager of Southern China region since July 2016 and was appointed as chairman of Southern China region in October 2018. Since July 2020, he has been appointed to be responsible for the Group's engineering supervision and management centre, audit centre and tender centre. Save as disclosed above, Mr. Liu is also a director of certain subsidiaries of the Company.

Zhao Feng（趙渢）aged 51, is a vice president of the Company and chairman of Hainan R&F Properties Development Co., Ltd.

Prior to joining the Company, Mr. Zhao had held the position of general manager of Guangzhou Canton-Rich Environmental Inc.. Since joining the Company in 2004 and until 2008, Mr. Zhao had held several positions in the Company, such as general manager of Shenyang Yilong Housing Development Co., Ltd., executive vice general manager and general manager of the Company's engineering department. In 2009, Mr. Zhao was appointed as a vice general manager of the Company and chairman of Hainan R&F Properties Development Co., Ltd.. Since July 2016, Mr. Zhao has been appointed as a vice president of the Company and chairman of Hainan R&F Properties Development Co., Ltd.. Save as disclosed above, Mr. Zhao is also a director of certain subsidiaries of the Company.

Zhang Yanqi（張彥琦）aged 42, is a vice president of the Company

Since 2001, Mr. Zhang had been a project manager and a vice general manager of the Company's engineering department, assistant to chairman of Beijing R&F Properties Development Co., Ltd., a subsidiary of the Company, general manager for northern region of Guangzhou Tianli Construction Co., Ltd., a subsidiary of the Company, and a vice general manager of the Company. Mr. Zhang has been appointed as a vice president of the Company since October 2014.

Yang Ye（楊曄）aged 41, is a vice president of the Company, chairman of Southern China region and chairman of the Group's Urban Renewal Group of the Greater Bay Area

Mr. Yang graduated from Changsha University of Science & Technology and South China University of Technology with a bachelor degree in architecture and a master degree in urban planning respectively. Prior to joining the Company, Mr. Yang worked with the Artman Group Canada. Upon joining the Company in 2006, Mr. Yang held the positions of assistant to chief engineer and vice chief engineer of the Company. He was appointed as the general manager of Hangzhou R&F Properties Development Co., Ltd. in 2012, as the vice general manager of the Company, general manager of Eastern China region and general manager of Hangzhou R&F Properties Development Co., Ltd. in 2015, as the vice general manager of the Company, general manager of Eastern China region and chairman of Shanghai R&F Properties Development Co., Ltd. in 2016, as a vice president of the Company in March 2017 and as chairman of Eastern China region in October 2018. He has been appointed as chairman of Southern China region and chairman of the Group's Urban Renewal Group of the Greater Bay Area since July 2020. Save as disclosed above, Mr. Yang is also a director of certain subsidiaries of the Company.

Xie Wei（謝威）aged 48, is a vice president of the Company and chairman of Central Southern China region

Mr. Xie graduated from Wuhan University of Technology with a master degree in Engineering. Prior to joining the Company, Mr. Xie had held the position of general manager of Guangdong Hopson Yuehua Properties Development Co., Ltd. (廣東合生越華房地產開發有限公司). Upon joining the Company in 2010, Mr. Xie held the positions of vice general manager of the Company's engineering department, assistant to general manager of Southern China region. In 2013, he was appointed as a general manager of Fuzhou R&F Properties Development Co., Ltd.. In 2017, he was appointed as a vice general manager of the Company, general manager of Central Southern China region and the chairman of the companies of Fujian, Jiangxi and Wuhan. In May 2018, he was appointed as a vice president of the Company. Mr. Xie was appointed as the chairman of Central Southern China region in October 2018. Mr. Xie is currently a vice president of the Company and chairman of Central Southern China region. Save as disclosed above, Mr. Xie is also a director of certain subsidiaries of the Company.

Hu Jie（胡杰）aged 45, is a vice general manager, secretary of the Board

Mr. Hu graduated from Jinan University with a master degree in finance. Prior to joining the Company, he had worked with China Southern Securities Co., Ltd. and Ping An Securities Limited engaging in investment banking business. Upon joining the Company in 2002, Mr. Hu held the position of manager of investment department, in charge of company restructuring, listing and major investment as well as financing. He has been appointed as secretary of the Board of the Company since June 2007. In February 2019, he was appointed as vice general manager of the Company. Mr. Hu is currently a vice general manager and secretary of the Board of the Company.

Mr. Hu is an independent non-executive director of Mobvista Inc. (Stock code: 1860), a company listed on the Hong Kong Stock Exchange.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Guangzhou R&F Properties Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

OPINION

What we have audited

The consolidated financial statements of Guangzhou R&F Properties Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 114 to 222, which comprise:

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

Our opinion

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

Basis for Opinion

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

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

Independence

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

KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- Recognition of revenue from sales of properties over time
- Valuation of investment properties

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of revenue from sales of properties over time Refer to Note 2.29 "Summary of significant accounting policies – Revenue recognition", Note 4 "Critical accounting estimates and judgements" and Note 5 "Segment information" to the consolidated financial statements. Revenue from sales of properties is recognised over time when the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed up to date; otherwise, the revenue is recognised at a point in time when the buyer obtains control of the completed property. For the year ended 31 December 2020, revenue of the Group from sales of properties was RMB78,568,290,000 of which RMB26,588,030,000 was recognised on the over time basis.	To address this key audit matter, we performed audit procedures as follows: In assessing the appropriateness of management's judgements as to whether the Group has the enforceable right to payment in those sales contracts where revenue is recognised over time, we have: (i) Understood and evaluated management's procedures in identifying sales contracts with or without right to payment. (ii) Reviewed the key terms of a sample of sales contracts to assess the presence of right to payment based on the contract terms. (iii) Discussed with and obtained the opinion of the Group's legal counsel, in particular, the legal counsel's interpretation of the applicable laws and their implication on the assessment of the enforceability of the right to payment. (iv) Assessed the competence, experience and objectivity of the legal counsel engaged by the management.

Key Audit Matter	How our audit addressed the Key Audit Matter
For all property sales, the Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Significant management's judgements were involved in determining whether there is an enforceable right to payment which depends on the terms of sales contracts and the interpretation of the applicable laws governing the sales contracts. The Group obtained legal counsel opinion regarding the enforceability of the right to payment for sales contracts. Management uses judgements in interpreting the applicable laws based on legal counsel opinion, to identify sales contracts with right to payment and those without. In addition, for the revenue from sales of properties recognised over time, the Group recognises revenue by measuring the progress towards complete satisfaction of the performance obligation at the year end. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the construction costs incurred up to the end of the year as a percentage of total estimated costs for each property unit in the sale contract. The Group calculated the cost allocation based on type of properties and saleable floor areas. Significant judgements and estimations are required in determining the completeness of the estimated total construction costs and the accuracy of progress towards complete satisfaction of the performance obligation at the year end, which are subject to high degree of estimation uncertainty. The inherent risk in relation to the recognition of revenue from sales of properties over time is considered relatively higher due to uncertainty of significant assumptions used. Given the involvement of significant judgements and estimations, recognition of revenue from sales of properties over time is considered a key audit matter.	In respect of the completeness of the estimated total construction costs and the accuracy of progress towards complete satisfaction of the performance obligation, we have: (i) Compared the actual costs of completed projects to management's prior estimations to assess the accuracy of management's historical cost estimation and reliability and appropriateness of the cost estimation methodology. (ii) Understood, evaluated and tested the internal controls over the generation of cost data of the project and property unit and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors. (iii) Challenged the reasonableness of the basis for cost allocation and checked the accuracy of the cost allocation among property units. (iv) Challenged the reasonableness of the cost budgets for the project and property unit under development by comparison to the actual cost of completed projects and property units, taking into account the type of properties and saleable floor areas. (v) Compared the estimated total development costs of the project and property unit under development to the budget approved by management. (vi) Tested the development costs incurred by tracing to the supporting documents and the reports from external or internal supervising engineers. We found that the significant judgements and estimations used in determining whether the Group has the enforceable right to payment, the completeness of the estimated total construction costs and the accuracy of progress towards complete satisfaction of the performance obligation at the year end were supportable by available evidence.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuations of investment properties Refer to Note 2.9 "Summary of significant accounting policies-Investment properties", Note 4 "Critical accounting estimates and judgements" and Note 9 "Investment properties" to the consolidated financial statements. Management estimated the fair value of the Group's investment properties to be RMB33,957,965,000 as at 31 December 2020, with a fair value revaluation gain of RMB4,979,108,000 for the year. Independent external valuations were obtained for the investment properties in order to support management's estimates. Fair values of completed investment properties were derived using the term and reversionary method or the direct comparison method, where applicable. Fair values of investment properties under construction were derived using the residual method or term and reversionary method, where applicable. We focused on auditing the valuations of investment properties including the related disclosure because the estimation of fair value is subject to high degree of estimation uncertainty. The inherent risk in relation to the valuations of investment properties is considered significant due to the subjectivity of significant assumptions used, including term and reversionary yields, market rents, market prices, budgeted construction costs to be incurred and developer's profit.	Our audit procedures in relation to management's valuations of investment properties included the following: • Obtained an understanding of the management's assessment process of the valuations of investment properties and assessed the inherent risk of material misstatements by considering the degree of estimation uncertainty and level of other inherent risk factors such as subjectivity; • Evaluated the independent external valuer's competence, capabilities and objectivity; • Checked the underlying data of area, tenancy term and occupancy against the supporting evidence and checked the mathematical accuracy of the valuations; • Assessed the methodologies and the key assumptions used with the assistance from our in-house valuation experts. We benchmarked these major parameters used in the valuations with sources which are based on our recent experience in locations and segments similar to the investment properties valued and our market research results; • Performed sensitivity analysis over the key assumptions; • Assessed the adequacy of the disclosures related to the valuations of investment properties in the context of the applicable financial reporting framework; • Considered whether the judgement made in selecting the model and significant assumptions would give rise to indicators of possible management bias. Based on the above, we considered the key assumptions used in the valuation of investment properties are supported by the evidence obtained and procedures performed.

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Au Chi Ho, Owens.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 March 2021

CONSOLIDATED BALANCE SHEET

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	As at 31 December 2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	7	**42,113,735**	35,091,574
Right-of-use assets	8	**10,846,583**	10,774,952
Investment properties	9	**33,957,965**	33,469,576
Intangible assets	10	**1,183,384**	1,281,393
Interests in joint ventures	12	**11,617,336**	10,795,165
Interests in associates	13	**1,440,026**	644,329
Deferred income tax assets	26	**12,610,456**	10,346,768
Financial assets at fair value through other comprehensive income	14	**639,850**	1,042,442
Trade and other receivables and prepayments	18	**–**	162,469
		114,409,335	103,608,668
Current assets			
Properties under development	16	**164,788,269**	167,399,023
Completed properties held for sale	17	**64,029,794**	55,313,790
Inventories		**1,141,518**	969,621
Trade and other receivables and prepayments	18	**46,315,461**	57,729,973
Contract assets	5	**1,621,299**	963,907
Tax prepayments		**3,600,167**	2,905,530
Restricted cash	19	**14,275,892**	15,531,531
Cash and cash equivalents	20	**25,672,822**	22,904,275
		321,445,222	323,717,650
Assets classified as held for sale	21	**6,330,658**	–
		327,775,880	323,717,650
Total assets		**442,185,215**	427,326,318
EQUITY			
Equity attributable to owners of the Company			
Share capital	22	**938,092**	873,842
Other reserves	23	**15,589,427**	8,258,874
Retained earnings		**72,970,684**	68,225,177
		89,498,203	77,357,893
Non-controlling interests		**2,507,140**	2,441,232
Total equity		**92,005,343**	79,799,125

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	As at 31 December 2020	2019
LIABILITIES			
Non-current liabilities			
Long-term borrowings	25	**95,848,642**	134,870,694
Lease liabilities	8	**452,557**	132,013
Deferred income tax liabilities	26	**10,307,753**	8,221,383
Other payables	24	**1,343,481**	–
		107,952,433	143,224,090
Current liabilities			
Accruals and other payables	24	**106,533,115**	83,905,870
Contract liabilities	5	**48,002,504**	38,899,448
Current income tax liabilities	27	**21,167,911**	19,159,511
Short-term borrowings	25	**10,919,529**	14,116,659
Current portion of long-term borrowings	25	**52,961,902**	48,153,395
Lease liabilities	8	**96,448**	68,220
		239,681,409	204,303,103
Liabilities directly associated with assets classified as held for sale	21	**2,546,030**	–
		242,227,439	204,303,103
Total liabilities		**350,179,872**	347,527,193
Total equity and liabilities		**442,185,215**	427,326,318

The notes on pages 121 to 222 are an integral part of these consolidated financial statements.

The financial statements on pages 114 to 222 were approved by the Board of Directors on 25 March 2021 and were signed on its behalf.

Li Sze Lim
Director

Zhang Li
Director

CONSOLIDATED INCOME STATEMENT

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December 2020	2019
Revenue	5	**85,891,778**	90,813,970
Cost of sales	30	**(65,503,286)**	(61,041,401)
Gross profit		**20,388,492**	29,772,569
Other income	28	**1,200,712**	958,351
Other gains – net	29	**6,097,090**	1,893,779
Selling and marketing costs	30	**(3,258,776)**	(3,292,140)
Administrative expenses	30	**(6,226,248)**	(6,215,897)
Net impairment losses on financial and contract assets		**(172,383)**	(67,270)
Gains on bargain purchase	6	**66,909**	–
Operating profit		**18,095,796**	23,049,392
Finance costs	32	**(2,408,771)**	(5,599,527)
Share of results of joint ventures		**292,178**	611,191
Share of results of associates		**(67,520)**	165,208
Profit before income tax		**15,911,683**	18,226,264
Income tax expenses	33	**(6,765,368)**	(8,133,054)
Profit for the year		**9,146,315**	10,093,210
Profit attributable to:			
– Owners of the Company		**9,004,814**	9,672,051
– Non-controlling interests		**141,501**	421,159
		9,146,315	10,093,210
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB Yuan per share)	34	**2.5313**	3.0001

The notes on pages 121 to 222 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December **2020**	 2019
Profit for the year		**9,146,315**	10,093,210
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss			
– Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	23	**59,779**	67,003
Items that may be reclassified to profit or loss			
– Share of other comprehensive (loss)/income of joint ventures and associates accounted for using the equity method	23	**(79,898)**	127,874
– Currency translation differences	23	**(9,429)**	(45,735)
Other comprehensive (loss)/income for the year, net of tax		**(29,548)**	149,142
Total comprehensive income for the year		**9,116,767**	10,242,352
Total comprehensive income attributable to:			
– Owners of the Company		**8,975,266**	9,821,193
– Non-controlling interests		**141,501**	421,159
		9,116,767	10,242,352

The notes on pages 121 to 222 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(All amounts in RMB Yuan thousands unless otherwise stated)

	Attributable to owners of the Company					
	Share capital	Other reserves	Retained earnings	Total	Non-Controlling interests	Total equity
Balance at 1 January 2019	805,592	4,864,287	62,581,085	68,250,964	1,609,620	69,860,584
Comprehensive income						
Profit for the year	–	–	9,672,051	9,672,051	421,159	10,093,210
Other comprehensive income						
Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	–	67,003	–	67,003	–	67,003
Share of other comprehensive income of joint ventures accounted for using the equity method	–	127,874	–	127,874	–	127,874
Currency translation differences	–	(45,735)	–	(45,735)	–	(45,735)
Total other comprehensive income, net of tax	–	149,142	–	149,142	–	149,142
Total comprehensive income for the year	–	149,142	9,672,051	9,821,193	421,159	10,242,352
Transactions with owners						
Placing of shares	68,250	3,246,532	–	3,314,782	–	3,314,782
Changes in ownership interests in subsidiaries without change of control	–	(1,087)	–	(1,087)	(8,873)	(9,960)
Capital contributions from non-controlling interests	–	–	–	–	416,310	416,310
Dividends distribution to non-controlling interests	–	–	–	–	(6,954)	(6,954)
Acquisitions of subsidiaries	–	–	–	–	9,970	9,970
Dividends for the year	–	–	(4,027,959)	(4,027,959)	–	(4,027,959)
Total transactions with owners	68,250	3,245,445	(4,027,959)	(714,264)	410,453	(303,811)
Balance at 31 December 2019	873,842	8,258,874	68,225,177	77,357,893	2,441,232	79,799,125

(All amounts in RMB Yuan thousands unless otherwise stated)

	Attributable to owners of the Company					
	Share capital	Other reserves	Retained earnings	Total	Non-Controlling interests	Total equity
Balance at 31 December (as previously stated)	873,842	8,258,874	68,225,177	77,357,893	2,441,232	79,799,125
Effect of changes in accounting policy (Note 2.2)	–	5,341,538	–	5,341,538	–	5,341,538
Balance at 1 January 2020	873,842	13,600,412	68,225,177	82,699,431	2,441,232	85,140,663
Comprehensive income						
Profit for the year	–	–	9,004,814	9,004,814	141,501	9,146,315
Other comprehensive income/(loss)						
Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	–	59,779	–	59,779	–	59,779
Share of other comprehensive loss of joint ventures and associates accounted for using the equity method	–	(79,898)	–	(79,898)	–	(79,898)
Currency translation differences	–	(9,429)	–	(9,429)	–	(9,429)
Total other comprehensive loss, net of tax	–	(29,548)	–	(29,548)	–	(29,548)
Total comprehensive (loss)/income for the year	–	(29,548)	9,004,814	8,975,266	141,501	9,116,767
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	–	(141,199)	141,199	–	–	–
Transactions with owners						
Placing of shares	64,250	2,130,677	–	2,194,927	–	2,194,927
Disposals of subsidiaries	–	–	–	–	(7,174)	(7,174)
Changes in ownership interests in subsidiaries without change of control	–	(37,165)	–	(37,165)	(68,419)	(105,584)
Transfer to statutory reserves	–	66,250	(66,250)	–	–	–
Dividends for the year	–	–	(4,334,256)	(4,334,256)	–	(4,334,256)
Total transactions with owners	64,250	2,159,762	(4,400,506)	(2,176,494)	(75,593)	(2,252,087)
Balance at 31 December 2020	938,092	15,589,427	72,970,684	89,498,203	2,507,140	92,005,343

The notes on pages 121 to 222 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

(All amounts in RMB Yuan thousands unless otherwise stated)

		Year ended 31 December	
	Note	**2020**	2019
Cash flows from operating activities			
Cash generated/(used in) from operations	36(a)	**40,832,305**	(2,160,479)
Interest paid		**(14,565,791)**	(13,062,100)
Enterprise income tax and land appreciation tax paid		**(6,942,182)**	(8,922,877)
Net cash generated from/(used in) operating activities		**19,324,332**	(24,145,456)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(1,554,160)**	(1,230,323)
Purchases of intangible assets		**(115,596)**	(334,094)
Additions of right-of-use assets		**(22,120)**	(113,082)
Additions of investment properties		**(583,128)**	(676,148)
Proceeds from disposals of investment properties		**5,756**	5,720
Proceeds from disposals of property, plant and equipment		**2,277**	279
Proceeds from disposals of intangible assets		**1,284**	2,997
Investments in financial assets at fair value through other comprehensive income, joint ventures and associates		**(302,900)**	(498,201)
Acquisitions of subsidiaries, net of cash acquired		**(384,206)**	(1,033,754)
Cash receipts from the repayment of advances to related parties		**6,348,080**	1,389,689
Cash advances to related parties		**(3,070,210)**	(3,980,765)
Deposits and proceeds received for disposal of subsidiaries		**1,182,224**	307,942
Dividend received from a joint venture		**50,010**	200,040
Proceeds from disposals of financial assets at fair value through other comprehensive income		**494,325**	22,633
Dividends received on financial assets at fair value through other comprehensive income		**9,064**	8,992
Interest received		**824,419**	548,377
Net cash generated from/(used in) investing activities		**2,885,119**	(5,379,698)
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs		**55,010,244**	96,000,812
Repayments of borrowings		**(86,528,066)**	(63,361,200)
Increase in amount due to a shareholder of certain joint ventures		**3,933,366**	–
Repayments of principal of lease liabilities		**(94,556)**	(181,892)
Increase in guarantee deposits for borrowings		**(956,271)**	–
Decrease in guarantee deposits for borrowings		**1,566,109**	987,581
Placing of shares		**2,194,923**	3,317,885
Cash advances from related parties		**11,740,613**	–
Repayments to related parties		**(1,864,865)**	(506,380)
Purchases of non-controlling interests		**(115,040)**	(9,960)
Capital contributions from non-controlling interests		**8,836**	308,310
Dividends paid to owners of the Company and non-controlling interests		**(4,310,551)**	(4,038,104)
Net cash (used in)/generated from financing activities		**(19,415,258)**	32,517,052
Net increase in cash and cash equivalents		**2,794,193**	2,991,898
Exchange (losses)/gains		**(25,646)**	129,494
Cash and cash equivalents at beginning of year		**22,904,275**	19,782,883
Cash and cash equivalents at end of year	20	**25,672,822**	22,904,275

The notes on pages 121 to 222 are an integral part of these consolidated financial statements.

1. GENERAL INFORMATION

Guangzhou R&F Properties Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the development and sale of properties, property investment, hotel operations and other property development related services in the People's Republic of China (the "PRC").

The Company is a limited liability company incorporated in the PRC. The address of its registered office is 45-54/F, R&F Center, No.10 Hua Xia Road, Guangzhou 510623, the PRC.

The shares of the Company have been listed on The Main Board of Stock Exchange of Hong Kong Limited since 14 July 2005.

These financial statements are presented in RMB Yuan (RMB), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the Group consisting of the Company and its subsidiaries.

2.1 Basis of preparation

(a) Compliance with HKFRS and HKCO

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") and requirements of the Hong Kong Companies Ordinance Cap. 622.

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of hotel buildings and financial assets at fair value through other comprehensive income and investment properties which are carried at fair value and assets held for sale measured at the lower of carrying amount and fair value less cost to sell.

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

(All amounts in RMB Yuan thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (continued)

(c) New and amended standards adopted by the Group

The following new and amended standards have been adopted by the Group for the first time for the financial year commencing 1 January 2020.

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

The standards, amendments and interpretation did not have a material impact or are not relevant to the Group.

(d) New standards, amendments to existing standards and interpretation not yet adopted

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

Standards	Subject	Effective for annual periods beginning on or after
Amendment to HKFRS 16	Practical Expedient for Lessees on COVID-19 Rent Concessions	1 June 2020
Amendment to HKFRS 7	Financial Instruments: Disclosures	1 January 2021
Amendment to HKAS 16	Proceeds before Intended Use	1 January 2022
Amendment to HKAS 37	Cost of Fulfilling a Contract	1 January 2022
Amendment to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Annual improvements to HKFRS Standards 2018-2020	Annual improvements to HKFRS Standards 2018-2020 affecting HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	1 January 2022
HKFRS 17	Insurance Contracts	1 January 2023
Amendment to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

(All amounts in RMB Yuan thousands unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policy for subsequent measurement for hotel buildings

In previous years, the Group's hotel buildings were carried in the consolidated balance sheet at historical cost less accumulated depreciation and impairment losses. The directors reassessed the appropriateness of this accounting policy and concluded that by using the revaluation model under HKAS 16, the consolidated financial statements would provide reliable and more relevant information about the Group's results and financial position, as fair value is more useful information to financial statement users and it makes the Group more comparable to other market players.

Consequently, the Group changed its accounting policies on hotel buildings to follow the revaluation model under HKAS 16 with effective from 1 January 2020, which has been accounted for prospectively.

Subsequent to above change, hotel buildings are stated at fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluation is performed with sufficient regularity by independent professional qualified valuers. Changes arising on the revaluation are dealt with in other comprehensive income and are accumulated in the revaluation reserve, except that, when a deficit arises on revaluation, it will be charged to the profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to revaluation.

When a surplus arises on revaluation, it will be credited to the profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to the profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

When a revalued asset is sold, the amount included in the revaluation reserve is transferred to retained earnings.

The effect of the changes in accounting policies to the condensed consolidated financial information of the Group is as follows:

	As at 1 January 2020
Increase in property, plant and equipment	7,122,051
Decrease in deferred income tax assets	364,346
Increase in deferred income tax liabilities	1,416,167
Increase in revaluation reserve	5,341,538

	Year ended 31 December 2020
Increase in depreciation	**244,698**
Decrease in income tax expenses	**61,175**
Decrease in profit for the year	**183,523**
Decrease in basic and diluted earnings per share	**0.0516**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Principles of consolidation and equity accounting

(a) Subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.4).

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

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

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see Note 2.3(d) below), after initially being recognised at cost.

(c) Joint arrangements

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Interests in joint ventures are accounted for using the equity method (see Note 2.3(d) below), after initially being recognised at cost in the consolidated balance sheet.

(d) Equity accounting

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Principles of consolidation and equity accounting (continued)

(d) Equity accounting (continued)

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

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.11.

(e) Changes in ownership interests

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

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

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

2.4 Business combination

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Business combination (continued)

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

Acquisition-related costs are expensed as incurred.

The excess of the

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

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

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

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

2.5 Separate financial statements

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

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

2.6 Segment reporting

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

(c) Group companies

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

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate at the dates of the transactions); and

(iii) all resulting exchange differences are recognised in other comprehensive income.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Property, plant and equipment

Hotel buildings are carried at fair value at the date of revaluation, less subsequent depreciation and any subsequent accumulated impairment loss. A revaluation surplus is credited to other reserves in shareholders' equity.

All other property, plant and equipment are stated at historical cost less depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Increases in the carrying amounts arising on revaluation of hotel buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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

– Office buildings	20-30 years
– Hotel buildings	20-40 years
– Furniture, fixtures and equipment	3-5 years
– Transportation equipment	4-15 years
– Machinery	5-10 years

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognised within "other gains – net" in the income statement. When revalued assets are sold, any amounts included in other reserves in respect of those assets are transferred to retained earnings.

Assets under construction are stated at historical cost less accumulated impairment losses, if any. Historical cost includes direct costs of construction, amortisation of land use rights being developed and finance costs arising from borrowings used to finance these assets during the period of construction. No provision for depreciation is made on assets under construction. When the construction activities necessary to prepare the assets for their intended use are completed, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in the preceding paragraphs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Investment properties

Investment properties, principally office buildings, retail buildings and warehouse, are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value. Changes in fair values are recorded in the income statement as part of “other gains – net”.

2.10 Intangible assets

(a) Goodwill

Goodwill is measured as described in Note 2.4. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments (Note 5).

(b) Construction licence

Construction licence acquired in a business combination is recognised at fair value at the acquisition date. The directors of the Group are of the view that the Group has both intention and ability to renew the construction licence continuously and the useful life of the construction licence is considered as indefinite. Construction licence is tested annually for impairment and subsequently carried at cost less accumulated impairment losses.

(c) Customer contracts

Customer contracts acquired in a business combination are recognised at fair value at the acquisition date. Customer contracts have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses. Amortisation is calculated using the straight-line method over the execution of the customer contracts.

(d) Software and others

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

The Group operates a football club. The costs associated with the acquisition of players’ registrations are capitalised as intangible assets at the fair value of the consideration payable, including an estimate of the fair value of any contingent consideration. Costs associated with the acquisition of players’ registrations include transfer fees, agents’ fees and other directly attributable costs. These costs are amortised over the period covered by the player’s contract or best estimated based on the player’s physical conditions. To the extent that a player’s contract is extended, the remaining book value is amortised over the remaining revised contract life.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life – for example, goodwill or construction license – are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period.

2.12 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

2.13 Investments and other financial assets

(a) Classification

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Investments and other financial assets (continued)

(a) Classification (continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

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

(b) Recognition and derecognition

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

(c) Measurement

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

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classified its debt instruments into the following measurement category.

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

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Investments and other financial assets (continued)

(d) Impairment

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

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

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the trade receivables and contract assets with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other receivables from third parties and related parties are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.14 Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

2.15 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Financial guarantee contracts

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

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

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

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

2.17 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Development cost of property comprises costs of lands and land use rights, construction costs, and capitalised finance costs incurred during the development period. Upon completion, the properties are transferred to completed properties held for sale.

If a property under development becomes owner-occupied, it is reclassified as property, plant and equipment. A property under development for future use as investment property is classified as investment property under construction when there is evidence of commencement of an operating lease to another party.

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

2.18 Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost comprises development costs attributable to the unsold properties. Net realisable value is determined by reference to management estimates based on prevailing market conditions less estimated costs to be incurred in selling the property.

2.19 Inventories

Inventories principally comprise construction materials, which are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Trade and other receivables

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

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade and other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 18 for further information about the Group's accounting for trade and other receivables and Note 3.1(b) for a description of the Group's impairment policies.

2.21 Cash and cash equivalents

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

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

2.22 Share capital

Ordinary shares are classified as equity.

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

2.23 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payable are presented as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Borrowings

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

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

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

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

2.25 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

Other borrowing costs are expensed in the period in which they are incurred.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the reporting period in the countries where the Company and its subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and consider whether it is probable that a transaction authority will accept an uncertain tax treatment. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred income tax liability in relation to investment properties that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Employee benefits

(a) Short-term obligations

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

(b) Employee leave entitlements

Employee entitlements to accumulating annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave that are non-cumulative are not recognised until the time of leave.

(c) Bonus entitlements

The expected cost of bonus payments is recognised as a liability when the Group has a present constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(d) Retirement benefits

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Employee benefits (continued)

(e) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.28 Provisions

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

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 Revenue recognition

(a) Property development

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

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group's efforts or inputs to the satisfaction of the performance obligation.

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

For contract where the period between the payment by the customer and the transfer of the promised property or service exceeds one year, the transaction price is adjusted for the effects of a significant financing component.

Incremental costs incurred to obtain a contract, if recoverable, are capitalised and subsequently amortised when the related revenue is recognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 Revenue recognition (continued)

(b) Rental income

Rental income is recognised in the income statement on a straight-line basis over the term of the lease.

(c) Hotel operations

Revenue from hotel operations is recognised in the accounting period in which the services are rendered.

(d) Others

For property management services contracts, the Group recognises revenue equal to the right to invoice amount when it corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis.

2.30 Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares

by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.31 Dividend income

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

2.32 Leases

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

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

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

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

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

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.32 Leases (continued)

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

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature.

2.33 Dividend distribution

Provision is made for the amount of any dividend declared, being appropriately authorised by the Company's shareholders and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.34 Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the income statement as part of other income.

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

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

The Group principally operates in the PRC, Malaysia, Australia, the United Kingdom, Cambodia and Korea, and is exposed to foreign exchange risk, primarily with respect to HK dollars ("HKD") and US dollars ("USD"). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity. The risk is measured through a forecast of highly probable HKD and USD expenditures.

The Group has not hedged its foreign exchange rate risk exposure. However, management of the Group monitors foreign exchange risk exposure and will consider hedging significant foreign exchange risk exposure should the need arise.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

The table below summarises the impact of changes in foreign exchange rates at 31 December 2020 with all other variables held constant on the Group's post-tax profit for the year.

	RMB against the foreign currency	
	weaken by 5%	**strengthen by 5%**
	increase/(decrease) in post-tax profit for the year	
Denominated in HKD		
Cash and cash equivalents	**1,105**	**(1,105)**
Trade and other receivables	**3,823**	**(3,823)**
Accruals and other payables	**(20,623)**	**20,623**
Denominated in USD		
Cash and cash equivalents	**91,300**	**(91,300)**
Restricted cash	**84,854**	**(84,854)**
Borrowings	**(1,791,393)**	**1,791,393**

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Malaysian Ringgit ("MYR") against the foreign currency weaken by 5%	strengthen by 5%
	increase/(decrease) in post-tax profit for the year	
Denominated in USD		
Other payables and accruals	(276,327)	276,327
Denominated in RMB		
Trade and other receivables	80,116	(80,116)
Denominated in HKD		
Other payables and accruals	(19,353)	19,353

	Australian Dollar ("AUD") against the foreign currency weaken by 5%	strengthen by 5%
	increase/(decrease) in post-tax profit for the year	
Denominated in USD		
Other payables and accruals	(8,674)	8,674

	Great Britain Pound ("GBP") against the foreign currency weaken by 5%	strengthen by 5%
	increase/(decrease) in post-tax profit for the year	
Denominated in HKD		
Other payables and accruals	(3,203)	3,203
Borrowings	(25,054)	25,054
Denominated in USD		
Borrowings	(43,603)	43,603

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The table below summarises the impact of changes in foreign exchange rates at 31 December 2019 with all other variables held constant on the Group's post-tax profit for the year.

	RMB against the foreign currency	
	weaken by 5%	strengthen by 5%
	increase/(decrease) in post-tax profit for the year	
Denominated in HKD		
Cash and cash equivalents	136,497	(136,497)
Trade and other receivables	4,204	(4,204)
Other payables and accruals	(26,022)	26,022
Denominated in USD		
Cash and cash equivalents	7,247	(7,247)
Restricted cash	66,654	(66,654)
Borrowings	(1,909,797)	1,909,797

	Malaysian Ringgit ("MYR") against the foreign currency	
	weaken by 5%	strengthen by 5%
	increase/(decrease) in post-tax profit for the year	
Denominated in USD		
Other payables and accruals	(248,050)	248,050
Denominated in RMB		
Trade and other receivables	67,891	(67,891)
Denominated in HKD		
Other payables and accruals	(20,598)	20,598

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

	Australian Dollar ("AUD") against the foreign currency	
	weaken by 5%	strengthen by 5%
	increase/(decrease) in post-tax profit for the year	
Denominated in USD		
Other payables and accruals	(7,151)	7,151

	Great Britain Pound("GBP") against the foreign currency	
	weaken by 5%	strengthen by 5%
	increase/(decrease) in post-tax profit for the year	
Denominated in HKD		
Other payables and accruals	(6,004)	6,004
Borrowings	(30,637)	30,637

(ii) Interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk. During 2020 and 2019, the Group's borrowings at variable rate were mainly denominated in RMB, USD, GBP, MYR, HKD and AUD.

The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

The table below summarises the impact of changes in interest rate at 31 December 2020 with all other variables held at constant on the Group's post-tax profit for the year.

	Increase/(decrease) in post-tax profit for the year	
	2020	2019
Interest rate of long-term borrowings at variable rates – increase 0.25% (2019: 0.25%)	**(160,364)**	(161,915)
Interest rate of long-term borrowings at variable rates – decrease 0.25% (2019: 0.25%)	**160,364**	161,915

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Price risk

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

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

The majority of the Group's equity investments are publicly traded.

The table below summarises the impact of increases or decreases of price of the stocks, which the Group purchased, on the Group's equity as at 31 December 2020. The analysis is based on the assumption that the stock price increased by 5% or decreased by 5% with all other variables held constant, and that all the Group's equity instruments moved in line with the price of each stock.

	Increase/(decrease) in other comprehensive income, net of tax	
	2020	2019
Price of each stock – increase 5%	**27,535**	42,306
Price of each stock – decrease 5%	**(27,535)**	(42,306)

(b) Credit risk

The extent of the Group's maximum exposure to credit risk is the aggregate carrying value of cash deposits in banks, trade and other receivables and contract assets.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition.

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

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

The Group has two type of assets that is subject to HKFRS 9's expected credit loss model:

- Trade and other receivables
- Contract assets

While restricted cash and cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

(i) Trade receivables and contract assets

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

Expected loss rate of trade receivables from related parties are assessed to be 0.1%. The loss allowance provision for these balances was not material during the year.

To measure the expected credit losses, trade receivables from third parties and contract assets have been grouped based on shared credit risk characteristics and the days of initial recognition. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables from third parties are a reasonable approximation of the expected loss rates for the contract assets.

On that basis, the loss allowance for both trade receivables (excluding amounts due from related parties) and contract assets as at 31 December 2020 and 31 December 2019 was determined as follows.

At 31 December 2020	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected loss rate	1%	5%	5%	30%	
Gross carrying amount – trade receivables (excluding amounts due from related parties)	9,187,526	550,851	270,469	526,853	10,535,699
Gross carrying amount – contract assets	1,637,676	–	–	–	1,637,676
Loss allowance	108,252	27,543	13,523	158,056	307,374

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(i) Trade receivables and contract assets (continued)

At 31 December 2019	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
Expected loss rate	1%	5%	5%	30%	
Gross carrying amount – trade receivables (excluding amounts due from related parties)	11,225,140	926,685	309,451	513,623	12,974,899
Gross carrying amount – contract assets	973,643	–	–	–	973,643
Loss allowance	121,987	46,334	15,473	154,087	337,881

The closing loss allowance for trade receivables (excluding amounts due from related parties) and contract assets as at 31 December 2020 reconcile to the opening loss allowance as follows:

	Trade receivables		Contract assets	
	2020	2019	**2020**	2019
Opening loss allowance as at 1 January	**328,145**	273,674	**9,736**	7,315
(Reversal of)/provision for loss allowance recognised in profit or loss during the year	**(26,043)**	54,471	**6,641**	2,421
Receivables written off during the year as uncollectable	**(11,105)**	–	**–**	–
Closing loss allowance as at 31 December	**290,997**	328,145	**16,377**	9,736

(ii) Other receivables

As at 31 December 2020, parties of other receivables from related parties have a low risk of default and a strong capacity to meet contractual cash flows. The Group has assessed that the expected credit losses for these receivables are not material under the 12 months expected losses method. Thus no loss allowance provision was recognised during the year.

The closing loss allowance for other receivables (excluding amounts due from related parties) as at 31 December 2020 reconcile to the opening loss allowance as follows:

	2020	2019
Opening loss allowance as at 1 January	**113,380**	103,002
Provision for loss allowance recognised in profit or loss during the year	**165,872**	10,378
Disposal of subsidiaries	**(2,108)**	–
Closing loss allowance as at 31 December	**277,144**	113,380

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

(ii) Other receivables (continued)

For the year ended 31 December 2020, the provision for loss allowances were recognised in profit or loss in "net impairment losses on financial and contract assets" in relation to the impaired other receivables.

(c) Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents including proceeds from pre-sale of properties, short-term and long-term borrowings, available funding through adequate amount of credit lines for which the Group has obtained non-binding letters of intent or strategic cooperation letters from certain domestic banks, to meet its construction and investment commitments.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include controlling investments in land banks, adjusting project development timetable to adapt to changing local real estate market environment, implementing cost control measures, accelerating sales of properties with more flexible pricing, seeking joint venture partners to co-develop quality projects, and disposing of certain investment properties with acceptable prices to the Group. The Group will, based on its assessment of the relevant costs and benefits, pursue such options as are appropriate.

The table below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2020					
Borrowings (Note (1))	72,698,532	36,859,131	50,216,052	24,692,889	184,466,604
Lease liabilities	152,025	110,675	210,277	299,499	772,476
Financial liabilities as included in trade and other payables and accruals (excluding accruals for staff costs and allowance and other taxes payable)	48,174,639	1,351,830	–	–	49,526,469
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties	91,245,194	–	–	–	91,245,194
Guarantees in respect of borrowings of joint ventures and associates	3,491,706	748,235	5,745,269	864,398	10,849,608

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2019					
Borrowings (Note (1))	75,372,331	57,348,805	77,349,707	27,755,665	237,826,508
Lease liabilities	77,391	45,908	60,242	47,357	230,898
Financial liabilities as included in trade and other payables and accruals (excluding accruals for staff costs and allowance and other taxes payable)	43,312,395	–	–	–	43,312,395
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties	85,042,299	–	–	–	85,042,299
Guarantees in respect of borrowings of joint ventures and associates	2,946,792	1,636,436	116,368	–	4,699,596

Note:

(1) Interest on borrowings is calculated on borrowings held as at 31 December 2020 and 2019 respectively. Floating-rate interest is estimated using the current interest rate as at 31 December 2020 and 2019 respectively.

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern so that they can continue to provide returns for equity holders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group will consider the macro economic conditions, prevailing borrowing rate in the market and adequacy of cash flows generated from operations and may raise funding through capital market or bank borrowings as necessary.

Consistent with others in the industry, the Group monitors capital on the basis of gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents and restricted cash.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

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

	2020	2019
Total borrowings	**159,730,073**	197,140,748
Less: cash and cash equivalents	**(25,672,822)**	(22,904,275)
restricted cash	**(14,275,892)**	(15,531,531)
Net debt	**119,781,359**	158,704,942
Total equity	**92,005,343**	79,799,125
Gearing ratio	**130%**	199%

3.3 Fair value estimation

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is as follow:

- Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.
- Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2020 and 2019 by level of the inputs to valuation techniques used to measure fair value.

	2020	2019
Financial assets at FVOCI		
Level 1	**550,692**	935,996
Level 3 (Note (a))	**89,158**	106,446
	639,850	1,042,442

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (continued)

(a) Financial instruments in level 3

The fair value of the Group's investment in unlisted private funds recognised as financial assets at FVOCI was revalued as at 31 December 2020 by an independent and professionally qualified valuer. The valuation is performed based on the market approach by reference to quoted market prices for similar instruments, maximising the use of observable market data where it is available and relying as little as possible on entity specific estimates. The financial assets at FVOCI were included in level 3 as the valuation involves the use of certain factors (unobservable inputs) to adjust the data derived from increasingly volatile markets to arrive at the estimated fair value for these unquoted equity investments. The fair value change on the equity investments was included in "other comprehensive income".

See Note 7 for disclosures of hotel buildings and Note 9 for disclosures of investment properties that are measured at fair value.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Enterprise income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for enterprise income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and income tax expenses or other comprehensive income in the periods in which such estimate is changed.

(b) PRC land appreciation taxes

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) PRC land appreciation taxes (continued)

The Group is subject to land appreciation taxes in the PRC which has been included in the income tax expenses of the Group. However, the implementation of these taxes varies amongst various cities in the PRC and the Group has not finalised its land appreciation tax returns for certain years with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognised these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expenses and provisions for land appreciation taxes in the period in which such determination is made.

(c) Fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgment and assumptions have been disclosed in Note 9.

(d) Provisions for impairment of properties under development, completed properties held for sale

Provision is made when events or changes in circumstances indicate that the carrying amounts may not be recoverable. For the purpose of assessing provision for impairment, properties under development and completed properties held for sale are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverability of carrying amounts of properties under development and completed properties held for sale is assessed according to their recoverable amounts, taking into account for costs to completion based on past experience and net sales values based on prevailing market conditions. The assessment requires the use of judgement and estimates.

As at 31 December 2020, no impairment was provided for properties under development or completed properties held for sale (2019: Nil).

(e) Revenue recognition for property development activities

Revenue from sales of properties in the PRC is recognised over time when the Group's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group cannot change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgments. In assessing whether the Group has an enforceable right to payment for its sale contracts, the Group has obtained legal counsel's opinion regarding the enforceability of the right to payment, including an assessment on the contractual terms as well as any legislation that could supplement or override those contractual terms, and conducted an evaluation of any existence of circumstances that could restrict the Group to enforce its right to payment for specific performance. Management uses judgments, based on legal counsel's opinion, to classify sales contracts into those with right to payment and those without the right. Management will reassess their judgments on a regular basis to identify and evaluate the existence of any circumstances that could affect the Group's enforceable right to payment and the implication on the accounting for sales contracts.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(e) Revenue recognition for property development activities (continued)

The Group recognises property development revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each property unit in the contract. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. Changes in cost estimates in future periods can have effect on the Group's revenue recognised. In making the above estimations, the Group relies on past experience and work of contractors and, if appropriate, surveyors.

(f) Impairment of trade and other receivables and contract assets

The loss allowances for trade and other receivables and contract assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.

(g) Fair value of hotel buildings in property, plant and equipment

The fair value of hotel buildings in property, plant and equipment is determined by using valuation technique. Details of the judgment and assumptions have been disclosed in Note 7.

5. SEGMENT INFORMATION

(a) Description of segments and principal activities

The chief operating decision-maker has been identified as the Executive Directors. Management has determined the operating segments based on the information reviewed by the Executive Directors for the purpose of allocating resources and assessing performance.

As almost the entire Group's consolidated revenue and results are attributable to the market in the PRC and almost all of the Group's consolidated assets are located in the PRC, the Executive Directors consider the business mainly from product perspective. The Group is principally engaged in property development, property investment and hotel operations. Other services provided by the Group mainly represent property management and other related services. The results of these operations are included in the "all other segments" column.

The Executive Directors assess the performance of the operating segments based on a measure of profit for the year.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

(b) Segment performance

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2020 and the segment assets and liabilities at 31 December 2020 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Segment revenue	78,603,957	1,381,823	4,562,778	3,238,121	87,786,679
Recognised at a point in time	52,015,927	–	–	–	52,015,927
Recognised over time	26,588,030	–	4,562,778	3,238,121	34,388,929
Revenue from other sources-rental income	–	1,381,823	–	–	1,381,823
Inter-segment revenue	(35,667)	(223,901)	(100,043)	(1,535,290)	(1,894,901)
Revenue from external customers	78,568,290	1,157,922	4,462,735	1,702,831	85,891,778
Profit/(loss) for the year	7,435,682	4,217,777	(1,426,860)	(1,080,284)	9,146,315
Finance costs	(1,034,808)	(247,857)	(832,967)	(293,139)	(2,408,771)
Share of results of joint ventures	293,531	–	–	(1,353)	292,178
Share of results of associates	(53,003)	–	–	(14,517)	(67,520)
Income tax (expenses)/credits	(5,991,593)	(1,411,342)	276,252	361,315	(6,765,368)
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	(456,113)	–	(1,470,210)	(103,133)	(2,029,456)
Amortisation of incremental costs for obtaining contracts with customers	(340,950)	–	–	–	(340,950)
(Allowance for)/reversal of allowance for impairment losses of financial and contract assets	(177,045)	–	2,375	2,287	(172,383)
Fair value gains on investment properties – net of tax	–	2,241,570	–	–	2,241,570
Revaluation gains on investment properties transferred from completed properties held for sale – net of tax	–	1,495,616	–	–	1,495,616
Segment assets	337,120,727	40,257,965	47,498,911	4,057,306	428,934,909
Segment assets include:					
Interests in joint ventures	11,612,128	–	–	5,208	11,617,336
Interests in associates	474,624	–	–	965,402	1,440,026
Addition to non-current assets (other than financial instruments and deferred income tax assets)	1,510,847	1,083,606	1,069,119	501,313	4,164,885
Segment liabilities	149,150,990	802,069	1,825,446	7,195,630	158,974,135

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

(b) Segment performance (continued)

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2019 and the segment assets and liabilities at 31 December 2019 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Segment revenue	79,689,217	1,380,436	7,095,478	5,160,702	93,325,833
Recognised at a point in time	55,305,446	–	–	–	55,305,446
Recognised over time	24,383,771	–	7,095,478	5,160,702	36,639,951
Revenue from other sources – rental income	–	1,380,436	–	–	1,380,436
Inter-segment revenue	–	(167,317)	(73,026)	(2,271,520)	(2,511,863)
Revenue from external customers	79,689,217	1,213,119	7,022,452	2,889,182	90,813,970
Profit/(loss) for the year	9,953,226	1,923,303	(1,007,596)	(775,723)	10,093,210
Finance costs	(4,501,247)	(244,227)	(843,834)	(10,219)	(5,599,527)
Share of results of joint ventures	611,829	–	–	(638)	611,191
Share of results of associates	166,545	–	–	(1,337)	165,208
Income tax (expenses)/credits	(7,682,199)	(639,999)	(47,110)	236,254	(8,133,054)
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	(344,194)	–	(1,513,947)	(146,992)	(2,005,133)
Amortisation of incremental costs for obtaining contracts with customers	(455,788)	–	–	–	(455,788)
Allowance for impairment losses of financial and contract assets	(60,988)	–	(6,039)	(243)	(67,270)
Fair value gains on investment properties – net of tax	–	489,487	–	–	489,487
Revaluation gains on investment properties transferred from properties under development – net of tax	–	927,358	–	–	927,358
Segment assets	336,074,309	33,469,576	41,326,815	5,066,408	415,937,108
Segment assets include:					
Interests in joint ventures	10,790,634	–	–	4,531	10,795,165
Interests in associates	559,409	–	–	84,920	644,329
Addition to non-current assets (other than financial instruments and deferred income tax assets)	1,010,208	604,535	1,016,462	532,268	3,163,473
Segment liabilities	118,777,992	–	1,684,789	2,542,770	123,005,551

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the income statement.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

(b) Segment performance (continued)

Revenue from external customers broken down by location of the customer is shown in the table below:

	2020	2019
PRC	**84,359,678**	88,336,136
Other countries	**1,532,100**	2,477,834
Total	**85,891,778**	90,813,970

Revenues from the individual country included in “other countries” are not material. There was no revenue derived from a single external customer accounting for 10% or more of the Group’s revenue for the year ended 31 December 2020 (2019: Nil).

(c) Segment assets

The amounts provided to the Executive Directors with respect to segment assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment.

The Group’s deferred income tax assets and financial assets at FVOCI are not considered to be segment assets but rather are managed on a central basis.

Reportable segments’ assets are reconciled to total assets as follows:

	2020	2019
Segment assets for reportable segments	**428,934,909**	415,937,108
Deferred income tax assets	**12,610,456**	10,346,768
Financial assets at FVOCI	**639,850**	1,042,442
Total assets per balance sheet	**442,185,215**	427,326,318

Non-current assets, other than financial assets at FVOCI and deferred income tax assets (there are no employment benefit assets and rights arising under insurance contracts) broken down by location of the assets, is shown in the following:

	2020	2019
PRC	**98,858,050**	89,887,026
Other countries	**2,300,979**	2,332,432
Total	**101,159,029**	92,219,458

Non-current assets in the individual country included in “other countries” are not material.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

(d) Segment liabilities

The amounts provided to the Executive Directors with respect to segment liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's deferred and current income tax liabilities and borrowings are not considered to be segment liabilities but rather are managed on a central basis.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2020	2019
Segment liabilities for reportable segments	**158,974,135**	123,005,551
Deferred income tax liabilities	**10,307,753**	8,221,383
Current income tax liabilities	**21,167,911**	19,159,511
Short-term borrowings and current portion of long-term borrowings	**63,881,431**	62,270,054
Long-term borrowings	**95,848,642**	134,870,694
Total liabilities per balance sheet	**350,179,872**	347,527,193

(e) Changes in accounting policy

The adoption of the revaluation model of hotel buildings described in Note 2.2 had the following impact on the segment disclosures in the current year.

	Decrease in profit for the year	**Increase in segment assets as at 31 December 2020**
Hotel operations	**183,523**	**6,877,353**

Comparative segment information has not been restated. As a consequence, the segment information disclosed for the abovementioned items is not entirely comparable to the information disclosed for the prior year.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

(f) Assets and liabilities related to contracts with customers

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

	2020	2019
Contract assets	**1,637,676**	973,643
Loss allowance (Note 3.1(b))	**(16,377)**	(9,736)
Total contract assets	**1,621,299**	963,907
Capitalised costs to obtain contracts	**1,360,957**	975,054
Contract liabilities – property development and sales contracts	**47,594,245**	38,222,266
Contract liabilities – hotel operations and other contracts with customers	**408,259**	677,182
Total contract liabilities	**48,002,504**	38,899,448

(i) Significant changes in contract assets and liabilities

Contract assets have increased as the progress towards complete satisfaction of the performance obligation continued to increase for certain projects. The loss allowance for contract assets increased by RMB6,641,000 to RMB16,377,000 (2019: decreased by RMB2,421,000 to RMB9,736,000) during the current reporting period.

Contract liabilities from property development and sales contracts have increased by RMB9,371,979,000 as the Group launched several campaigns in the second half of 2020 to promote sales.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2020	2019
Revenue recognised that was included in the contract liability balance at the beginning of the year		
Property development and sales contracts	**14,943,650**	12,972,335
Hotel operations and other contracts	**677,182**	960,475

5. SEGMENT INFORMATION (Continued)

(f) Assets and liabilities related to contracts with customers (continued)

(iii) Unsatisfied performance obligation

For sales of properties, the Group recognises revenue when or as the control of the asset is transferred to the purchaser. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and the day contracted with the customer exceeds one year, the transaction price allocated to these unsatisfied contracts is not disclosed as permitted by HKFRS15.

For hotel operation services, they are rendered in a short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for this type of contracts.

For property management services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The Group has elected the practical expedient for not to disclose the remaining performance obligations for this type of contracts. The majority of the property management services contracts do not have a fixed term.

(iv) Assets recognised from costs to obtain a contract

The Group recognised assets in relation to stamp duty, sales commissions and other costs directly attributable to obtaining a contract. This is presented within trade and other receivables and prepayments in the balance sheet. The asset is amortised in a pattern consistent with the recognition of the associated revenue.

	2020	2019
Capitalised costs to obtain contracts at 31 December	**1,360,957**	975,054
Amortisation recognised as cost of sales during the year	**(340,950)**	(455,788)

(All amounts in RMB Yuan thousands unless otherwise stated)

6. BUSINESS COMBINATION

(a) Summary of acquisition

Pursuant to a sales and purchase agreement dated 19 July 2017 and supplemental agreements dated 20 October 2017 and 23 November 2017 entered into between the Company and Dalian Wanda Commercial Properties Co., Ltd. ("Dalian Wanda") (the "S&P Agreements"), the Company completed the acquisition of Changchun Wanfu Hotel Management Co. Ltd. which held Changchun Wanda Vista Hotel on 16 November 2020.

Details of the purchase consideration, the net assets acquired are as follows:

Purchase consideration	
– Cash paid	**418,300**

The assets and liabilities recognised as a result of the acquisitions are as follows:

	Fair value
Cash and cash equivalents	**3,442**
Inventory	**507**
Property, plant and equipment	**349,138**
Right-of-use assets	**71,382**
Trade and other receivables and prepayment	**5,890**
Deferred income tax assets	**64,689**
Other payables and accruals	**(7,492)**
Contract liabilities	**(2,347)**
Total identifiable net assets acquired	**485,209**
Gains on bargain purchase	**(66,909)**

The recognition of gains on bargain purchase was due to the fact that the hotel was included in the portfolio of 73 hotels and an investment property in the S&P Agreements and discount was offered by Dalian Wanda for such large scale and urgent disposal of assets. The consideration is determined after arm's length negotiations between the parties with reference to the net asset value of the assets.

(All amounts in RMB Yuan thousands unless otherwise stated)

6. BUSINESS COMBINATION (Continued)

(a) Summary of acquisition (continued)

(i) Acquired receivables

The fair value of trade receivables and other receivables and prepayment was RMB3,312,000, RMB266,000 and RMB2,312,000 respectively.

(ii) Revenue and profit contribution

The acquired business contributed revenues of RMB8,777,000 and net loss of RMB1,448,000 to the Group for the period from the acquisition dates to 31 December 2020.

(b) Purchase consideration – cash outflow

Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	**418,300**
Less: cash considerations paid in prior year	**(61,950)**
Cash considerations paid in 2020	**356,350**
Less：cash in the subsidiary acquired	**(3,442)**
Net outflow of cash – investing activities	**352,908**

(All amounts in RMB Yuan thousands unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT

	Buildings						
	Office and others	Hotel	Furniture, fixtures and equipment	Transportation equipment	Machinery	Assets under construction	Total
At 1 January 2019							
Cost	1,617,089	34,209,618	1,771,044	658,519	680,944	3,694,356	42,631,570
Accumulated depreciation	(337,718)	(5,933,282)	(1,306,078)	(504,793)	(361,555)	–	(8,443,426)
Net book amount	1,279,371	28,276,336	464,966	153,726	319,389	3,694,356	34,188,144
Year ended 31 December 2019							
Additions	10,721	3,520	184,798	19,424	106,808	1,513,144	1,838,415
Acquisitions of subsidiaries	–	–	740	–	–	211,787	212,527
Disposals of subsidiaries	–	–	(224)	–	–	–	(224)
Transfer from properties under development	308,767	–	–	–	–	–	308,767
Assets under construction transferred to buildings	88,015	325,215	–	–	223,635	(636,865)	–
Disposals	(37)	–	(2,903)	(516)	(411)	–	(3,867)
Depreciation	(49,579)	(1,111,091)	(180,312)	(50,123)	(61,626)	–	(1,452,731)
Exchange differences	–	–	473	70	–	–	543
Closing net book amount	1,637,258	27,493,980	467,538	122,581	587,795	4,782,422	35,091,574
At 31 December 2019							
Cost	2,024,531	34,538,353	1,948,240	664,094	995,375	4,782,422	44,953,015
Accumulated depreciation	(387,273)	(7,044,373)	(1,480,702)	(541,513)	(407,580)	–	(9,861,441)
Net book amount	1,637,258	27,493,980	467,538	122,581	587,795	4,782,422	35,091,574
Year ended 31 December 2020							
Opening net book amount as originally presented	**1,637,258**	**27,493,980**	**467,538**	**122,581**	**587,795**	**4,782,422**	**35,091,574**
Effect of changes in accounting policy (Note 2.2)	**–**	**7,122,051**	**–**	**–**	**–**	**–**	**7,122,051**
Restated opening net book amount	**1,637,258**	**34,616,031**	**467,538**	**122,581**	**587,795**	**4,782,422**	**42,213,625**
Additions	**19,410**	**1,874**	**150,479**	**9,441**	**77,658**	**1,626,633**	**1,885,495**
Acquisitions of subsidiaries	**32,419**	**349,138**	**–**	**–**	**–**	**–**	**381,557**
Disposals of subsidiaries	**(28,298)**	**–**	**(23,301)**	**(1,479)**	**(2,721)**	**–**	**(55,799)**
Assets classified as held for sale	**–**	**–**	**(920)**	**(214)**	**(3,010)**	**–**	**(4,144)**
Transfer to properties held for sale	**–**	**–**	**–**	**–**	**–**	**(628,444)**	**(628,444)**
Transfer to properties under development	**(4,246)**	**–**	**–**	**–**	**–**	**(85,200)**	**(89,446)**
Assets under construction transferred to buildings	**296,243**	**–**	**–**	**–**	**–**	**(296,243)**	**–**
Disposals	**(32,346)**	**(86,290)**	**(1,772)**	**(1,671)**	**(457)**	**–**	**(122,536)**
Depreciation	**(65,491)**	**(1,114,566)**	**(150,950)**	**(36,666)**	**(70,285)**	**–**	**(1,437,958)**
Exchange differences	**(12,345)**	**–**	**(17,496)**	**1,226**	**–**	**–**	**(28,615)**
Closing net book amount	**1,842,604**	**33,766,187**	**423,578**	**93,218**	**588,980**	**5,399,168**	**42,113,735**
At 31 December 2020							
Cost	**2,314,990**	**34,880,753**	**2,079,278**	**1,015,094**	**1,056,238**	**5,399,168**	**46,745,521**
Accumulated depreciation	**(472,386)**	**(1,114,566)**	**(1,655,700)**	**(921,876)**	**(467,258)**	**–**	**(4,631,786)**
Net book amount	**1,842,604**	**33,766,187**	**423,578**	**93,218**	**588,980**	**5,399,168**	**42,113,735**

(All amounts in RMB Yuan thousands unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Depreciation expense has been charged in the following categories:

	2020	2019
Selling and administrative expenses	**212,220**	182,780
Cost of sales	**1,225,738**	1,269,951
	1,437,958	1,452,731

Assets under construction mainly represent construction and other costs incurred for hotel buildings and an amusement park. For the year ended 31 December 2020, borrowing costs capitalised in assets under construction amounted to RMB286,377,000 (2019: RMB290,536,000). Borrowing costs were capitalised at the weighted average rate of 5.83% for the year ended 31 December 2020 (2019: 4.53%).

Borrowings are secured by office buildings, hotel buildings and assets under construction with a carrying amount of RMB29,821,903,000 (2019: RMB27,477,883,000).

(b) Carrying amounts that would have been recognised if hotel buildings were stated at cost

If hotel buildings were stated on the historical cost basis, the amounts would be as follows:

	2020	2019
Cost	**34,816,405**	34,538,353
Accumulated depreciation	**(7,927,571)**	(7,044,373)
Net book amount	**26,888,834**	27,493,980

(c) Fair value hierarchy

An independent valuation of the Group's hotel buildings was performed by independent and professionally qualified valuers to determine the fair value of the hotel buildings as at 1 January 2020. Changes arising on the revaluation are dealt with in other comprehensive income and are accumulated in the revaluation reserve, except that, when a deficit arises on revaluation, it will be charged to the profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to revaluation.

When a surplus arises on revaluation, it will be credited to the profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to the profit or loss.

As at 1 January 2020, all of the Group's hotel buildings were within level 3 of the fair value hierarchy as the valuations were arrived at by reference to certain significant unobservable inputs. There were no transfers between levels 1, 2 and 3 during the year.

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(d) Valuation processes of the Group

As disclosed in Note 2.2, the Group measured its hotel buildings at fair value as at 1 January 2020 with the assistance of an independent qualified valuer not related to the Group.

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the senior management.

Regarding fair value of the hotel buildings as at 1 January 2020, the finance department:

- Verified all major inputs to the independent valuation report
- Held discussions with the independent valuer
- Performed calculation when applicable

As at 31 December 2020, management did not revaluate the hotel buildings considering that the carrying amount does not differ materially from that which would be determined using fair value.

(e) Valuation techniques

Fair value of the Group's hotel buildings is mainly the remaining balance after deduction of fair value of hotel lands from the fair value of hotel properties, which include land and buildings. Valuation of hotel properties and hotel lands were performed by the independent valuer.

The fair value of hotel properties, including land and building, is generally derived using the discounted cash flow approach, which derives the fair value by discounting the future net cash flow of hotel property to its present value by using an appropriate discount rate that reflects the rate of return required by a third party investor for similar type of properties.

Fair value of hotel lands is determined using the direct comparison method. The key inputs under this approach are the price per square metre from recent year sales of comparable lands in the subject localities (with similar location and size).

(All amounts in RMB Yuan thousands unless otherwise stated)

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

(f) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Fair value at 1 January 2020	Unobservable inputs	Range of inputs at 1 January 2020	Relationship of unobservable inputs to fair value
Hotel buildings	34,616,031	Hotel properties – Discount rates	7.5%-8.0%	The higher the discount rates, the lower the fair value of hotel properties
		Hotel properties – Terminal capitalisation rates	5.0%	The higher the terminal capitalisation rates, the lower the fair value of hotel properties
		Hotel properties – Occupancy rates	62.0%-92.0%	The higher the occupancy rates, the higher the fair value of hotel properties
		Hotel properties – Revenue growth rates	2.5%-3.0%	The higher the revenue growth rates, the higher the fair value of hotel properties
		Hotel lands – Market price (RMB/square metre)	466-13,614	The higher the market price, the higher the fair value of hotel lands

(All amounts in RMB Yuan thousands unless otherwise stated)

8. LEASES

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

(a) Amounts recognised in the balance sheet

The balance sheet shows the following amounts relating to leases:

	2020	2019
Right-of-use assets		
Land use rights	**9,675,977**	9,972,939
Transportation equipment	**992,882**	644,458
Buildings	**177,724**	157,555
	10,846,583	10,774,952
Lease liabilities		
Current	**96,448**	68,220
Non-current	**452,557**	132,013
	549,005	200,233

Additions to the right-of-use assets during the 2020 financial year were RMB622,389,000 (2019: RMB173,886,000).

(b) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	2020	2019
Depreciation charge of right-of-use assets		
Land use rights	**318,669**	305,693
Buildings	**100,921**	80,091
Transportation equipment	**60,683**	64,347
	480,273	450,131
Less: capitalised in assets under construction	**(63,390)**	(56,490)
	416,883	393,641
Interest expense (included in finance cost)	**12,631**	16,538
Expense relating to short-term leases and leases of low-value assets (included in administrative expenses)	**34,955**	33,336

The total cash outflow for leases in 2020 was RMB147,671,000 (2019: RMB241,622,000).

(c) The Group's leasing activities and how these are accounted for

The Group leases various land use rights, offices, warehouses, office equipment and transportation equipment. Rental contracts are typically made for fixed periods of 2 to 60 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes except for the airplanes and those with land use rights certificate.

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INVESTMENT PROPERTIES

	Completed investment properties	Investment properties under construction	Total
Year ended 31 December 2019			
Opening balance at 1 January	27,102,313	1,917,073	29,019,386
Additions	55,686	548,849	604,535
Disposals	(11,084)	–	(11,084)
Transfer from investment properties under construction to completed investment properties	50,944	(50,944)	–
Transfer from properties under development	1,894,211	85,051	1,979,262
Revaluation gains on investment properties transferred from properties under development	1,226,367	–	1,226,367
Fair value revaluation gains – net	388,245	262,865	651,110
Closing balance at 31 December	30,706,682	2,762,894	33,469,576
Year ended 31 December 2020			
Opening balance at 1 January	**30,706,682**	**2,762,894**	**33,469,576**
Additions	**111,896**	**971,710**	**1,083,606**
Disposals	**(8,431)**	**–**	**(8,431)**
Transfer from investment properties under construction to completed investment properties	**1,887,861**	**(1,887,861)**	**–**
Transfer from completed properties held for sale	**734,106**	**–**	**734,106**
Revaluation gains on investment properties transferred from completed properties held for sale	**1,994,155**	**–**	**1,994,155**
Fair value gains – net	**2,029,697**	**955,256**	**2,984,953**
Assets classified as held for sale	**(4,294,580)**	**(2,005,420)**	**(6,300,000)**
Closing balance at 31 December	**33,161,386**	**796,579**	**33,957,965**

(a) Amount recognised in the consolidated income statement for investment properties

	2020	2019
Rental income	**1,157,922**	1,213,119
Direct operating expenses from investment properties that generate rental income	**(143,983)**	(149,789)
Direct operating expenses that did not generate rental income	**(75,229)**	(97,557)
Revaluation gains and fair value gains recognised in “other gains – net”	**4,979,108**	1,877,477

9. INVESTMENT PROPERTIES (Continued)

(b) Fair value hierarchy

An independent valuation of the Group's investment properties was performed by independent and professionally qualified valuers to determine the fair value of the investment properties as at 31 December 2020 and 2019. The fair value gains or losses are included in "other gains – net" in the income statement.

As at 31 December 2020 and 2019, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuations were arrived at by reference to certain significant unobservable inputs. There were no transfers between level 1, 2 and 3 during the year except for the investment properties classified as "assets classified as held for sale" which were within level 1 as at 31 December 2020.

(c) Valuation processes of the Group

The Group's investment properties were valued at 31 December 2020 and 2019 by independent and professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the chief financial officer ("CFO") and the audit committee. Discussions of valuation processes and results are held between the CFO, the valuation team and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation reports;
- Assesses property valuations movements when compared to the prior year valuation reports; and
- Holds discussion with the independent valuers.

Changes in level 2 and 3 fair values are analysed at each reporting date during the bi-annual valuation discussions between the CFO and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INVESTMENT PROPERTIES (Continued)

(d) Valuation techniques

For completed office and retail buildings (2019: completed office, retail buildings and warehouse), the valuations are based on the term and reversionary method, which largely used unobservable inputs and took into account the significant adjustment in term yield to account for the risk upon reversionary and the estimation in market price after expiry of current lease.

For carparks, the valuations are determined using the direct comparison method. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input in this valuation approach is price per square metre.

For retail buildings under construction, the Group has valued such properties on the basis that they will be developed and completed in accordance with the Group's latest development plans. Valuations are based on residual method, which is essentially a means of valuing the land by reference to its development potential by deducting development costs together with developer's profit and risk associated with the estimated capital value of the proposed development assuming completed as at the date of valuation.

For warehouse under construction in 2019, the valuations are based on the term and reversionary method, which largely used unobservable inputs and took into account the significant adjustment in term yield, the estimation in market price and deducting development costs and developer's profit.

(e) Valuation inputs and relationships to fair value

Description		Fair value at 31 December 2020	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Office	**9,683,995**	Term and reversionary method	Term yields	6.50%-6.75%	The higher the term yields, the lower the fair value
				Reversionary yields	6.50%-6.75%	The higher the reversion yields, the lower the fair value
				Market price (RMB/square metre)	25,611-66,644	The higher the market price, the higher the fair value
	Retail	**22,742,271**	Term and reversionary method	Term yields	5.70%-7.25%	The higher the term yields, the lower the fair value
				Reversionary yields	5.70%-7.25%	The higher the reversion yields, the lower the fair value
				Market price (RMB/square metre)	4,235-97,947	The higher the market price, the higher the fair value
	Carpark	**735,120**	Direct comparison method	Market price (RMB/square metre)	3,318-10,012	The higher the market price, the higher the fair value
Investment properties under construction	Retail	**796,579**	Residual method	Market price (RMB/square metre)	20,760-77,176	The higher the market price, the higher the fair value
				Budgeted construction costs to be incurred (RMB/square metre)	8,100-22,950	The higher the budgeted construction costs to incurred, the lower the fair value
				Developer's profit (RMB/square metre)	5,848-25,587	The higher the developer's profit, the lower the fair value

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INVESTMENT PROPERTIES (Continued)

(e) Valuation inputs and relationships to fair value (continued)

Description		Fair value at 31 December 2019	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Office	10,452,707	Term and reversionary method	Term yields	6.25%-6.50%	The higher the term yields, the lower the fair value
				Reversionary yields	6.25%-6.50%	The higher the reversion yields, the lower the fair value
				Market price (RMB/square metre)	25,529-68,087	The higher the market price, the higher the fair value
	Retail	17,700,438	Term and reversionary method	Term yields	5.50%-7.00%	The higher the term yields, the lower the fair value
				Reversionary yields	5.50%-7.00%	The higher the reversion yields, the lower the fair value
				Market price (RMB/square metre)	5,375-114,368	The higher the market price, the higher the fair value
	Carpark	760,395	Direct comparison method	Market price (RMB/square metre)	3,695-11,694	The higher the market price, the higher the fair value
	Warehouse	1,793,143	Term and reversionary method	Term yields	6%	The higher the term yields, the lower the fair value
				Reversionary yields	6%	The higher the reversion yields, the lower the fair value
				Market price (RMB/square metre)	1,001-3,700	The higher the market price, the higher the fair value
Investment properties under construction	Retail	934,464	Residual method	Market price (RMB/square metre)	19,954-63,435	The higher the market price, the higher the fair value
				Budgeted construction costs to be incurred (RMB/square metre)	9,885-18,922	The higher the budgeted construction costs to incurred, the lower the fair value
				Developer's profit (RMB/square metre)	6,100-22,202	The higher the developer's profit, the lower the fair value
	Warehouse	1,828,429	Term and reversionary method	Term yields	6%	The higher the term yields, the lower the fair value
				Reversionary yields	6%	The higher the reversion yields, the lower the fair value
				Market price (RMB/square metre)	1,001-3,700	The higher the market price, the higher the fair value
				Budgeted construction costs to be incurred (RMB/square metre)	809	The higher the budgeted construction costs to incurred, the lower the fair value

There are inter-relationships between unobservable inputs. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yields. If the remaining lease term increases, the yield may decrease.

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INVESTMENT PROPERTIES (Continued)

(f) Investment properties pledged as security

Borrowings are secured on investment properties for the value of RMB19,960,882,000 (2019: RMB19,114,336,000).

(g) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly or quarterly. There are no variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the Group may obtain bank guarantees for the term of the lease.

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

For minimum lease payments receivable on leases of investment properties, refer to Note 38.

10. INTANGIBLE ASSETS

	Goodwill	Construction licence	Customer contracts	Software and others	Total
At 1 January 2019					
Cost	506,733	282,000	322,000	717,849	1,828,582
Accumulated amortisation and impairment	(2,983)	–	(322,000)	(393,577)	(718,560)
Net book amount	503,750	282,000	–	324,272	1,110,022
Year ended 31 December 2019					
Opening net book amount	503,750	282,000	–	324,272	1,110,022
Additions	–	–	–	334,110	334,110
Amortisation charge	–	–	–	(158,761)	(158,761)
Disposals	–	–	–	(3,978)	(3,978)
Closing net book amount	503,750	282,000	–	495,643	1,281,393
At 31 December 2019					
Cost	506,733	282,000	322,000	1,001,746	2,112,479
Accumulated amortisation and impairment	(2,983)	–	(322,000)	(506,103)	(831,086)
Net book amount	503,750	282,000	–	495,643	1,281,393
Year ended 31 December 2020					
Opening net book amount	**503,750**	**282,000**	**–**	**495,643**	**1,281,393**
Additions	**–**	**–**	**–**	**126,917**	**126,917**
Amortisation charge	**–**	**–**	**–**	**(174,615)**	**(174,615)**
Disposals of subsidiaries	**(4,668)**	**–**	**–**	**(349)**	**(5,017)**
Disposals	**–**	**–**	**–**	**(45,294)**	**(45,294)**
Closing net book amount	**499,082**	**282,000**	**–**	**402,302**	**1,183,384**
At 31 December 2020					
Cost	**502,065**	**282,000**	**322,000**	**1,042,465**	**2,148,530**
Accumulated amortisation and impairment	**(2,983)**	**–**	**(322,000)**	**(640,163)**	**(965,146)**
Net book amount	**499,082**	**282,000**	**–**	**402,302**	**1,183,384**

(All amounts in RMB Yuan thousands unless otherwise stated)

10. INTANGIBLE ASSETS (Continued)

Intangible assets are amortised in the following categories:

	2020	2019
Selling and administrative expenses	35,906	28,919
Cost of sales	138,709	129,842
	174,615	158,761

(a) Impairment test for goodwill

Goodwill is mainly allocated to the Group's cash-generating unit (CGU) identified as the construction services unit within the property development segment. The recoverable amount of the CGU as at 31 December 2020 was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations in 2020 and 2019 are as follows:

	2020	2019
Gross margin	7%	7%
Growth rate for the five-year period	3%-5%	3%-5%
Terminal growth rate	3%	3%
Pre-tax discount rate	12.46%	10.91%

Management determined budgeted gross margin and growth rates based on past performance and its expectations of the market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segment.

(b) Impairment test for construction licence

The recoverable amount of construction licence based on value-in-use calculations as at 31 December 2020 was determined by estimating the value of royalty (that is, licence fee) from which the Group is exempted by virtue of the fact that it owns the licence. The value of royalty is determined by a royalty rate of the licence multiplied by the net revenue expected to be generated by the Group and then capitalised at a discounted rate. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below.

Key assumptions used for value-in-use calculations in 2020 and 2019 are as follows:

	2020	2019
Royalty rate	1%	1%
Growth rate for the five-year period	3%-5%	3%-5%
Terminal growth rate	3%	3%
Pre-tax discount rate	13.74%	11.99%

Management determined royalty rate and weighted average growth rates based on past performance and industry factor. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segment.

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES

The following is a list of principal subsidiaries as at 31 December 2020:

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests held by the Company Direct	Attributable equity interests held by the Company Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries – incorporated in the PRC:							
廣州市金鼎房地產開發有限公司	31 August 1994	Limited liability company	RMB8,000,000	90%	10%	–	Property development in the PRC
廣州富力興盛置業發展有限公司	09 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	25%	75%	–	Development and investment of office buildings in the PRC
廣州富力億盛置業發展有限公司	31 August 2005	Limited liability company	RMB100,000,000	90%	10%	–	Property development in the PRC
廣州富力創盛置業發展有限公司	04 November 2005	Limited liability company	RMB360,000,000	86.11%	13.89%	–	Property development in the PRC
廣州市華維裝飾材料有限公司	02 April 2004	Limited liability company	RMB500,000	100%	–	–	Property investment in the PRC
廣州市貴麗實業發展有限公司	30 June 2000	Limited liability company	RMB20,500,000	–	100%	–	Property development in the PRC
廣東新天鴻物業發展有限公司	21 May 2008	Limited liability company	RMB592,380,000	–	75%	25%	Property development in the PRC
重慶嘉富房地產開發有限公司	12 January 2018	Limited liability company	RMB300,000,000	–	100%	–	Property development in the PRC
上海眾弘置業發展有限公司	24 September 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
梅州富力房地產開發有限公司	01 July 2013	Limited liability company	RMB550,000,000	99%	1%	–	Property development in the PRC
福州市台江富力置業有限公司	11 September 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
寧波品富房地產開發有限公司	20 October 2016	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
南昌富力盈盛置業有限公司	22 December 2016	Sino-foreign joint venture with limited liability	USD124,780,000	–	100%	–	Property development in the PRC
南昌富力超盛置業有限公司	29 June 2017	Sino-foreign joint venture with limited liability	USD80,000,000	-	100%	-	Property development in the PRC
贛州市富輝房地產開發有限責任公司	31 August 2018	Sino-foreign joint venture with limited liability	RMB874,976,400	97.58%	2.42%	-	Property development in the PRC
重慶富力房地產開發有限公司	30 December 2005	Limited liability company	RMB660,000,000	32.35%	67.65%	–	Property development in the PRC
廣州富力地產(重慶)有限公司	26 January 2007	Limited liability company	RMB854,500,761	94.82%	5.18%	–	Property development in the PRC
成都熊貓萬國商城有限公司	29 October 1997	Limited liability company	RMB80,000,000	86.64%	–	13.36%	Property development in the PRC
上海啟富房地產開發有限公司	21 December 2017	Limited liability company	RMB200,000,000	100%	–	–	Property development in the PRC
杭州富力房地產開發有限公司	19 December 2012	Wholly foreign-owned enterprise with limited liability	USD10,000,000	–	100%	–	Property development in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests held by the Company Direct	Attributable equity interests held by the Company Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
杭州聯富房地產開發有限公司	19 December 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
溫州極富房地產開發有限公司	08 June 2017	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
富力南京地產開發有限公司	08 September 2010	Limited liability company	RMB500,000,000	–	100%	–	Property development in the PRC
海安極富房地產開發有限公司	08 June 2017	Limited liability company	RMB50,000,000	–	100%	–	Property development in the PRC
浙江富力房地產開發有限公司	08 January 2018	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
阜陽極富房地產開發有限公司	26 July 2017	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
無錫極富房地產開發有限公司	16 December 2013	Wholly foreign-owned enterprise with limited liability	USD50,000,000	–	100%	–	Property development in the PRC
南通富力房地產開發有限公司	18 November 2016	Wholly foreign-owned enterprise with limited liability	USD80,000,000	–	100%	–	Property development in the PRC
無錫富力通達房地產開發有限公司	06 December 2016	Limited liability company	RMB200,000,000	100%	–	–	Property development in the PRC
北京富力城房地產開發有限公司	24 April 2002	Limited liability company	RMB1,394,781,578	96%	4%	–	Property development in the PRC
北京富力通達房地產開發有限公司	20 November 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
富力(北京)地產開發有限公司	27 June 2002	Limited liability company	RMB100,000,000	81%	19%	–	Property development in the PRC
淄博萬達廣場置業有限公司	27 September 2017	Limited liability company	RMB60,000,000	–	100%	–	Property development in the PRC
貴陽園成置業有限公司	12 January 2010	Limited liability company	RMB20,000,000	100%	–	–	Property development in the PRC
天津耀華投資發展有限公司	27 September 2002	Limited liability company	RMB535,475,234	40.24%	59.76%	–	Property development in the PRC
天津富力城房地產開發有限公司	29 November 2004	Limited liability company	RMB604,280,000	98.35%	1.65%	–	Property development in the PRC
天津百合灣建設有限公司	30 January 2012	Limited liability company	RMB160,000,000	–	100%	–	Property development in the PRC
包頭市富力房地產開發有限公司	18 October 2013	Limited liability company	RMB200,000,000	–	100%	–	Property development in the PRC
太原富力城房地產開發有限公司	14 August 2007	Limited liability company	RMB350,000,000	–	100%	–	Property development in the PRC
太原富潤房地產開發有限公司	06 September 2016	Limited liability company	RMB1,000,000,000	–	100%	–	Property development in the PRC
呼和浩特富力通達房地產開發有限公司	18 May 2017	Limited liability company	RMB30,000,000	–	100%	–	Property development in the PRC
哈爾濱富力城房地產開發有限公司	15 May 2013	Limited liability company	RMB100,000,000	–	100%	–	Property development in the PRC
廣州兆晞投資有限公司	05 September 2017	Wholly foreign-owned enterprise with limited liability	RMB3,980,000,000	–	100%	–	Investment holding in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests held by the Company Direct	Attributable equity interests held by the Company Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
廣州富力國際空港綜合物流園有限公司	11 June 2007	Limited liability company	RMB10,000,000	100%	–	–	Property investment in the PRC
廣州天力建築工程有限公司	20 May 1993	Limited liability company	RMB300,000,000	90%	10%	–	Construction company in the PRC
廣東恒力建設工程有限公司	12 June 2001	Limited liability company	RMB15,000,000	–	100%	–	Construction company in the PRC
Subsidiaries – incorporated in Hong Kong:							
R&F Properties (HK) Company Limited	25 August 2005	Limited liability company	HKD1,000,000	100%	–	–	Investment holding in Hong Kong
Subsidiaries – incorporated in British Virgin Islands (BVI):							
R&F Properties (BVI) Co., Ltd.	31 March 2006	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Palace View Investments Limited	21 March 2006	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Maxview Investments Limited	03 April 2006	Limited liability company	USD50,000	–	100%	–	Investment holding in BVI
General Light Investments Limited	05 July 2011	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Value Success Investments Limited	01 September 2006	Limited liability company	USD10,000	–	100%	–	Investment holding in BVI
Big Will Investments Limited	02 November 2007	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Caifu Holdings Limited	02 January 2013	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Trillion Chance Limited	31 October 2013	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Easy Tactic Limited	16 October 2013	Limited liability company	USD2	–	100%	–	Investment holding in BVI
Elegant Bloom Limited	22 May 2019	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Idea Shine Limited	30 October 2019	Limited liability company	USD1	–	100%	–	Investment holding in BVI
Subsidiaries – incorporated in UK:							
R&F Properties (UK) Company Limited	24 August 2016	Limited liability company	GBP1	–	100%	–	Investment holding in UK
R&F Properties QS (UK) Co., Ltd.	06 March 2017	Limited liability company	GBP1	–	100%	–	Property development in UK
R&F Properties QS (UK) Development Co., Ltd.	06 March 2017	Limited liability company	GBP1	–	100%	–	Property development in UK
R&F Properties VS (UK) Co., Ltd.	30 March 2017	Limited liability company	GBP1	–	100%	–	Property development in UK
Vauxhall Homes Limited	02 May 2013	Limited liability company	GBP1	–	100%	–	Property development in UK

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests held by the Company Direct	Attributable equity interests held by the Company Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Vauxhall Square (Nominee 1) Limited	08 February 2017	Limited liability company	GBP1	–	100%	–	Property development in UK
R&F One (UK) Limited	26 September 2013	Limited liability company	GBP10,000	–	100%	–	Property development in UK
R&F One Nine Elms (UK) Limited	26 September 2013	Limited liability company	GBP10,000	–	100%	–	Property development in UK
Subsidiaries – incorporated in Korea:							
R&F Korea Co., Ltd.	21 November 2016	Limited liability company	Korea Won ("KRW") 1,000,000,000	–	100%	–	Property development in Korea
Tian Li Korea Construction Co., Ltd.	24 May 2017	Limited liability company	KRW2,800,000,000	–	100%	–	Construction company in Korea
Tian Li Korea Interior Co., Ltd.	10 April 2019	Limited liability company	KRW1,000,000,000	–	100%	–	Construction company in Korea
Subsidiaries – incorporated in Malaysia:							
R&F Development SDN BHD	07 November 2013	Limited liability company	MYR500,000	–	100%	–	Property development in Malaysia
R&F Mega Realty SDN BHD	27 January 2014	Limited liability company	MYR2	–	100%	–	Property development in Malaysia
Tian Li Property Management SDN BHD	27 July 2014	Limited liability company	MYR500,000	–	100%	–	Property management in Malaysia
Tian Li Property Construction SDN BHD	27 July 2014	Limited liability company	MYR1,000,000	–	100%	–	Construction company in Malaysia
Subsidiaries – incorporated in Australia:							
R&F Property Pty Ltd	05 June 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Estate Pty Ltd	07 July 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Mega Property Pty Ltd	14 July 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Mega Realty Pty Ltd	14 July 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Mega Estate Pty Ltd	23 September 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Development Holdings Pty Ltd.	30 May 2014	Limited liability company	AUD1	–	100%	–	Investment holdings in Australia
Etone Australia Holdings Pty Ltd	08 November 2016	Limited liability company	AUD100	–	100%	–	Investment holdings in Australia
Etone Australia Developments Pty Ltd	09 November 2016	Limited liability company	AUD100	–	100%	–	Property development in Australia
Etone Australia Project Management Pty Ltd	09 November 2016	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Realty Pty Ltd	20 June 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
R&F Property Australia Pty Ltd	30 October 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia

(All amounts in RMB Yuan thousands unless otherwise stated)

11. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/registered and fully paid up capital	Attributable equity interests held by the Company		Equity interests held by non-controlling interests	Principal activities and place of operations
				Direct	Indirect		
R&F Golden Property Pty Ltd	14 July 2014	Limited liability company	AUD90	–	100%	–	Property development in Australia
R&F Golden Realty Pty Ltd	26 August 2014	Limited liability company	AUD100	–	100%	–	Property development in Australia
Subsidiaries – incorporated in Singapore:							
R&F Development Pte. Ltd.	16 April 2014	Limited liability company	Singapore Dollar ("SGD")1	–	100%	–	Marketing development in Singapore
Subsidiaries – incorporated in Cambodia:							
R&F Properties (Cambodia) Co., Ltd.	21 June 2017	Limited liability company	Cambodia Riel ("KHR") 400,000,000	–	100%	–	Property development in Cambodia
R&F Properties MNV (Cambodia) Co., Ltd.	06 July 2017	Limited liability company	KHR2,000,000,000	–	100%	–	Property development in Cambodia
R&F Properties HS (Cambodia) Co., Ltd.	06 July 2017	Limited liability company	KHR2,000,000,000	–	100%	–	Property development in Cambodia
Glory City Consulting Management Co., Ltd.	09 August 2018	Limited liability company	KHR20,000,000	–	100%	–	Property management in Cambodia

The above table lists the principal subsidiaries of the Group which, in the opinion of the directors, principally affect the revenue and total assets of the Group. To give full details of subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The accumulated non-controlling interests as at 31 December 2020 were RMB2,507,140,000 (2019: RMB2,441,232,000). The non-controlling interests in respect of each subsidiary are not individually material to the Group.

(All amounts in RMB Yuan thousands unless otherwise stated)

12. INTERESTS IN JOINT VENTURES

	2020	2019
At 1 January	**10,795,165**	10,265,788
Additions	**1,290,163**	29,736
Disposal	**(3,971)**	–
Share of results	**292,178**	622,048
Dividends declared by a joint venture	**(650,130)**	(200,040)
Share of other comprehensive (loss)/income	**(81,676)**	127,874
Elimination of unrealised profits	**(24,393)**	(50,241)
At 31 December	**11,617,336**	10,795,165

(a) As at 31 December 2020, the Group's interests in joint ventures, which are not individually material to the Group in the opinion of the directors, are accounted for using the equity method. The aggregate amount of the Group's share of gains from continuing operations for the year ended 31 December 2020 was RMB292,178,000 (2019: RMB611,191,000), of which no share of loss was recognised against receivables due from certain joint ventures (2019: RMB10,857,000).

(b) Pursuant to the relevant joint venture agreements, these entities are jointly controlled by the Group and other parties. None of the participating parties has unilateral control over the entities with more than one half of the voting rights.

(c) There are no contingent liabilities relating to the Group's interests in the joint ventures.

13. INTERESTS IN ASSOCIATES

	2020	2019
At 1 January	**644,329**	390,718
Addition	**924,441**	104,504
Share of results	**(67,520)**	165,014
Disposal (Note (c))	**(62,852)**	–
Share of other comprehensive income	**1,778**	–
Elimination of unrealised profits and other equity movement	**(150)**	(15,907)
At 31 December	**1,440,026**	644,329

(a) As at 31 December 2020, the Group's interests in associates, which are not individually material to the Group in the opinion of the directors, are accounted for using the equity method. The aggregate amount of the Group's share of losses from continuing operations for the year ended 31 December 2020 was RMB67,520,000 (2019: gains of RMB165,014,000).

(b) There are no contingent liabilities relating to the Group's interest in the associates.

(c) The Group disposed its 10% equity interests in an associate at consideration of RMB737,674,000 during the year ended 31 December 2020.

(All amounts in RMB Yuan thousands unless otherwise stated)

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2020	2019
At 1 January	1,042,442	627,967
Additions	–	354,083
Disposals	(490,903)	(22,633)
Fair value gains recognised as other comprehensive income	88,311	83,025
At 31 December	639,850	1,042,442

(a) Financial assets at fair value through other comprehensive income

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

	2020	2019
Listed securities:		
– Bank of Jiujiang	550,692	935,996
Unlisted securities:		
– Shanghai Wuling Investment	89,158	106,446
	639,850	1,042,442

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

(b) Amounts recognised in profit or loss and other comprehensive income

During the year, the following gains were recognised in profit or loss and other comprehensive income:

	2020	2019
Gains recognised in other comprehensive income	88,311	83,025
Dividends from equity investments held at FVOCI recognised in profit or loss in other income	9,064	8,992

(c) Fair value and risk exposure

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

Financial assets at FVOCI as at 31 December 2019 and 31 December 2020 are denominated in RMB. For an analysis of the sensitivity of the assets to price risk refer to Note 3.1.

(All amounts in RMB Yuan thousands unless otherwise stated)

15. FINANCIAL INSTRUMENTS BY CATEGORY

	2020	2019
Financial assets at amortised cost –		
Trade and other receivables excluding prepayments and capitalised costs to obtain contracts	**38,134,603**	46,939,622
Restricted cash	**14,275,892**	15,531,531
Cash and cash equivalents	**25,672,822**	22,904,275
	78,083,317	85,375,428
Financial assets at fair value –		
Financial assets at FVOCI	**639,850**	1,042,442
	78,723,167	86,417,870

	2020	2019
Financial liabilities at amortised cost –		
Borrowings	**159,730,073**	197,140,748
Trade and other payables excluding non-financial liabilities	**49,033,660**	43,312,395
Lease liabilities	**549,005**	200,233
	209,312,738	240,653,376

The Group's exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

16. PROPERTIES UNDER DEVELOPMENT

	2020	2019
Amount comprises:		
Lands and land use rights	**94,420,300**	102,285,112
Construction costs and capitalised expenditures	**53,388,115**	51,881,009
Finance costs capitalised	**16,979,854**	13,232,902
	164,788,269	167,399,023

All properties under development are expected to be completed within the normal operating cycle.

The capitalisation rate used to determine the amount of finance costs eligible for capitalisation is 6.91% for 2020 (2019: 6.25%).

As at 31 December 2020, properties under development of RMB59,588,974,000 (2019: RMB70,921,134,000) were pledged as collateral for the Group's borrowings.

(All amounts in RMB Yuan thousands unless otherwise stated)

17. COMPLETED PROPERTIES HELD FOR SALE

	2020	2019
Amount comprises:		
Lands and land use rights	**15,985,501**	13,529,246
Construction costs and capitalised expenditures	**41,567,738**	37,418,523
Finance costs capitalised	**6,476,555**	4,366,021
	64,029,794	55,313,790

As at 31 December 2020, completed properties held for sale of RMB9,360,870,000 (2019: RMB6,396,534,000) were pledged as collateral for the Group's borrowings.

18. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2020	2019
Trade receivables-net (Note (a))	**10,536,351**	12,770,597
Other receivables-net (Note (b))	**19,392,535**	26,000,869
Prepayments (Note (d))	**6,819,901**	9,977,766
Capitalised costs to obtain contracts	**1,360,957**	975,054
Due from joint ventures (Note 39 (ix))	**5,450,586**	4,813,263
Due from associates (Note 39 (ix))	**2,571,654**	3,347,806
Due from entities jointly controlled by major shareholders of the Company (Note 39 (ix))	**183,477**	7,087
Total	**46,315,461**	57,892,442
Less: non-current portion	**–**	(162,469)
Current portion	**46,315,461**	57,729,973

The carrying amounts of trade and other receivables approximate their fair values.

(a) Trade receivables

	2020	2019
Trade receivables-current portion		
Due from third parties	**10,535,699**	12,974,899
Due from joint ventures (Note 39 (ix))	**281,040**	123,795
Due from an associate (Note 39 (ix))	**9,858**	25
Due from entities jointly controlled by major shareholders of the Company (Note 39 (ix))	**751**	23
	10,827,348	13,098,742
Less: loss allowance	**(290,997)**	(328,145)
	10,536,351	12,770,597

(All amounts in RMB Yuan thousands unless otherwise stated)

18. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(a) Trade receivables (continued)

Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Generally, purchasers of residential properties are required to settle the balances within 90 days as specified in the sale and purchase agreements. Purchasers of certain office and commercial units are required to settle the outstanding balances within 12 months as specified in the sale and purchase agreements. The ageing analysis of trade receivables is as follows:

	2020	2019
Up to 1 year	**9,479,175**	11,348,983
1 year to 2 years	**550,851**	926,685
2 years to 3 years	**270,469**	309,451
Over 3 years	**526,853**	513,623
	10,827,348	13,098,742

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

The loss allowance decreased by RMB34,178,000 to RMB290,997,000 (2019: increased by RMB54,471,000 to RMB328,145,000) for trade receivables during the current reporting period. Note 3.1(b) provides for details about the calculation of the allowance.

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 3.1.

(b) Other receivables

Other receivables mainly represented deposits for acquisitions of land use rights and subsidiaries, and other deposits and receivables for normal business activities.

Other receivables are analysed as below:

	2020	2019
Fully performing under normal business	**19,392,535**	26,000,869
Non-performing and impaired	**277,144**	113,380
Other receivables	**19,669,679**	26,114,249
Less: loss allowance	**(277,144)**	(113,380)
Other receivables – net	**19,392,535**	26,000,869

(All amounts in RMB Yuan thousands unless otherwise stated)

18. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(c) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

(d) Prepayments are mainly for acquisitions of land use rights, purchases of construction materials and other taxes excluding income taxes.

(e) The carrying amounts of the Group's trade and other receivables excluding prepayment and capitalised costs to obtain contracts and including amounts due from joint ventures, associates and entities jointly controlled by major shareholders of the Company, are denominated in the following currencies:

	2020	2019
– RMB	**36,429,980**	45,400,075
– KRW	**490,732**	343,952
– USD	**404,102**	16,299
– AUD	**327,899**	308,276
– MYR	**325,529**	638,616
– GBP	**79,090**	148,250
– HKD	**76,466**	84,073
– SGD	**805**	81
	38,134,603	46,939,622

19. RESTRICTED CASH

	2020	2019
Guarantee deposits for construction of pre-sold properties (Note (a))	**8,407,221**	9,606,277
Guarantee deposits for borrowings (Note (b))	**2,766,378**	3,375,432
Guarantee deposits for interest of senior notes (Note (c))	**1,402,609**	1,327,716
Others	**1,699,684**	1,222,106
	14,275,892	15,531,531

(All amounts in RMB Yuan thousands unless otherwise stated)

19. RESTRICTED CASH (Continued)

(a) In accordance with relevant documents, certain property development companies of the Group are required to place at designated bank accounts the pre-sale proceeds of properties received as the guarantee deposits for the constructions of related properties. The deposits can only be used for payments of construction costs of related property projects upon the approval of the local State-Owned Land and Resource Bureau. Such guarantee deposits will be released according to the completion stage of the related properties.

(b) Pursuant to certain bank loan agreements, the Group is required to place certain cash deposits as securities for borrowings. Such guarantee deposits will only be released after full repayment of relevant borrowings.

(c) According to the relevant contracts, the Group is required to place at a designated bank account certain cash deposits as security for payment of interest of senior notes. Such guarantee deposits will only be released after redemption of senior notes.

(d) Restricted cash is denominated in the following currencies:

	2020	2019
– RMB	**12,282,030**	13,979,761
– USD	**1,716,814**	1,334,878
– GBP	**229,325**	30,285
– AUD	**30,585**	186,607
– MYR	**17,138**	–
	14,275,892	15,531,531

The directors of the Group are of the view that the restricted cash listed above will be released within the normal operating cycle.

(All amounts in RMB Yuan thousands unless otherwise stated)

20. CASH AND CASH EQUIVALENTS

	2020	2019
Cash at bank and on hand	25,662,620	22,884,142
Short-term bank deposits	10,202	20,133
	25,672,822	22,904,275

	2020	2019
Denominated in:		
– RMB	23,520,880	18,656,983
– USD	1,885,249	327,779
– AUD	103,820	48,901
– MYR	69,157	464,825
– HKD	45,499	3,362,003
– GBP	44,333	34,768
– KRW	3,308	8,493
– SGD	574	521
– Macau Pataca (“MOP”)	2	2
	25,672,822	22,904,275

The conversion of RMB, MYR, KRW and GBP denominated balances into foreign currencies and the remittance of these foreign currencies denominated bank balances and cash out of the PRC, Malaysia, South Korea and the United Kingdom are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC, Malaysian, South Korea and the United Kingdom governments.

The cash at bank balances are deposited with creditworthy banks with no recent history of default.

(All amounts in RMB Yuan thousands unless otherwise stated)

21. ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 9 November 2020, the Group signed an agreement with a third party to sell 70% equity interest in certain subsidiaries (the "Disposal Group") which mainly held certain investment properties. The consideration is mainly by reference to the agreed fair value of the investment properties and other relevant assets and liabilities transferred. The disposal was completed on 19 January 2021. The Group still held the remaining 30% equity interests in the Disposal Group after the disposal.

The following relating assets and liabilities were reclassified as held for sale as at 31 December 2020:

	2020
Assets classified as held for sale	
Property, plant and equipment	4,144
Investment properties	6,300,000
Deferred income tax assets	1,886
Trade and other receivables and prepayments	8,358
Cash and cash equivalents	16,270
Total assets of disposal group held for sale	**6,330,658**
Liabilities directly associated with assets classified as held for sale	
Short-term borrowings	(1,358,000)
Other payables and accruals	(315,865)
Deferred income tax liabilities	(872,165)
Total liabilities of disposal group held for sale	**(2,546,030)**

22. SHARE CAPITAL

	2020 Number of shares (thousands)	**2020 Share capital**	2019 Number of shares (thousands)	2019 Share capital
– domestic shares	**–**	**–**	2,207,109	551,777
– H shares	**3,752,367**	**938,092**	1,288,258	322,065
	3,752,367	**938,092**	3,495,367	873,842

Movement in ordinary shares:

	Number of domestic shares (thousands)	**Share capital of domestic shares**	**Number of H shares (thousands)**	**Share capital of H shares**
Balance 31 December 2018	2,207,109	551,777	1,015,258	253,815
Placing of shares	–	–	273,000	68,250
Balance 31 December 2019	2,207,109	551,777	1,288,258	322,065
Conversion of the unlisted domestic shares into overseas listed shares	(2,207,109)	(551,777)	2,207,109	551,777
Placing of shares	–	–	257,000	64,250
Balance 31 December 2020	–	–	3,752,367	938,092

As at 31 December 2020, the registered, issued and fully paid capital of the Company was RMB938,092,000 (2019: RMB873,842,000) divided into 3,752,367,000 H shares (2019: 2,207,109,000 domestic shares and 1,288,258,000 H shares).

H shares refer to the Company's shares listed on The Main Board of Stock Exchange of Hong Kong Limited. The share premium related to H shares is shown in Note 23.

On 30 December 2019, the Company has placed a total of 273,000,000 placing shares at the placing price of HKD13.68 per placing share to no less than six independent placees.

On 5 October 2020, the Company has placed a total of 257,000,000 placing shares at the placing price of HKD9.82 per placing share to no less than six independent placees.

(All amounts in RMB Yuan thousands unless otherwise stated)

23. OTHER RESERVES

	Share premium (Note (a))	Financial assets at FVOCI reserve (Note (b))	Statutory reserve (Note (c))	Translation reserve (Note (d))	Revaluation surplus (Note (e))	Others	Total
As at 1 January 2019	3,636,625	99,812	539,144	46,219	469,558	72,929	4,864,287
Placing of shares	3,246,532	–	–	–	–	–	3,246,532
Changes in ownership interests in subsidiaries without change of control	–	–	–	–	–	(1,087)	(1,087)
Fair value gains of financial assets at FVOCI, net of tax	–	67,003	–	–	–	–	67,003
Share of other comprehensive income of joint ventures accounted for using the equity method	–	–	–	127,874	–	–	127,874
Currency translation differences	–	–	–	(45,735)	–	–	(45,735)
At 31 December 2019	6,883,157	166,815	539,144	128,358	469,558	71,842	8,258,874
At 31 December 2019 (as previously stated)	6,883,157	166,815	539,144	128,358	469,558	71,842	8,258,874
Effect of changes in accounting policy-revaluation on hotel buildings	–	–	–	–	5,341,538	–	5,341,538
As at 1 January 2020	**6,883,157**	**166,815**	**539,144**	**128,358**	**5,811,096**	**71,842**	**13,600,412**
Placing of shares	**2,130,677**	**–**	**–**	**–**	**–**	**–**	**2,130,677**
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	**–**	**(141,199)**	**–**	**–**	**–**	**–**	**(141,199)**
Changes in ownership interests in subsidiaries without change of control	**–**	**–**	**–**	**–**	**–**	**(37,165)**	**(37,165)**
Fair value gains of financial assets at FVOCI, net of tax	**–**	**59,779**	**–**	**–**	**–**	**–**	**59,779**
Transfer to statutory reserve	**–**	**–**	**66,250**	**–**	**–**	**–**	**66,250**
Share of other comprehensive loss of joint ventures accounted for using the equity method	**–**	**–**	**–**	**(79,898)**	**–**	**–**	**(79,898)**
Currency translation differences	**–**	**–**	**–**	**(9,429)**	**–**	**–**	**(9,429)**
At 31 December 2020	**9,013,834**	**85,395**	**605,394**	**39,031**	**5,811,096**	**34,677**	**15,589,427**

(a) Share premium arising from the issue and placing of H shares can be utilised in increasing paid-in capital as approved by the directors.

(b) The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income. These changes are accumulated within the financial assets at FVOCI reserve within equity. The Group transfers amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

(c) According to the rules and regulations applicable to the Group's subsidiaries incorporated in the PRC, when distributing net profits of each year, these subsidiaries are required to transfer an amount of their net profits as reported in their statutory accounts to statutory reserves until the accumulated balance of such reserves reaches 50% of their registered capital. Depending on the nature, the statutory reserves can be used to set off accumulated losses of the subsidiaries or distribute to the owners in form of bonus issue.

(d) Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(e) Revaluation gains on hotel buildings and revaluation gains on investment properties transferred from property, plant and equipment and right-of-use assets are recognised in other comprehensive income.

(All amounts in RMB Yuan thousands unless otherwise stated)

24. ACCRUALS AND OTHER PAYABLES

	2020	2019
Amounts due to joint ventures (Note 39 (ix))	**6,351,821**	6,506,090
Amounts due to associates (Note 39 (ix))	**325,524**	207,523
Amounts due to entities jointly controlled by major shareholders of the Company (Note 39 (ix))	**7,305,745**	62,003
Amounts due to major shareholders (Note 39 (ix))	**2,616,360**	–
Amount due to a shareholder of certain joint ventures (Note (a))	**3,933,366**	–
Construction payables (Note (b))	**48,632,027**	39,201,447
Other payables and accrued charges (Note (c))	**38,711,753**	37,928,807
Total	**107,876,596**	83,905,870
Less: non-current portion	**(1,343,481)**	–
Current portion	**106,533,115**	83,905,870

(a) In the year ended 31 December 2020, the Group disposed certain equity interests in some of its subsidiaries, which were accounted for as joint ventures by the Group after the disposal, to one investor. The investor then became a shareholder of the Group's certain joint ventures.

Up to 31 December 2020, the Group has also received several fund from the investor totalling RMB3,933,000,000 bearing interest from 13% to 15% per annum. The balances were secured by the Group's shares in certain wholly-owned subsidiaries and the joint ventures jointly controlled with the investor, the Group's right to receive the economic benefits deriving from one property development project and the guarantee provided by the Company. Out of the total balance, amount of RMB1,343,481,000 was classified as non-current liabilities according to its maturity date. Remaining balances were classified as current portion.

(b) Construction payables comprise construction costs and other project-related expenses payable which are based on project progress measured by project management team of the Group. Therefore, no ageing analysis is presented.

(c) The balance mainly represents interest payables, accruals, salary payables and other taxes payable.

(d) The carrying amounts of accruals and other payables approximate their fair values.

(All amounts in RMB Yuan thousands unless otherwise stated)

25. BORROWINGS

	2020	2019
Non-current		
Long-term borrowings		
Bank borrowings (Note (a))		
– Secured	68,707,595	75,657,595
– Unsecured	7,949,411	11,547,269
	76,657,006	87,204,864
Domestic bonds (Note (b))		
– Unsecured	18,933,342	39,561,938
Medium-term notes		
– Unsecured	–	1,998,817
Senior notes (Note (c))		
– Secured	35,313,318	34,607,114
Other borrowings (Note (d))		
– Secured	16,971,878	19,651,356
– Unsecured	935,000	–
	17,906,878	19,651,356
Total long-term borrowings	148,810,544	183,024,089
Less: current portion of long-term borrowings	(52,961,902)	(48,153,395)
	95,848,642	134,870,694
Current		
Short-term borrowings		
Bank borrowings (Note (a))		
– Secured	3,840,387	8,781,133
– Unsecured	258,000	548,000
	4,098,387	9,329,133
Super & short-term commercial papers		
– Unsecured	–	999,883
Other borrowings (Note (d))		
– Secured	6,821,142	3,787,643
Total short-term borrowings	10,919,529	14,116,659
Current portion of long-term borrowings	52,961,902	48,153,395
Total borrowings	159,730,073	197,140,748

(All amounts in RMB Yuan thousands unless otherwise stated)

25. BORROWINGS (Continued)

(a) Bank borrowings

Interest rates on bank borrowings are repriced regularly, which gives rise to exposure of the Group's bank borrowings to interest rate changes. The contractual repricing dates are all within one year.

(i) Movements in bank borrowings are analysed as follows:

	2020	2019
At 1 January	**96,533,997**	84,689,685
Additions	**25,047,547**	49,778,130
Acquisition of subsidiaries	**–**	119,989
Repayments	**(40,225,604)**	(38,158,951)
Foreign exchange (gains)/losses	**(600,547)**	105,144
At 31 December	**80,755,393**	96,533,997

(ii) The maturity of bank borrowings is as follows:

	2020	2019
Within one year	**23,687,450**	26,291,986
Between one and two years	**12,371,479**	21,747,036
Between two and five years	**24,902,988**	29,523,759
Over five years	**19,793,476**	18,971,216
Total bank borrowings	**80,755,393**	96,533,997

(iii) The carrying amounts of the Group's bank borrowings are denominated in the following currencies:

	2020	2019
– RMB	**71,731,006**	84,959,769
– USD	**7,786,303**	10,116,467
– HKD	**618,605**	756,469
– GBP	**457,753**	531,432
– MYR	**161,726**	169,860
	80,755,393	96,533,997

(iv) The effective interest rate of bank borrowings is 5.78% (2019: 5.54%).

(v) The carrying amounts of bank borrowings approximate their fair values.

25. BORROWINGS (Continued)

(b) Domestic bonds

(i) 2015 Public Bonds

The Company issued 65,000,000 units of corporate bonds at a par value of RMB6.5 billion in the PRC on 13 July 2015 (the "2015 Public Bonds"). These corporate bonds have been listed on the Shanghai Stock Exchange and will mature after five years from the issue date.

On 13 July 2018, the Company early redeemed 62,545,820 units of 2015 Public Bonds at a redemption price equal to 100% of the principal amount. The interest rate was fixed at 7.00% per annum for the remaining periods.

On 13 July 2020, the Company redeemed the remaining 2,454,180 units of 2015 Public Bonds at a redemption price equal to 100% of the principal amount.

(ii) 2016 Public Bonds

The Company issued 60,000,000 units of corporate bonds at a par value of RMB6.0 billion in the PRC on 11 January 2016 (the "Original 2016 Public Bonds"). The Company further issued 36,000,000 units of corporate bonds at a par value of RMB3.6 billion in the PRC on 22 January 2016 (the "Additional 2016 Public Bonds I"). The interest rates of the Original 2016 Public Bonds and Additional 2016 Public Bonds I were fixed at 3.95% per annum. On the third anniversary of the issue date, the Company has an option to adjust the interest rates for the remaining periods. The Original 2016 Public Bonds and Additional 2016 Public Bonds I will mature after five years from the respective issue dates, and are puttable for early redemption at the principal amount upon the third anniversary of the respective issue dates.

On 11 January 2019, the Company adjusted the interest rates for the Original 2016 Public Bonds to 7.20% per annum for the remaining periods. On 22 January 2019, the Company adjusted the interest rates for the Additional 2016 Public Bonds I to 7.00% per annum for the remaining periods. No early redemption has occurred.

The Company further issued 19,500,000 units of corporate bonds at a par value of RMB1.95 billion in the PRC on 7 April 2016 (the "Additional 2016 Public Bonds II"). The interest rate of the Additional 2016 Public Bonds II was fixed at 3.48% per annum. On the third anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Public Bonds II will mature after six years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

On 2 April 2019, the Company redeemed 330,000 units of the Additional 2016 Public Bonds II at a redemption price equal to 100% of the principal amount. The interest rate was fixed at 6.70% per annum for the remaining periods.

The Company further issued 9,500,000 units of corporate bonds at a par value of RMB0.95 billion in the PRC on 7 April 2016 (the "Additional 2016 Public Bonds III" and, together with the Original 2016 Public Bonds, the Additional 2016 Public Bonds I and II, the "2016 Public Bonds"). The interest rate of the Additional 2016 Public Bonds III was fixed at 3.95% per annum. On the fifth anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Public Bonds III will mature after seven years from the issue date, and are puttable for early redemption at the principal amount upon the fifth anniversary of the issue date.

The carrying amount of the remaining 2016 Public Bonds as at 31 December 2020 amounted to RMB12,442,397,000.

25. BORROWINGS (Continued)

(b) Domestic bonds (continued)

(iii) 2016 Non-public Bonds

The Company issued 46,000,000 units of non-public bonds at a par value of RMB4.6 billion in the PRC on 16 May 2016 (the "Original 2016 Non-public Bonds"). The interest rate of the Original 2016 Non-public Bonds was fixed at 5.20% per annum. On the third, fourth and fifth anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Original 2016 Non-public Bonds will mature after six years from the issue date, and are puttable for early redemption at the principal amount upon the third, fourth and fifth-anniversary of the issue date.

On 16 May 2019, the Company adjusted the interest rates for the Original 2016 Non-public Bonds to 6.80% per annum for the remaining periods. No early redemption has occurred. On 15 May 2020, the Company redeemed 32,860,000 units of the Original 2016 Non-public Bonds. The interest rate was fixed at 6.80% per annum for the remaining periods.

The Company further issued 104,000,000 units of non-public bonds at a par value of RMB10.4 billion in the PRC on 30 May 2016 (the "Additional 2016 Non-public Bonds I"). The interest rate of the Additional 2016 Non-public Bonds I was fixed at 5.15% per annum. On the second anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Non-public Bonds I will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

On 30 May 2018, the Company redeemed 84,700,000 units of the Additional 2016 Non-public Bonds I at a redemption price equal to 100% of the principal amount. The interest rate was fixed at 6.50% per annum for the remaining periods. On 29 May 2020, the Company redeemed the remaining 19,300,000 units of the Additional 2016 Non-public Bonds I at a redemption price equal to 100% of the principal amount.

The Company further issued 93,000,000 units of non-public bonds at a par value of RMB9.3 billion in the PRC on 29 June 2016 (the "Additional 2016 Non-public Bonds II"). The interest rate of the Additional 2016 Non-public Bonds II was fixed at 5.00% per annum. On the second anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Non-public Bonds II will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

On 29 June 2018, the Company redeemed 85,000,000 units of the Additional 2016 Non-public Bonds II at a redemption price equal to 100% of the principal amount. The interest rate was fixed at 7.50% per annum for the remaining periods. On 28 June 2020, the Company redeemed the remaining 8,000,000 units of the Additional 2016 Non-public Bonds II at a redemption price equal to 100% of the principal amount.

25. BORROWINGS (Continued)

(b) Domestic bonds (continued)

(iii) 2016 Non-public Bonds (continued)

The Company further issued 57,000,000 units of non-public bonds at a par value of RMB5.7 billion in the PRC on 19 October 2016 (the "Additional 2016 Non-public Bonds III" and, together with the Original 2016 Non-public Bonds, the Additional 2016 Non-public Bonds I and II, the "2016 Non-public Bonds"). The interest rate of the Additional 2016 Non-public Bonds III was fixed at 4.39% per annum. On the third, fourth and fifth anniversary of the issue date, the Company has an option to adjust the interest rate for the remaining periods. The Additional 2016 Non-public Bonds III will mature after six years from the issue date, and are puttable for early redemption at the principal amount upon the third, fourth and fifth anniversary of the issue date.

On 19 October 2019, the Company redeemed 22,702,000 units of the Additional 2016 Non-public Bonds III at a redemption price equal to 100% of the principal amount. The interest rate was adjusted to 7.40% per annum for the remaining periods.

On 19 October 2020, the Company redeemed 28,550,000 units of the Additional 2016 Non-public Bonds III at a redemption price equal to 100% of the principal amount and resold 2,300,000 units.

The carrying amount of the remaining 2016 Non-public Bonds as at 31 December 2020 amounted to RMB2,983,800,000.

(iv) 2018 Non-public Bonds

The Company issued 10,000,000 units of non-public bonds at a par value of RMB1 billion in the PRC on 30 May 2018 (the "2018 Non-public Bonds I"). The interest rate of the 2018 Non-public Bonds I was fixed at 6.80% per annum. On the first and the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2018 Non-public Bonds I will mature after three years from the issue date and are puttable for early redemption at the principal amount upon the first or the second anniversary of the issue date.

On 30 May 2019, the Company did not adjust the interest rate for 2018 Non-public Bonds I for the remaining periods. On 30 May 2020, 10,000,000 units of the 2018 Non-public Bonds I was early redeemed.

The Company issued 5,000,000 units of non-public bonds at a par value of RMB0.5 billion in the PRC on 26 June 2018 (the "2018 Non-public Bonds II"). The interest rate of the 2018 Non-public Bonds II was fixed at 7.30% per annum. On the first and the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2018 Non-public Bonds II will mature after three years from the issue date and are puttable for early redemption at the principal amount upon the first or the second anniversary of the issue date.

25. BORROWINGS (Continued)

(b) Domestic bonds (continued)

(iv) 2018 Non-public Bonds (continued)

On 24 June 2019, the Company adjusted the interest rates for the 2018 Non-public Bonds II to 6.60% per annum for the remaining periods.

On 29 June 2020, 4,400,000 units of the 2018 Non-public Bonds II was early redeemed. The Company adjusted the interest rates for the 2018 Non-public Bonds II to 6.80% per annum for the remaining periods.

The Company issued 12,000,000 units of non-public bonds at a par value of RMB1.2 billion in the PRC on 17 September 2018 (the "2018 Non-public Bonds III"). The interest rate of the 2018 Non-public Bonds III was fixed at 7.30% per annum. On the first and the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2018 Non-public Bonds III will mature after three years from the issue date and are puttable for early redemption at the principal amount upon the first or the second anniversary of the issue date.

On 16 September 2019, the Company redeemed 200,000 units of the 2018 Non-public Bonds III at a redemption price equal to 100% of the principal amount. The interest rate maintained at 7.00% per annum for the remaining periods.

On 16 September 2020, the Company redeemed 11,420,000 units of the 2018 Non-public Bonds III at a redemption price equal to 100% of the principal amount. The interest rate maintained at 7.00% per annum for the remaining periods.

The Company issued 5,500,000 units of non-public bonds at a par value of RMB0.55 billion in the PRC on 17 September 2018 (the "2018 Non-public Bonds IV", and, together with the 2018 Non-public Bonds I, II and III, the "2018 Non-public Bonds"). The interest rate of the 2018 Non-public Bonds IV was fixed at 7.70% per annum. On the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2018 Non-public Bonds IV will mature after four years from the issue date and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

On 17 September 2020, the Company redeemed 5,500,000 units of 2018 Non-public Bonds IV at a redemption price equal to 100% of the principal amount. The interest rate maintained at 7.70% per annum for the remaining periods.

The carrying amount of the remaining 2018 Non-public Bonds as at 31 December 2020 amounted to RMB60,000,000.

(v) 2018 Public Bonds

The Company issued 40,000,000 units of corporate bonds at a par value of RMB4 billion in the PRC on 3 December 2018 (the "Original 2018 Public Bonds"). The interest rate of the 2018 Public Bonds was fixed at 6.58% per annum. On the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The Original 2018 Public Bonds will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

On 4 December 2020, 39,987,500 units of the Original 2018 Public Bond were redeemed. The interest rate maintained at 6.58% per annum for the remaining periods.

25. BORROWINGS (Continued)

(b) Domestic bonds (continued)

(v) 2018 Public Bonds (continued)

The Company further issued 70,200,000 units of corporate bonds at a par value of RMB7.02 billion in the PRC on 3 January 2019 (the "Additional 2018 Public Bonds", and, together with the Original 2018 Public Bonds, the "2018 Public Bonds"). The interest rate of the Additional 2018 Public Bonds was fixed at 7.00% per annum. On the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The Additional 2018 Public Bonds will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

On 28 December 2020, 70,197,170 units of the Additional 2018 Public Bonds were early redeemed at a redemption price equal to 100% of the principal amount. The interest rate maintained at 7.00% per annum for the remaining periods.

The carrying amount of the remaining 2018 Public Bonds as at 31 December 2020 amounted to RMB801,533,000.

(vi) 2019 Public Bonds

The Company issued 15,800,000 units of corporate bonds at a par value of RMB1.58 billion in the PRC on 8 May 2019 (the "2019 Public Bonds I"). The interest rate of the 2019 Public Bonds I was fixed at 5.60% per annum. On the second anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2019 Public Bonds I will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

The Company further issued 4,000,000 units of corporate bonds at a par value of RMB0.4 billion in the PRC on 8 May 2019 (the "2019 Public Bonds II", and, together with the 2019 Public Bonds I, the "2019 Public Bonds"). The interest rate of the 2019 Public Bonds II was fixed at 6.48% per annum. On the third anniversary of the issue date, the Company will have an option to adjust the interest rate for the remaining periods. The 2019 Public Bonds II will mature after five years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

The carrying amount of the 2019 Public Bonds as at 31 December 2020 amounted to RMB1,978,276,000.

(vii) 2020 Non-public Bonds

The Company issued 10,000,000 units of corporate bonds at a par value of RMB1 billion in the PRC on 23 April 2020 (the "2020 Non-public Bonds"). The interest rate of the 2020 Non-public Bonds I was fixed at 6.30% per annum. The 2020 Non-Public Bonds I will mature after four years from the issue date, and are puttable for early redemption at the principal amount upon the second anniversary of the issue date.

The carrying amount of the 2020 Non-Public Bonds as at 31 December 2020 amounted to RMB667,336,000.

(All amounts in RMB Yuan thousands unless otherwise stated)

25. BORROWINGS (Continued)

(b) Domestic bonds (continued)

(viii) Fair value and movement of domestic bonds

The fair values of the 2015 Public Bonds, 2016 Public Bonds, 2018 Public Bonds and 2019 Public Bonds as at 31 December 2020 amounted to RMB14,740,084,000 in total. The fair values were determined by reference to the price quotations published on the last trading day of the year ended 31 December 2020 and were within level 1 of the fair value hierarchy.

The fair values of the 2016 Non-public Bonds, 2018 Non-public Bonds and 2020 Non-public Bonds as at 31 December 2020 approximate their carrying amount. The fair values were based on cash flows discounted at the borrowing rate of 7.05% and were within level 2 of the fair value hierarchy.

The movements of domestic bonds are set out below:

	2020	2019
At 1 January	**39,561,938**	32,989,149
Additions	**999,000**	8,973,660
Redemption	**(21,648,255)**	(2,441,200)
Interest charged	**2,883,146**	2,667,642
Interest paid or included in other payables	**(2,862,487)**	(2,627,313)
At 31 December	**18,933,342**	39,561,938

(c) Senior notes

The senior notes are the only direct, unsubordinated, unconditional and secured obligations of the relevant issuers.

(i) 2017 Notes

2017 Notes I

On 13 January 2017, a subsidiary of the Group, Easy Tactic Limited ("Easy Tactic") issued 5.75% senior notes due 13 January 2022 in the aggregate principal amount of USD265,000,000 with the issue price 99.146% of the principal amount (the "2017 Original Notes").

On 20 January 2017, Easy Tactic further issued 5.75% senior notes due 13 January 2022 in the aggregate principal amount of USD460,000,000 with the issue price 99.146% of the principal amount, plus accrued interest from (and including) 13 January 2017 to (but excluding) 20 January 2017 (the "2017 Additional Notes" and, together with the 2017 Original Notes, the "2017 Notes I"). The net proceeds of the 2017 Notes I, after deducting the transaction costs, amounted to RMB4,880,042,000.

25. BORROWINGS (Continued)

(c) Senior notes (continued)

(i) 2017 Notes (continued)

2017 Notes III

On 17 November 2017, Easy Tactic issued 5.875% senior notes due 13 February 2023 in the aggregate principal amount of USD500,000,000 with the issue price 100% of the principal amount (the “2017 Notes III – Original Notes”).

On 9 January 2018, Easy Tactic further issued 5.875% senior notes due 13 February 2023 in the aggregate principal amount of USD100,000,000 with the issue price 99.426% of the principal amount, plus accrued interest from (and including) 17 November 2017 to (but excluding) 9 January 2018 (the “2017 Notes III – Additional Notes” and, together with the 2017 Notes III – Original Notes, the “2017 Notes III”). The net proceeds of the 2017 Notes III, after deducting the transaction costs, amounted to RMB3,891,552,000.

(ii) 2018 Notes

2018 Notes II

On 25 April 2018, Easy Tactic issued 7.000% senior notes due 25 April 2021 in the aggregate principal amount of USD600,000,000 with the issue price 100% of the principal amount (the “2018 Note II – Original Notes”).

On 12 June 2018, Easy Tactic further issued 7.000% senior notes due 25 April 2021 in the aggregate principal amount of USD200,000,000 with the issue price 97.467% of the principal amount, plus accrued interest from (and including) 25 April 2018 to (but excluding) 12 June 2018 (the “2018 Note II – Additional Notes” and, together with the 2018 Note II – Original Notes, the “2018 Notes II”). The net proceeds of the 2018 Notes II, after deducting the transaction costs, amounted to RMB4,934,901,000.

2018 Notes III

On 27 September 2018, Easy Tactic issued 8.875% senior notes due 27 September 2021 in the aggregate principal amount of USD200,000,000 with the issue price 100% of the principal amount (the “2018 Notes III”). The net proceeds of the 2018 Notes III, after deducting the transaction costs, amounted to RMB1,348,168,000.

25. BORROWINGS (Continued)

(c) Senior notes (continued)

(iii) 2019 Notes

2019 Notes I

On 10 January 2019, Easy Tactic issued 8.75% senior notes due 10 January 2021 in the aggregate principal amount of USD500,000,000 with the issue price 99.775% of the principal amount (the "2019 Notes I – Original Notes").

On 17 January 2019, Easy Tactic further issued 8.75% senior notes due 10 January 2021 in the aggregate principal amount of USD200,000,000 with the issue price 100% of the principal amount, plus accrued interest from (and including) 10 January 2019 to (but excluding) 17 January 2019 (the "2019 Notes I – Additional Notes" and, together with the 2019 Note I – Original Notes, the "2019 Notes I"). The net proceeds of the 2019 Notes I, after deducting the transaction costs, amounted to RMB4,684,987,000.

On 10 March 2020, Easy Tactic redeemed the 2019 Note I with principal amount of USD325,000,000 at a redemption price equal to 102.5% of the principal amount.

2019 Notes II

On 28 January 2019, Easy Tactic issued 9.125% senior notes due 28 July 2022 in the aggregate principal amount of USD300,000,000 with the issue price 99.633% of the principal amount (the "2019 Notes II"). The net proceeds of the 2019 Notes II, after deducting the transaction costs, amounted to RMB1,984,095,000.

2019 Notes III

On 27 February 2019, Easy Tactic issued 8.125% senior notes due 27 February 2023 in the aggregate principal amount of USD450,000,000 with the issue price 100% of the principal amount and 8.625% senior notes due 27 February 2024 in the aggregate principal amount of USD375,000,000 with the issue price 100% of the principal amount (the "2019 Note III – Original Notes").

On 17 June 2019, Easy Tactic further issued 8.125% senior notes due 27 February 2023 in the aggregate principal amount of USD425,000,000 with the issue price 98.812% of the principal amount, plus accrued interest from (and including) 27 February 2019 to (but excluding) 17 June 2019 (the "2019 Notes III – Additional Notes" and, together with the 2019 Note III – Original Notes, the "2019 Notes III"). The net proceeds of the 2019 Notes III, after deducting the transaction costs, amounted to RMB8,272,544,000.

2019 Note IV

On 11 July 2019, Easy Tactic issued 8.125% senior notes due 11 July 2024 in the aggregate principal amount of USD450,000,000 with the issue price 100% of the principal amount (the "2019 Notes IV"). The net proceeds of the 2019 Notes IV, after deducting the transaction costs, amounted to RMB3,043,408,000.

(All amounts in RMB Yuan thousands unless otherwise stated)

25. BORROWINGS (Continued)

(c) Senior notes (continued)

(iv) 2020 Notes

2020 Note I

On 5 March 2020, Easy Tactic issued 8.625% senior notes due 5 March 2024 in the aggregate principal amount of USD400,000,000 with the issue price 100% of the principal amount (the "2020 Notes I"). The net proceeds of the 2020 Notes I, after deducting the transaction costs, amounted to RMB2,733,791,000.

On 18 November 2020, Easy Tactic issued 12.375% senior notes due 18 November 2022 in the aggregate principal amount of USD360,000,000 with the issue price 100% of the principal amount (the "2020 Notes II"). The net proceeds of the 2020 Notes I, after deducting the transaction costs, amounted to RMB2,323,896,000.

As at 31 December 2020, all senior notes were guaranteed by certain subsidiaries of the Group and were secured by shares of certain offshore subsidiaries of the Group.

The effective interest rate of senior notes ranged from 6.25% to 13.30% (2019: 6.25% to 9.81%).

The movements of senior notes are set out below:

	2020	2019
At 1 January	**34,607,114**	20,131,138
Issuance	**5,057,687**	17,983,970
Redemption	**(2,255,143)**	(4,471,040)
Early redemption premium charges	**56,794**	17,618
Early redemption premium paid	**(56,794)**	(17,618)
Interest charged	**2,883,359**	2,673,129
Interest paid or included in other payables	**(2,676,120)**	(2,496,313)
Foreign exchange (gains)/losses	**(2,303,579)**	786,230
At 31 December	**35,313,318**	34,607,114

The carrying amounts of the Group's senior notes are denominated in USD.

The fair value of the senior notes as at 31 December 2020 amounted to RMB33,314,668,000 (31 December 2019: RMB32,313,312,000). The fair value is determined by reference to the price quotations published by Bloomberg on the last trading date of the year ended 31 December 2020 and is within level 1 of the fair value hierarchy.

(All amounts in RMB Yuan thousands unless otherwise stated)

25. BORROWINGS (Continued)

(d) Other borrowings

Certain subsidiaries of the Group (the "Project Companies") have entered into funding arrangements with certain financial institutions (the "Trustees"), under which the Trustees have raised funds from third parties and injected the funds to the Project Companies.

(i) The movements of other borrowings are set out below:

	2020	2019
At 1 January	**23,438,999**	18,188,367
Additions	**23,263,093**	13,473,571
Disposal of a subsidiary	**(1,800,000)**	–
Repayments	**(18,699,064)**	(8,320,009)
Classified as liabilities held for sale	**(1,358,000)**	–
Interest charged	**2,357,998**	1,958,789
Interest paid or included in other payables	**(2,398,818)**	(1,958,789)
Foreign exchange (gains)/losses	**(76,188)**	97,070
At 31 December	**24,728,020**	23,438,999

(ii) The maturity of other borrowings is as follows:

	2020	2019
Within one year	**16,080,212**	14,867,193
Between one and two years	**6,237,141**	4,980,464
Between two and five years	**1,611,667**	1,043,829
Over five years	**799,000**	2,547,513
Total other borrowings	**24,728,020**	23,438,999

(iii) The carrying amounts of other borrowings are denominated in the following currencies:

	2020	2019
– RMB	**23,043,073**	21,727,356
– USD	**1,076,609**	–
– AUD	**608,338**	659,381
– GBP	**–**	1,052,262
	24,728,020	23,438,999

(iv) The effective interest rate of these funding arrangements ranged from 6.25% to 12.00% (2019: 4.75% to 12.36%).

(v) The carrying amounts of other borrowings approximate their fair values.

(All amounts in RMB Yuan thousands unless otherwise stated)

25. BORROWINGS (Continued)

(e) As at 31 December 2020, bank and other borrowings totaling RMB96,341,002,000 (2019: RMB107,877,727,000) of the Group were secured by the following assets and the Group's shares of certain subsidiaries:

	2020	2019
Right-of-use assets	1,476,342	1,388,219
Property, plant and equipment	29,821,903	27,477,883
Investment properties	19,960,882	19,114,336
Properties under development	59,588,974	70,921,134
Completed properties held for sale	9,360,870	6,396,534
Restricted cash	2,966,378	3,375,432
	123,175,349	128,673,538

As at 31 December 2020, bank and other borrowings totaling RMB4,653,269,000 (2019: RMB3,726,397,000) of the Group were secured by equity interests of certain subsidiaries.

(f) The majority of unsecured bank and other borrowings are guaranteed by the Company or certain subsidiaries of the Group. Details are as follows:

	2020	2019
Guarantors:		
The Company	3,708,837	6,493,800
Subsidiaries	5,433,574	5,601,469
	9,142,411	12,095,269

(g) Compliance with loan covenants

The Group has complied with the loan covenants during the 2020 and 2019 reporting period.

26. DEFERRED INCOME TAX

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

	2020	2019
Deferred income tax assets:		
– To be recovered after 12 months	8,662,079	7,363,461
– To be recovered within 12 months	3,948,377	2,983,307
	12,610,456	10,346,768
Deferred income tax liabilities:		
– To be recovered after 12 months	(8,707,182)	(6,280,608)
– To be recovered within 12 months	(1,600,571)	(1,940,775)
	(10,307,753)	(8,221,383)
Deferred income tax assets – net	2,302,703	2,125,385

(All amounts in RMB Yuan thousands unless otherwise stated)

26. DEFERRED INCOME TAX (Continued)

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

Deferred income tax liabilities:

	Timing difference in sales recognition and related cost of sales	Fair values of investment properties over the tax bases	Revaluation surplus arising from business combinations and hotel buildings	Revaluation of financial assets at FVOCI	Interest capitalisation and others	Total
As at 1 January 2019	1,876,743	4,629,453	1,892,041	13,296	1,371,565	9,783,098
Charged/(credited) to the income statement	64,032	486,329	(67,456)	–	550,457	1,033,362
Charged to other comprehensive income	–	–	–	15,743	–	15,743
At 31 December 2019	1,940,775	5,115,782	1,824,585	29,039	1,922,022	10,832,203
At 31 December 2019 (as previously stated)	1,940,775	5,115,782	1,824,585	29,039	1,922,022	10,832,203
Effect of changes in accounting policy (Note 2.2)	–	–	1,416,167	–	–	1,416,167
As at 1 January 2020	1,940,775	5,115,782	3,240,752	29,039	1,922,022	12,248,370
(Credited)/charged to the income statement	(340,204)	1,349,700	(126,523)	–	730,028	1,613,001
Charged to other comprehensive income	–	–	–	(18,534)	–	(18,534)
Classified to liabilities held for sale	–	(872,165)	–	–	–	(872,165)
Disposal of subsidiaries	–	–	–	–	(98,490)	(98,490)
At 31 December 2020	1,600,571	5,593,317	3,114,229	10,505	2,553,560	12,872,182

Deferred income tax assets:

	Accruals and others	Tax losses	Unrealised profit on intra-group transactions	Revaluation of financial assets at FVOCI	Revaluation deficit arising from business combinations and hotel buildings	Total
At 1 January 2019	5,678,559	2,849,929	848,058	279	1,456,878	10,833,703
Credited/(charged) to the income statement	859,763	1,098,199	189,609	–	(56,709)	2,090,862
Acquisitions of subsidiaries	–	33,302	–	–	–	33,302
Charged to other comprehensive income	–	–	–	(279)	–	(279)
At 31 December 2019	6,538,322	3,981,430	1,037,667	–	1,400,169	12,957,588
At 31 December 2019 (as previously stated)	6,538,322	3,981,430	1,037,667	–	1,400,169	12,957,588
Effect of changes in accounting policy (Note 2.2)	–	–	–	–	(364,346)	(364,346)
As at 1 January 2020	6,538,322	3,981,430	1,037,667	–	1,035,823	12,593,242
Credited/(charged) to the income statement	1,601,340	935,656	160,491	–	(43,648)	2,653,839
Classified to assets held for sale	–	(1,886)	–	–	–	(1,886)
Acquisitions of a subsidiary	–	–	–	–	64,689	64,689
Disposal of subsidiaries	(2,712)	(93,636)	(38,651)	–	–	(134,999)
At 31 December 2020	8,136,950	4,821,564	1,159,507	–	1,056,864	15,174,885

(All amounts in RMB Yuan thousands unless otherwise stated)

26. DEFERRED INCOME TAX (Continued)

As at 31 December 2020, deferred income tax assets of RMB2,564,429,000 were offset against deferred income tax liabilities within the same tax jurisdictions (31 December 2019: RMB2,610,820,000).

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through future taxable profits is probable. As at 31 December 2020, the unrecognised tax losses for PRC companies are as follows:

	2020	2019
Expiry date in:		
2020	**–**	13,024
2021	**20,142**	10,580
2022	**554,820**	144,620
2023	**695,157**	484,853
2024	**457,221**	484,956
2025	**649,395**	–
	2,376,735	1,138,033

27. CURRENT INCOME TAX LIABILITIES

	2020	2019
Land appreciation tax liabilities	**16,152,525**	14,604,337
Income tax liabilities	**5,015,386**	4,555,174
	21,167,911	19,159,511

28. OTHER INCOME

	2020	2019
Interest income	**824,419**	548,377
Other operating income	**238,321**	321,006
Forfeited deposits from customers	**93,244**	63,510
Dividends income from financial assets at fair value through other comprehensive income	**9,064**	8,992
Others	**35,664**	16,466
	1,200,712	958,351

29. OTHER GAINS – NET

	2020	2019
Revaluation gains on investment properties transferred from completed properties held for sale	**1,994,155**	–
Revaluation gains on investment properties transferred from properties under development	**–**	1,226,367
Fair value gains on investment properties-net	**2,984,953**	651,110
Gains on disposals of subsidiaries	**570,825**	13,318
Gains on disposal of certain equity interests in associates	**674,822**	–
Losses on disposals of property, plant and equipment	**(1,421)**	(3,588)
Losses on disposals of intangible assets	**(44,010)**	(981)
Others	**(82,234)**	7,553
	6,097,090	1,893,779

(All amounts in RMB Yuan thousands unless otherwise stated)

30. EXPENSES BY NATURE

Expenses by nature comprising cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	2020	2019
Cost of properties sold	**63,506,618**	58,335,140
Employee benefit expenses	**3,867,518**	3,479,442
Depreciation of property, plant and equipment and right-of-use assets	**1,854,841**	1,846,372
Business taxes and other levies	**870,641**	1,034,280
Advertising costs	**368,119**	406,510
Office expenses	**344,147**	359,699
Amortisation of intangible assets	**174,615**	158,761
Short-term lease payments and low-value lease payments	**34,955**	33,336
Auditors' remuneration	**9,606**	11,515
– Audit services	**7,068**	7,060
– Non-audit services	**2,538**	4,455
Others	**3,957,250**	4,884,383
	74,988,310	70,549,438

31. EMPLOYEE BENEFIT EXPENSES

	2020	2019
Wages and salaries	**3,111,801**	2,494,547
Retirement scheme contributions	**481,736**	705,100
Other allowances and benefits	**273,981**	279,795
	3,867,518	3,479,442

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year do not include any director (2019: Nil) whose emoluments are reflected in the analysis shown in Note 41. The emoluments payable to the five (2019: five) individuals during the year are as follows:

	2020	2019
Wages and salaries, housing allowances, other allowances and benefits in kind	**295,316**	262,101

(All amounts in RMB Yuan thousands unless otherwise stated)

31. EMPLOYEE BENEFIT EXPENSES (Continued)

(a) Five highest paid individuals (continued)

The emoluments fell within the following bands:

	Number of individuals	
	2020	2019
Emolument bands		
HKD27,000,001 to HKD27,500,000	**1**	1
HKD31,500,001 to HKD32,000,000	**–**	1
HKD37,000,001 to HKD37,500,000	**–**	1
HKD38,000,001 to HKD38,500,000	**1**	–
HKD60,000,001 to HKD60,500,000	**1**	–
HKD88,000,001 to HKD88,500,000	**–**	1
HKD96,500,001 to HKD97,000,000	**1**	–
HKD109,000,001 to HKD109,500,000	**1**	–
HKD113,000,001 to HKD113,500,000	**–**	1

32. FINANCE COSTS

	2020	2019
Interest expenses:		
– bank borrowings	**6,236,865**	6,008,824
– domestic bonds (Note 25(b))	**2,883,146**	2,667,642
– medium-term notes	**44,993**	109,800
– senior notes (Note 25(c))	**2,883,359**	2,673,129
– other borrowings (Note 25(d))	**2,357,998**	1,958,789
– super & short-term commercial papers	**15,183**	296,000
– lease liabilities (Note 8(b))	**12,631**	16,538
	14,434,175	13,730,722
Early redemption premium for senior notes	**56,794**	17,618
Net foreign exchange (gains)/losses	**(2,855,120)**	356,470
Less: finance costs capitalised	**(9,227,078)**	(8,505,283)
	2,408,771	5,599,527

(All amounts in RMB Yuan thousands unless otherwise stated)

33. INCOME TAX EXPENSES

	2020	2019
Current income tax		
– enterprise income tax (Note (b))	4,004,774	5,145,936
– PRC land appreciation tax (Note (c))	3,801,432	4,044,618
Deferred income tax	(1,040,838)	(1,057,500)
Total income tax expenses (Note (d))	6,765,368	8,133,054

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the year (2019: Nil).

(b) Enterprise income tax

Enterprise income tax is computed according to the relevant laws and regulations enacted in the countries where the Group operated and generated taxable income.

In respect of the applicable income tax rates for the year ended 31 December 2020, the companies in the PRC, Cambodia, Malaysia were primarily taxed at 25%, 20% and 24% (2019: 25%, 20% and 24%) on their profits, respectively.

(c) PRC land appreciation tax

Certain PRC subsidiaries are also subject to PRC land appreciation tax which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including costs of land use rights and development and construction expenditures.

(d) The tax on the Group's profit before tax differs from the theoretical amount that would have arisen using the enacted income tax rate applicable to profits of the consolidated companies due to the following:

	2020	2019
Profit before income tax	15,911,683	18,226,264
Less: land appreciation tax	(3,801,432)	(4,044,618)
	12,110,251	14,181,646
Calculated at tax rate of 25% (2019: 25%)	3,027,563	3,545,412
Effects of:		
– Different income tax rates of certain companies	(3,617)	(10,977)
– Share of results of joint ventures and associates	(56,165)	(194,100)
– Expenses and development costs not deductible for tax purposes	42,761	120,848
– Tax losses for which no deferred income tax asset was recognised	463,684	802,537
– Income not subject to tax	(191,171)	(23,649)
– Gains on bargain purchase	(16,727)	–
– Others	(302,392)	(151,635)
Enterprise income tax	2,963,936	4,088,436
Land appreciation tax	3,801,432	4,044,618
Tax charge	6,765,368	8,133,054

33. INCOME TAX EXPENSES (Continued)

(e) The tax charges relating to components of other comprehensive income are as follows:

	2020			2019		
	Before tax	**Tax charges**	**After tax**	Before tax	Tax charges	After tax
Fair value gains of financial assets at FVOCI	**88,311**	**(28,532)**	**59,779**	83,025	(16,022)	67,003

34. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

	2020	2019
Profit attributable to owners of the Company	**9,004,814**	9,672,051
Weighted average number of ordinary shares in issue (thousands)	**3,557,329**	3,223,863
Earnings per share (RMB per share)	**2.5313**	3.0001

There were no potential dilutive ordinary shares as at 31 December 2020 and 2019, thus diluted earnings per share were the same as basic earnings per share.

35. DIVIDENDS

The dividends declared in 2020 were RMB4,334,256,000 (2019: RMB4,027,959,000). A dividend in respect of the year ended 31 December 2020 of RMB0.62 per ordinary share, amounting to a total dividend of RMB2,326,468,000, is to be proposed at the annual general meeting on 28 May 2021. These financial statements do not reflect this dividend payable.

	2020	2019
Interim dividend declared of RMB0.38 (2019: RMB0.42) per ordinary share	**1,328,240**	1,353,394
Proposed final dividend of RMB0.62 (2019: RMB0.86) per ordinary share	**2,326,468**	3,006,016
	3,654,708	4,359,410

(All amounts in RMB Yuan thousands unless otherwise stated)

36. CASH FLOW INFORMATION

(a) Cash generated from operations

	2020	2019
Profit before income tax	15,911,683	18,226,264
Adjustments for:		
– Capitalised finance costs included in costs of sales	4,770,812	3,042,206
– Interest income	(824,419)	(548,377)
– Finance costs	2,408,771	5,599,527
– Depreciation	1,854,841	1,846,372
– Amortisation of intangible assets	174,615	158,761
– Losses on disposals of property, plant and equipment	1,421	3,588
– Gains on disposals of subsidiaries	(570,825)	(13,318)
– Revaluation gains on investment properties transferred from completed properties held for sale	(1,994,155)	–
– Revaluation gains on investment properties transferred from properties under development	–	(1,226,367)
– Losses on disposals of intangible assets	44,010	981
– Dividend income from FVOCI	(9,064)	(8,992)
– Gains on disposal of investment properties	–	(61)
– Gains on disposal of a joint venture	(29)	–
– Gains on disposal of certain equity interests in an associate	(674,822)	–
– Gains on bargain purchase	(66,909)	–
– Share of results of joint ventures	(292,178)	(611,191)
– Share of results of associates	67,520	(165,208)
– Fair value gains on investment properties	(2,984,953)	(651,110)
– Elimination of unrealised profits	24,863	66,148
Operating profit before changes in working capital	17,841,182	25,719,223
Changes in working capital:		
– Properties under development and completed properties held for sale	(5,271,192)	(26,043,678)
– Trade receivables	2,234,246	(2,161,261)
– Other receivables and prepayments	3,650,590	(10,775,182)
– Restricted cash	1,205,181	(531,733)
– Contract liabilities	9,103,056	(406,930)
– Accruals and other payables	12,726,634	12,278,811
– Contract assets	(657,392)	(239,729)
Cash generated from/(used in) operations	40,832,305	(2,160,479)

(All amounts in RMB Yuan thousands unless otherwise stated)

36. CASH FLOW INFORMATION (Continued)

(b) Net debt reconciliation

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

Net debt

	2020	2019
Cash and cash equivalents	**25,672,822**	22,904,275
Borrowings	**(159,730,073)**	(197,140,748)
Lease liabilities	**(549,005)**	(200,233)
Other payables	**(4,835,766)**	(949,076)
Net debt	**(139,442,022)**	(175,385,782)
Cash and cash equivalents	**25,672,822**	22,904,275
Gross debt – fixed interest rates	**(92,277,288)**	(88,570,484)
Gross debt – variable interest rates	**(72,837,556)**	(109,719,573)
Net debt	**(139,442,022)**	(175,385,782)

		Liabilities from financing activities						
	Cash and cash equivalents	Leases due within 1 year	Leases due after 1 year	Borrowings due within 1 year	Borrowings due after 1 year	Other payable due within 1 year	Other payable due after 1 year	Total
Net debt as at 1 January 2019	19,782,883	(123,736)	(113,939)	(52,261,005)	(110,902,453)	(989,084)	–	(144,607,334)
Cash flow	2,991,898	55,965	125,927	(9,689,822)	(22,949,790)	40,008	–	(29,425,814)
Acquisitions	–	–	–	(119,989)	–	–	–	(119,989)
Currency translation differences	129,494	–	–	(160,934)	(827,510)	–	–	(858,950)
Other non-cash movements	–	(449)	(144,001)	(38,304)	(190,941)	–	–	(373,695)
Net debt as at 31 December 2019	22,904,275	(68,220)	(132,013)	(62,270,054)	(134,870,694)	(949,076)	–	(175,385,782)
Net debt as at 1 January 2020	**22,904,275**	**(68,220)**	**(132,013)**	**(62,270,054)**	**(134,870,694)**	**(949,076)**	**–**	**(175,385,782)**
Cash flow	**2,794,193**	**75,152**	**19,404**	**(5,870,581)**	**37,388,403**	**(2,543,209)**	**(1,343,481)**	**30,519,881**
Currency translation differences	**(25,646)**	**–**	**–**	**1,231,907**	**1,748,407**	**–**	**–**	**2,954,668**
Other non-cash movements	**–**	**(103,380)**	**(339,948)**	**3,027,297**	**(114,758)**	**–**	**–**	**2,469,211**
Net debt as at 31 December 2020	**25,672,822**	**(96,448)**	**(452,557)**	**(63,881,431)**	**(95,848,642)**	**(3,492,285)**	**(1,343,481)**	**(139,442,022)**

(c) Significant non-cash transaction

During the year ended 31 December 2020, according to mutual agreement, the Group offset the dividend receivable due from a joint venture amounting to RMB600,120,000 against the Group's amount due to same joint venture.

(All amounts in RMB Yuan thousands unless otherwise stated)

37. FINANCIAL GUARANTEE CONTRACTS

	2020	2019
Guarantees in respect of mortgage facilities granted to purchasers of the Group's properties (Note (a))	91,245,194	85,042,299
Guarantees in respect of borrowings of joint ventures and associates (Note (b))	10,849,608	4,699,596
	102,094,802	89,741,895

Note:

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to the banks over the repayment obligations of the purchasers. Such guarantees terminate upon the earlier of (i) issuance of the certificate of real estate ownership which will generally be available within an average period of 25 months upon the completion of guarantee registration; or (ii) the satisfaction of relevant mortgage loan by the purchasers.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of the relevant mortgage loans and ends when the certificate of real estate ownership for the mortgage is issued and submitted to the banks. The directors consider that the fair value of these contracts at date of inception was minimal and in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

(b) The balance represents the maximum exposure of the guarantees provided for joint ventures and associates for their borrowings.

38. COMMITMENTS

(a) Commitments for capital and property development activities

	2020	2019
Contracted but not provided for		
Property development activities (including land premium)	24,030,636	26,210,200
Acquisition of hotels	–	138,040
	24,030,636	26,348,240

(b) Lease commitments

The Group leases various land use rights, offices, warehouses, office equipment and transportation equipment under non-cancellable operating leases expiring within 2 to 60 years. The leases have varying terms, escalation clauses and renewal rights.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases.

Minimum lease payments under non-cancellable short-term and low-value leases not recognised in the financial statements are as follows:

	2020	2019
No later than one year	10,818	11,461
Later than one year and no later than five years	960	232
Later than five years	330	–
	12,108	11,693

(All amounts in RMB Yuan thousands unless otherwise stated)

38. COMMITMENTS (Continued)

(c) Operating lease rentals receivable

Minimum lease payments receivable on leases of investment properties are as follows:

	2020	2019
No later than one year	662,158	798,471
Later than one year and no later than five years	1,752,251	1,886,769
Later than five years	102,194	107,800
	2,516,603	2,793,040

39. SIGNIFICANT RELATED-PARTY TRANSACTIONS

The major shareholders of the Group include Dr. Li Sze Lim and Mr. Zhang Li, who own 28.97% and 27.50% respectively as at 31 December 2020, of the Company's shares.

Transactions are based on the price lists in force and terms that would be available to third parties. The following transactions were carried out with related parties:

i) Key management compensation

	2020	2019
Salaries and welfare benefits	71,163	70,716

ii) Provision of decoration, design and construction services

	2020	2019
Joint ventures	419,148	829,993
Associates	91,888	96,517
Entities jointly controlled by major shareholders of the Company	292	2,858
	511,328	929,368

(All amounts in RMB Yuan thousands unless otherwise stated)

39. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

iii) Purchase of property management and related service

	2020	2019
Entities jointly controlled by major shareholders of the Company	529,868	–

iv) Provision of guarantees for borrowings

The Group and other shareholders have jointly provided guarantees for certain borrowings granted to the Group's joint ventures and associates for project development purposes. As at 31 December 2020, the Group's guarantees for borrowings provided to its joint ventures and associates are shown as follows:

(a) Bank borrowings

	2020	2019
Joint ventures	8,033,032	3,037,466
Associates	363,216	1,012,042
	8,396,248	4,049,508

(b) Other borrowings

	2020	2019
Joint ventures	560,000	404,400
Associates	200,000	–
	760,000	404,400

v) Interest income on loans to related parties

	2020	2019
Joint ventures	202,954	98,570
An associate	9,131	24,657
	212,085	123,227

(All amounts in RMB Yuan thousands unless otherwise stated)

39. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

vi) Interest expense on borrowing from related parties

	2020	2019
A joint venture	**44,729**	46,521
Major shareholders	**98,298**	–
	143,027	46,521

vii) Transfer of equity interest in subsidiaries

	2020	2019
An entity jointly controlled by major shareholders of the Company	**300,000**	10,000

During the year ended 31 December 2020 and 2019, the Group disposed 100% equity interests in certain subsidiaries engaging in property management business to an entity jointly controlled by major shareholders at a consideration of RMB300,000,000 and RMB10,000,000 respectively.

viii) Purchase of senior notes issued by the Group

	2020	2019
Immediate family member of a major shareholder	**583,978**	272,072
Entities controlled by a major shareholder	**61,987**	–
A director of the Company	**9,787**	3,488
	655,752	275,560

(All amounts in RMB Yuan thousands unless otherwise stated)

39. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

ix) Balances with related parties

As at 31 December 2020, the Group had the following significant balances with related parties:

	2020	2019
Due from:		
Joint ventures		
– Non-trade balances (Note (a))	5,450,586	4,813,263
– Trade balances	281,040	123,795
	5,731,626	4,937,058
Associates		
– Non-trade balances (Note (a))	2,571,654	3,347,806
– Trade balances	9,858	25
	2,581,512	3,347,831
Entities jointly controlled by major shareholders of the Company		
– Non-trade balances (Note (a))	183,477	7,087
– Trade balances	751	23
	184,228	7,110
	8,497,366	8,291,999
Advances received from:		
An associate		
–Trade balances	–	22,565
Due to:		
Joint ventures		
– Non-trade balances (Note (b))	6,351,821	6,506,090
Associates		
– Non-trade balances (Note (b))	325,524	207,523
Entities jointly controlled by major shareholders of the Company		
– Non-trade balances (Note (b))	7,305,745	62,003
– Trade balances	245,751	–
	7,551,496	62,003
Major shareholders		
– Non-trade balances (Note (b))	2,616,360	–
– Entrusted loans classified as borrowings (Note (c))	935,000	1,190,000
	3,551,360	1,190,000
	17,780,201	7,965,616

39. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

ix) Balances with related parties (continued)

(a) The non-trade balances due from related parties are interest free except for the balances with certain joint ventures and an associate amounting to RMB2,468,023,000, which bear interest from 4.35% to 8.00% per annum.

The non-trade balances due from related parties are unsecured and have no fix repayment terms.

(b) The non-trade balances due to related parties are interest free except for the balance with a joint venture amounting to RMB902,400,444, which bears interest of 4.66% per annum.

The non-trade balances due to related parties are unsecured and have no fix repayment terms.

(c) The entrusted loans provided by the major shareholders will mature in 2021 with interest rate of 9% per annum and unsecured.

(d) No provisions are held against receivables from related parties (2019:Nil).

(All amounts in RMB Yuan thousands unless otherwise stated)

40. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

		As at 31 December	
		2020	2019
ASSETS			
Non-current assets			
Right-of-use assets		**16,467**	19,218
Property, plant and equipment		**285,479**	331,076
Investment properties		**151,772**	2,900,392
Intangible assets		**162,070**	129,796
Investments in subsidiaries		**29,072,784**	28,849,255
Interests in joint ventures		**3,361,906**	3,882,822
Interests in associates		**164,475**	282,829
Deferred income tax assets		**1,170,061**	732,008
Financial assets at fair value through other comprehensive income		**–**	359,487
Trade and other receivables and prepayments		**–**	41,830
		34,385,014	37,528,713
Current assets			
Properties under development		**857,359**	818,411
Completed properties held for sale		**1,897,697**	1,955,044
Trade and other receivables and prepayments		**76,991,634**	75,297,160
Restricted cash		**1,699,535**	1,975,639
Cash and cash equivalents		**7,667,658**	4,590,975
		89,113,883	84,637,229
Assets classified as held for sale		**1,233,549**	–
		90,347,432	84,637,229
Total assets		**124,732,446**	122,165,942
EQUITY			
Equity attributable to owners of the Company			
Share capital		**938,092**	873,842
Other reserves	Note (a)	**9,747,035**	7,996,875
Retained earnings	Note (a)	**4,281,636**	4,820,750
Total equity		**14,966,763**	13,691,467
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**11,889,576**	28,631,672
Current liabilities			
Accruals and other payables		**81,358,459**	55,371,432
Contract liabilities		**8,967**	141,573
Current income tax liabilities		**1,075,273**	1,053,703
Short-term borrowings		**–**	999,883
Current portion of long-term borrowings		**15,433,408**	22,276,212
		97,876,107	79,842,803
Total liabilities		**109,765,683**	108,474,475
Total equity and liabilities		**124,732,446**	122,165,942

The balance sheet of the Company was approved by the Board of Directors on 25 March 2021 and were signed on its behalf.

Li Sze Lim	**Zhang Li**
Director	*Director*

(All amounts in RMB Yuan thousands unless otherwise stated)

40. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Reserve movement of the Company

	Retained earnings	Other reserves
Balance as at 1 January 2019	4,334,016	4,702,944
Profit for the year	4,514,693	–
Fair value gains on financial assets at FVOCI, net of tax	–	47,399
Placement of shares	–	3,246,532
Dividends for the year	(4,027,959)	–
Balance as at 31 December 2019	4,820,750	7,996,875
Balance as at 1 January 2020	**4,820,750**	**7,996,875**
Profit for the year	**3,319,989**	**–**
Fair value gains on financial assets at FVOCI, net of tax	**–**	**94,636**
Placement of shares	**–**	**2,130,677**
Transfer to statutory reserves	**(66,250)**	**66,250**
Transfer of gain on disposal of equity investments at fair value through other comprehensive income to retained earnings	**141,199**	**(141,199)**
Transfer of revaluation gains on investment properties transferred from property, plant and equipment and land use rights, net of tax	**400,204**	**(400,204)**
Dividends for the year	**(4,334,256)**	**–**
Balance as at 31 December 2020	**4,281,636**	**9,747,035**

41. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

(a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

For the year ended 31 December 2020:

Name of Director	Fees	Salary	Employer's contribution to a retirement benefit scheme	Total
Executive Directors				
Dr. Li Sze Lim	**–**	**5,166**	**–**	**5,166**
Mr. Zhang Li (Note (i))	**–**	**5,166**	**–**	**5,166**
Mr. Zhang Hui	**–**	**4,200**	**–**	**4,200**
Mr. Xiang Lijun	**–**	**13,400**	**–**	**13,400**
Non-executive Directors				
Ms. Zhang Lin	**437**	**–**	**–**	**437**
Ms. Li Helen	**437**	**–**	**–**	**437**
Independent non-executive Directors				
Mr. Ng Yau Wah Daniel	**331**	**–**	**–**	**331**
Mr. Wong Chun Bong	**352**	**–**	**–**	**352**
Mr. Zheng Ercheng	**331**	**–**	**–**	**331**

(All amounts in RMB Yuan thousands unless otherwise stated)

41. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

(a) Directors' and chief executive's emoluments (continued)

For the year ended 31 December 2019:

Name of Director	Fees	Salary	Employer's contribution to a retirement benefit scheme	Total
Executive Directors				
Dr. Li Sze Lim	–	5,156	16	5,172
Mr. Zhang Li (Note (i))	–	5,156	–	5,156
Mr. Zhou Yaonan	–	2,800	–	2,800
Mr. Lu Jing	–	1,980	–	1,980
Non-executive Directors				
Ms. Zhang Lin	433	–	–	433
Ms. Li Helen	433	–	–	433
Independent non-executive Directors				
Mr. Ng Yau Wah Daniel	327	–	–	327
Mr. Wong Chun Bong	348	–	–	348
Mr. Zheng Ercheng	327	–	–	327

(b) Supervisors' emoluments

The remuneration of every Supervisor for the year ended 31 December 2020 is set out below:

Name of Supervisor	Salary
Mr. Chen Liangnuan	72
Ms. Liang Yingmei	72
Mr. Zhao Xianglin	66

The remuneration of every Supervisor for the year ended 31 December 2019 is set out below:

Name of Supervisor	Salary
Mr. Chen Liangnuan	72
Ms. Liang Yingmei	72
Mr. Zhao Xianglin	66

Note:

(i) Mr. Zhang Li is also the Chief Executive of the Company.

(ii) During 2020, no directors waived or has agreed to waive any emoluments (2019: Nil).

(iii) During the year, no emolument was paid by the Group to any of the above directors as an inducement to join or upon joining the Group or as compensation for loss of office (2019: Nil).

41. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

(c) Directors' retirement benefits and termination benefits

Save for those disclosed in note (a) above, none of the directors received or will receive any other retirement benefits or termination benefits for the year ended 31 December 2020 (2019: Same).

(d) Consideration provided to third parties for making available directors' services

For the year ended 31 December 2020, the Group did not pay consideration to any third parties for making available directors' services (2019: Same).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 December 2020, there is no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors (2019: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2019: Nil).

(All amounts in RMB Yuan thousands unless otherwise stated)

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared a separate set of consolidated financial statements for the year ended 31 December 2020 in accordance with China Accounting Standards for Business Enterprises ("CAS"). The differences between the consolidated financial statements prepared under CAS and HKFRS are summarised as follows:

	Profit for the year ended 31 December		Total equity as at 31 December	
	2020	2019	**2020**	2019
As stated in accordance with CAS	**7,837,837**	9,166,722	**86,819,305**	79,769,249
Impact of HKFRS adjustments:				
1. Amortisation of revaluation gains arising from business combinations	**(2,469)**	(1,157)	**37,370**	39,839
2. Deferred taxation	**617**	287	**(9,346)**	(9,963)
3. Revaluation gains on investment properties transferred from properties under development	**1,493,853**	927,358	**–**	–
4. Revaluation model of subsequent measurement for hotel buildings	**(183,523)**	–	**5,158,014**	–
As stated in accordance with HKFRS	**9,146,315**	10,093,210	**92,005,343**	79,799,125

Notes:

1. The Group adopted SSAP27 "Accounting for Group Reconstructions" for acquisition of certain subsidiaries before the issuance of Accounting Guideline 5 "Merger Accounting for Common Control Combinations" in November 2005. As the acquisitions did not meet the conditions for using merger accounting under SSAP 27, which prevented the use of predecessor costs when non-controlling interests or rights of the ultimate shareholder have changed, the Group adopted purchase method to account for the acquisitions.

2. It refers to the effects of deferred tax arising from the above adjustments and recognition of deferred tax due to tax rate difference.

3. The revaluation gains on investment properties transferred from properties under development was recognised in income statement under HKFRS, while in accordance with CAS was recognised in other comprehensive income.

4. The Group changed its accounting policies on hotel buildings to follow the revaluation model under HKAS 16 with effective from 1 January 2020.

FIVE-YEAR FINANCIAL SUMMARY

(All amounts in RMB Yuan thousands)

CONSOLIDATED BALANCE SHEET (AS AT 31 DECEMBER)

	2020	2019	2018	2017	2016
Non-current assets	**114,409,335**	103,608,668	95,118,290	84,429,320	48,033,848
Current assets	**327,775,880**	323,717,650	271,075,640	213,679,620	178,377,631
Total assets	**442,185,215**	427,326,318	366,193,930	298,108,940	226,411,479
Non-current liabilities	**107,952,433**	143,224,090	118,614,185	120,549,779	92,101,058
Current liabilities	**242,227,439**	204,303,103	177,719,161	112,665,507	87,474,224
Total liabilities	**350,179,872**	347,527,193	296,333,346	233,215,286	179,575,282
Total equity	**92,005,343**	79,799,125	69,860,584	64,893,654	46,836,197

CONSOLIDATED INCOME STATEMENT (YEAR ENDED 31 DECEMBER)

	2020	2019	2018	2017	2016
Revenue	**85,891,778**	90,813,970	76,857,682	59,277,855	53,730,339
Cost of sales	**(65,503,286)**	(61,041,401)	(48,908,173)	(38,315,554)	(38,543,599)
Gross profit	**20,388,492**	29,772,569	27,949,509	20,962,301	15,186,740
Other income and other gains – net	**7,297,802**	2,852,130	1,638,255	1,325,048	2,257,206
Selling and marketing costs	**(3,258,776)**	(3,292,140)	(2,556,510)	(1,814,776)	(1,315,362)
Administrative expenses	**(6,226,248)**	(6,215,897)	(5,634,288)	(3,513,480)	(2,672,863)
Net impairment losses on financial and contract assets	**(172,383)**	(67,270)	(27,201)	(13,502)	–
Gains on bargain purchase	**66,909**	–	397,226	13,107,560	–
Operating profit	**18,095,796**	23,049,392	21,766,991	30,053,151	13,455,721
Finance costs	**(2,408,771)**	(5,599,527)	(5,212,327)	(1,672,979)	(2,367,045)
Share of results of joint ventures	**292,178**	611,191	288,505	(33,322)	844,493
Share of results of associates	**(67,520)**	165,208	94,177	128,170	(64,329)
Profit before income tax	**15,911,683**	18,226,264	16,937,346	28,475,020	11,868,840
Income tax expenses	**(6,765,368)**	(8,133,054)	(8,208,961)	(7,050,765)	(4,812,823)
Profit for the year	**9,146,315**	10,093,210	8,728,385	21,424,255	7,056,017
Profit attributable to:					
Owners of the Company	**9,004,814**	9,672,051	8,371,237	21,186,451	6,755,908
Holders of perpetual capital instruments	**–**	–	33,433	143,567	273,943
Non-controlling interests	**141,501**	421,159	323,715	94,237	26,166

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
China					
Guanghzou					
Guanghzou R&F Global Merchandise Center (Global Merchandise Center)	100%	Office & Retail	198,668	616,000	616,000
Guangzhou Baogang Road Project	100%	Residential & Retail	4,031	43,000	43,000
Guangzhou R&F Sky Apartment (Tangdong Project)	100%	Apartment	72,174	53,000	53,000
Guangzhou R&F Sky Apartment Xueyuan Li (Yushatan Village Project)	100%	Apartment	21,132	42,000	42,000
Guangzhou Zhongshanliu Road Project	100%	Retail	4,627	24,000	24,000
Guangzhou R&F New City (Bicun Village Project)	65%	Residential	208,482	607,000	395,000
Guangzhou R&F The Grand City (Maogang Village Project Phase 2)	45%	Residential	215,992	707,000	318,000
Guangzhou Huadu Zhongzhouxian Project	100%	Residential	34,805	104,000	104,000
Zhuhai					
Zhuhai R&F Youpai Plaza (Baoshui District Caishi Project)	67%	Apartment, Office & Retail	51,530	2,000	1,000
Zhuhai R&F Xintiandi (Xiangzhou Hengxin Industry City Project)	68%	Residential, Apartment & Retail	16,813	283,000	191,000
Huizhou					
Huizhou R&F Hot Spring Valley (excluding Hilton Hotel)	100%	Residential & Retail	1,630,681	414,000	414,000
Huizhou R&F Bay Shore (excluding Hilton Hotel)	100%	Residential & Retail	1,318,673	1,070,000	1,070,000
Huizhou R&F Modern Plaza	100%	Residential & Retail	79,167	48,000	48,000
Huizhou R&F Huilin Hot Spring Village	100%	Residential	698,012	50,000	50,000
Huizhou R&F Shangyue Court (Jilong Town Project)	100%	Residential	110,505	137,000	137,000
Meizhou					
Meizhou R&F City	100%	Residential & Retail	832,689	489,000	489,000
Meizhou R&F Yanshan Lake	100%	Residential	218,046	409,000	409,000
Shaoguan					
Shaoguan R&F City (Wanziqianhong Project)	65%	Residential	131,419	332,000	216,000
Zhaoqing					
Zhaoqing R&F Shangyue Court (Dinghu New City 46 District Project)	100%	Residential, Apartment & Retail	46,407	103,000	103,000
Yangjiang					
Yangjiang R&F Bay Shore (Shapa Town Project)	100%	Residential	69,466	109,000	109,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Yingde					
Yingde R&F Golden Jubilee Garden (Yinghong Town Project)	100%	Residential	69,872	151,000	151,000
Lechang					
Lechang R&F Shangyue Court (Lecheng Street Project)	100%	Residential	101,593	379,000	379,000
Qingyuan					
Qingyuan China-Israel Science and Technology Town	100%	Residential & Industrial	195,572	273,000	273,000
Zhongshan					
Zhongshan R&F Center (Shiqi CBD Project)	100%	Retail	19,798	174,000	174,000
Heyuan					
Heyuan R&F Tianxi Garden (Linjiang Industry Park Project)	100%	Residential	125,684	294,000	294,000
Hainan					
Hainan R&F Bay Shore (excluding Marriot Hotel)	100%	Residential & Retail	1,702,993	253,000	253,000
Hainan R&F Mangrove Bay (excluding Hilton Hotel)	100%	Residential & Retail	4,352,042	1,520,000	1,520,000
Hainan R&F Moon Bay Shore (Wenchang Project)	100%	Residential & Retail	277,160	42,000	42,000
Hainan R&F Yuehai Bay Shore (Lingao Project)	100%	Residential & Retail	586,240	286,000	286,000
Danzhou R&F Yueshan Lake (Binhe Project)	100%	Residential	68,214	83,000	83,000
Hainan R&F The Top (Daying Mountain Project)	100%	Residential, Apartment, Retail & Office	93,948	579,000	579,000
Hainan Lingshui Ocean Tour and Service Creative Park	100%	Retail	129,445	324,000	324,000
Xiangtan					
Xiangtan Xiangjiang R&F City (Xiangjiang Jiuhua Project)	100%	Residential & Retail	1,325,817	3,084,000	3,084,000
Changsha					
Changsha Xirong Plaza	33%	Residential, Apartment & Office	148,265	387,000	128,000
Changsha Furong Xintiandi	100%	Residential	32,095	340,000	340,000
Hengyang					
Hengyang Chuanshan West Road Project	50%	Residential	59,178	178,000	89,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Wuhan					
Wuhan Meiqiao R&F Plaza	50%	Office, Apartment & Retail	21,754	239,000	120,000
Wuhan R&F Xixi Yueju (Dongxihu District Project)	100%	Residential	66,940	298,000	298,000
Tianmen					
Tianmen R&F Cambridge Court (Huiqiao Avenue Project)	100%	Residential	79,395	141,000	141,000
Ezhou					
Ezhou R&F Golden Jubilee Yue City (Wenchang Avenue Project)	100%	Residential	54,676	125,000	125,000
Fuzhou					
Fuzhou R&F Yueshanhu (Jinshui Lake Project)	100%	Residential, Hotel & Retail	147,631	332,000	332,000
Zhangzhou					
Zhangzhou R&F Phoenix Valley (Changtai County Project)	100%	Residential	179,666	142,000	142,000
Putian					
Putian R&F Shimao Yunyue No. 1 (Land #2)	51%	Residential	57,249	174,000	89,000
Putian R&F Shimao Yunyue No. 1 (Land #3)	49%	Residential	53,288	135,000	66,000
Nanping					
Nanping R&F Sovereign Jiangwan (Shunchang County Project)	100%	Residential	54,498	2,000	2,000
Nanchang					
Nanchang R&F Prosperous Palace (Honggutan Project)	100%	Residential & Retail	36,351	146,000	146,000
Jiujiang					
Jiujiang R&F Shangyue Court (Binjiang East Road Project)	100%	Residential	54,000	48,000	48,000
Jiujiang R&F Wenlan Residence	33%	Residential	40,061	156,000	52,000
Jiujiang R&F Xunyang Mansion	60%	Residential	48,135	120,000	72,000
Fuzhou					
Fuzhou R&F Shangyue Court (Nanfeng County Project)	100%	Residential	50,103	34,000	34,000
Shangrao					
Shangrao R&F Xixi Residence (Guangfeng District Project)	100%	Residential	67,017	109,000	109,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Ganzhou					
Ganzhou R&F Modern City (excluding IP portion)	100%	Residential, Apartment & Office	363,534	709,000	709,000
Chongqing					
Chongqing R&F City	100%	Residential & Retail	1,981,995	2,687,000	2,687,000
Chongqing R&F Nanshan Mansion	100%	Residential & Retail	79,583	31,000	31,000
Chongqing R&F Bay Shore (Yubei Project)	100%	Residential & Retail	173,630	333,000	333,000
Chongqing R&F Bailuwan (Bishan District Project)	100%	Residential	267,082	167,000	167,000
Chongqing R&F Shangyue Court (Jiangjin Luohuang Project)	100%	Residential	69,633	202,000	202,000
Leshan					
Leshan R&F Shangyue Court (Tongjiang District Project)	100%	Residential	57,294	64,000	64,000
Meishan					
Meishan R&F Cambridge Court (Mindong New District Project)	100%	Residential	176,841	187,000	187,000
Luzhou					
Luzhou R&F Prosperous Palace (Naxi District Project)	100%	Residential	187,582	721,000	721,000
Guiyang					
Guiyang R&F Shangyue Court ("3535" Factory Project)	100%	Residential	76,178	495,000	495,000
Guiyang R&F Xintiandi (Jinyang Plaza Project)	100%	Apartment & Retail	64,379	83,000	83,000
Kaili					
Kaili R&F Dongnan Residence (Jiaruihe Project)	80%	Residential & Apartment	333,696	180,000	144,000
Guilin					
Guilin R&F City	100%	Residential	161,745	607,000	607,000
Zunyi					
Zunyi R&F Yuexi Garden (Gongqing Avenue Project)	100%	Residential	26,870	89,000	89,000
Kunming					
Kunming R&F Bay Shore (Yangzonghai Project)	100%	Residential	154,494	108,000	108,000
Lijiang					
Lijiang R&F Xintiandi (Old Town Tiandi Project)	100%	Residential & Retail	63,121	80,000	80,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Shanghai					
Shanghai Fengxian District Nanqiao New Town Project (excluding commercial center)	100%	Retail & Office	51,879	230,000	230,000
Nanjing					
Nanjing R&F City	100%	Residential, Office & Hotel	571,864	151,000	151,000
Fuyang					
Fuyang Dahe Chengzhang (Yingdong Project) (excluding hotel)	50%	Residential	267,608	822,000	411,000
Huaibei					
Huaibei R&F Xiangcheng Residence (Donghu Project)	100%	Residential	94,562	86,000	86,000
Suzhou					
Suzhou R&F City	57%	Residential	86,461	138,000	78,000
Lu'an					
Lu'an R&F Cambridge Court (Yu'an District Project)	100%	Residential	81,722	237,000	237,000
Huainan					
Huainan R&F City	100%	Residential & Retail	263,884	668,000	668,000
Hangzhou					
Hangzhou R&F Center (Future Science City Project)	100%	Residential, Retail & Hotel	107,516	777,000	777,000
Huzhou					
Huzhou R&F Greenland West Lake Mansion	50%	Residential, Retail & Hotel	90,177	205,000	102,000
Ningbo					
Ningbo R&F Cambridge Court (Ningda North Project)	100%	Residential, Apartment & Office	101,163	33,000	33,000
Ningbo R&F Yuguan Hills (Cicheng New District Project)	100%	Residential	118,853	77,000	77,000
Taizhou					
Taizhou R&F Xilu (Sanmen Country Project)	100%	Residential	67,846	178,000	178,000
Suzhou					
Suzhou Swan Harbor Park (Taihu New Town Project) (excluding IP portion)	50%	Residential, Office, Apartment & Retail	85,284	254,000	127,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Wuxi					
Wuxi R&F City	100%	Residential & Retail	235,669	22,000	22,000
Wuxi R&F Yunhe No. 10 (Mingliya Project) (excluding IP portion)	100%	Residential, Retail & Hotel	123,392	209,000	209,000
Nantong					
Nantong R&F Cambridge Court (Tonglv River South Project)	100%	Residential & Retail	190,621	182,000	182,000
Nantong R&F Hailing Residence (Hai'an County Project)	100%	Residential	116,755	68,000	68,000
Zhenjiang					
Zhenjiang R&F Yangtse River Residence	100%	Residential	35,069	57,000	57,000
Yancheng					
Yancheng R&F Science and Technology Innovation City (excluding IP portion)	100%	Residential & Retail	832,177	1,990,000	1,990,000
Wenzhou					
Wenzhou R&F City (Kaifa District Binghai Garden Project)	100%	Residential & Retail	132,312	58,000	58,000
Yueqing					
Yueqing R&F Central Park (Land 1a & 1b)	100%	Residential	66,667	157,000	157,000
Jiaxing					
Jiaxing R&F Yunting Yaju (Xiuzhou Project)	100%	Residential	59,941	164,000	164,000
Jinhua					
Jinhua R&F Sanjiang Duhui (Duohu Project)	100%	Residential	74,870	225,000	225,000
Beijing and vicinity					
Beijing Tongzhou R&F Center (Land No. 8-12) (excluding IP portion)	100%	Office & Apartment	69,796	155,000	155,000
Beijing R&F New Town	100%	Residential	932,994	394,000	394,000
Beijing Shokai R&F No. 10 International (Shunyi District Gaoliying Project)	50%	Retail	170,200	313,000	157,000
Beijing CCCc R&F No. 10 Mansion (Yanqing District Convention Centre Project) (excluding Hotel)	50%	Residential & Hotel	59,488	105,000	52,000
Beijing R&F Shoukai Campus One (Gaoliying Residential Project)	50%	Residential	96,885	259,000	129,000
Beijing Shunyi Airport Project	100%	Industrial	54,502	44,000	44,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Tangshan					
Tangshan R&F No. 10 (Gongjianfa Project)	100%	Residential & Retail	22,157	57,000	57,000
Tangshan Caofeidian R&F City	100%	Residential	285,745	345,000	345,000
Tangshan Lutai R&F City	100%	Residential	279,085	279,000	279,000
Tangshan Nanhu CBD Project	50%	Residential, Apartment & Retail	222,593	370,000	185,000
Shijiazhuang					
Shijiazhuang R&F Xibo Water Town (Pingshan Project)	100%	Residential	584,428	553,000	553,000
Shijiazhuang R&F City (Nandou Project)	100%	Residential	94,092	122,000	122,000
Shijiangzhuang R&F Plaza (Xiumen Project)	100%	Office & Retail	9,805	195,000	195,000
Qinhuangdao					
Qinhuangdao Beidaihe Songshi Project	100%	Residential	166,855	67,000	67,000
Qinhuangdao R&F Golden Jubilee（Shanhaiguan District Project）	100%	Residential	113,961	258,000	258,000
Xingtai					
Xingtai R&F City (Internantional Ecology Village)	100%	Residential	134,403	319,000	319,000
Hengshui					
Hengshui R&F Taolixi (Erzhong Land Project)	75%	Residential	37,377	124,000	93,000
Cangzhou					
Cangzhou R&F Shangyue Court (Yunhe District Project)	100%	Residential	74,155	188,000	188,000
Tianjin					
Tianjin R&F Jinmen Lake (Meijiangwan Project)	100%	Residential	930,932	56,000	56,000
Tianjin R&F Guangdong Building (Tanggu Project)	100%	Office & Retail	23,070	291,000	291,000
Tianjin Jinnan New Town	25%	Residential, Retail, Office & Hotel	1,289,227	1,658,000	414,000
Tianjin R&F New Town (Tuanbo Lake Project)	100%	Residential & Retail	1,781,702	1,866,000	1,866,000
Tianjin Haixi Residence（13#）	21%	Residential	35,827	55,000	12,000
Tianjin Liuhe Ming Zhu (14#)	18%	Residential	36,267	59,000	10,000
Tianjin Quyang Residence (57#)	33%	Residential	62,970	122,000	40,000
Tianjin Jinxi Chentang Project	48%	Residential & Retail	38,090	101,000	49,000
Dongying					
Dongying R&F Boyue Residence (14#)	100%	Residential	74,685	32,000	32,000
Dongying R&F Shangyue Court (Kaifa District Guangzhou Road Project)	50%	Residential	60,453	97,000	41,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Heze					
Heze R&F City (Renminlu Project)	100%	Residential	191,062	433,000	433,000
Zouping					
Zouping R&F City	100%	Residential	93,524	163,000	163,000
Zouping R&F Shengyue Court (Liquan Project)	100%	Residential	41,187	127,000	127,000
Qingdao					
Qingdao Business Park	70%	Retail, Office & Hotel	143,739	130,000	91,000
Zibo					
Zibo R&F Wanda Plaza (excluding shopping mall)	100%	Residential & Retail	135,038	231,000	231,000
Dezhou					
Dezhou R&F City (Ningjin County Kangning Lake Project)	100%	Residential	160,367	410,000	410,000
Weihai					
Weihai R&F City	100%	Residential & Retail	183,759	338,000	338,000
Weihai R&F Star World (Wangdao Project)	80%	Residential & Retail	170,286	335,000	268,000
Xian					
Xian R&F Global Merchandise City (Xixian New District Project)	80%	Office & Hotel	94,490	159,000	127,000
Xian R&F Kaiyuan City (Tumen Resettlement Project)	100%	Residential	117,095	931,000	931,000
Taiyuan					
Taiyuan R&F City	100%	Residential & Retail	1,056,200	8,000	8,000
Taiyuan R&F Prosperous Palace	100%	Residential & Retail	237,601	397,000	397,000
Taiyuan R&F Hills (Mengshan Project)	100%	Residential & Retail	281,806	246,000	246,000
Taiyuan R&F City Garden No. 8 (Dunhuafang Project)	100%	Residential & Retail	188,744	318,000	318,000
Taiyuan R&F Tianxi City (Daxiao Dongliu Project)	100%	Residential & Retail	512,772	1,613,000	1,613,000
Taiyuan R&F Bay Shore (Xizhai Village Project)	100%	Residential	89,628	49,000	49,000
Taiyuan R&F Golden Jubilee City (Longbao Project)	100%	Residential	197,927	688,000	688,000
Taiyuan R&F Yipin	100%	Residential & Retail	28,455	175,000	175,000
Taiyuan R&F Junyue Residence (Muchangtou Project)	100%	Residential	78,763	336,000	336,000
Taiyuan R&F Yuexi City (Pingban Glass Factory Project)	100%	Residential & Retail	198,352	642,000	642,000
Taiyuan R&F City Jiuyuan (Dunhuafang Renewal Project)	51%	Residential	113,125	492,000	251,000
Datong					
Datong R&F City	100%	Residential & Retail	708,112	1,324,000	1,324,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Linfen					
Linfen R&F Bay Shore (Gongchenyuyuan Project)	100%	Residential	98,069	93,000	93,000
Changzhi					
Changzhi R&F Shangyue Court (Matoufang Project)	100%	Residential	57,547	642,000	642,000
Weinan					
Weinan R&F City	100%	Residential	257,361	717,000	717,000
Harbin					
Harbin R&F City	100%	Residential & Retail	399,198	322,000	322,000
Shenyang					
Shenyang R&F Royal Villa	100%	Residential	373,406	28,000	28,000
Shenyang R&F International Finance Center (Shenhe District Project)	100%	Residential, Office & Retail	29,250	372,000	372,000
Shenyang R&F Xingyue Bay Shore (Shenbei New District Project)	100%	Residential	373,092	177,000	177,000
Shenyang R&F Cambridge Court（Outlets Project)	100%	Residential	193,788	430,000	430,000
Shenyang R&F Shengyue Court	100%	Residential	199,198	474,000	474,000
Anshan					
Anshan R&F Kaixuanmen	100%	Residential	37,766	158,000	158,000
Anshan R&F City (Tiedong Yingzi City Project)	100%	Residential	509,692	978,000	978,000
Tieling					
Tieling New Town Center Project	100%	Retail	255,524	457,000	457,000
Tieling R&F Four Seasons Peninsula (Lianhua Lake Project)	100%	Residential	884,185	775,000	775,000
Dalian					
Dalian R&F Dongdi Wanpan（Xiaoyaowan Project）	100%	Residential & Retail	389,308	741,000	741,000
Baotou					
Baotou R&F City	100%	Residential, Office, Apartment & Retail	426,911	575,000	575,000
Baotou R&F Cambridge Court (Donghe Project)	100%	Residential	288,669	436,000	436,000
Baotou R&F Hills (Shiguai District Project)	100%	Residential	193,460	227,000	227,000
Baotou R&F Xiyue Court (Qingshan District Project)	100%	Residential & Retail	41,924	139,000	139,000
Baotou Binhe New District Project	65%	Residential	176,449	493,000	321,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
Huhhot					
Huhhot R&F Shangyue Court (Xincheng District Haoqinying Project)	100%	Residential	48,086	114,000	114,000
Huhhot R&F Tianxi City (Donger Daohe Project)	100%	Residential	56,008	158,000	158,000
Tongliao					
Tongliao R&F City	100%	Residential	593,387	1,199,000	1,199,000
Ulanqab					
Ulanqab R&F Bay Shore (Jining Project)	100%	Residential	163,744	238,000	238,000
Lanzhou					
Lanzhou R&F CBD (Anning CBD Project)	100%	Residential & Retail	105,141	493,000	493,000
Urumqi					
Urumqi R&F City (Shuimohe Project)	100%	Residential	440,895	1,184,000	1,184,000
Zhengzhou					
Zhengzhou Wulong New Town (Wulongkou Project)	35%	Residential	163,854	474,000	166,000
Zhengzhou R&F Jianye Shangyue Court (Huayuankou Project)	35%	Residential & Retail	106,788	449,000	157,000
Puyang					
Puyang R&F Shangyue Court (Puyang County Project)	100%	Residential	132,797	304,000	304,000
Kaifeng					
Kaifeng R&F Bay Shore (Bianxi Lake Project)	100%	Residential	101,385	281,000	281,000
Malaysia					
Johor Bahru					
Malaysia Johor R&F Princess Bay Shore	100%	Residential, Office & Retail	400,000	3,417,000	3,417,000
Australia					
Melbourne					
Melbourne R&F Kinnears Live City (Footscray Project)	100%	Residential & Retail	33,288	145,000	145,000
Melbourne Boxhill Project	100%	Residential	1,457	29,000	29,000
Brisbane					
Brisbane West End Project	100%	Residential & Retail	16,800	145,000	145,000
Brisbane Springfield Project	100%	Residential	467,304	1,165,000	1,165,000
Brisbane R&F Maison (Rochdale Project Land 1)	100%	Residential	91,530	34,000	34,000

DEVELOPMENT PROPERTY	The Group's Interest (%)	Use	Total Site Area (sq.m.)	Uncompleted Total GFA (sq.m.)	Uncompleted Total GFA held by Group (sq.m.)
Properties for sale					
United Kingdom					
London					
London R&F Queen Square (Croydon Project)	100%	Residential	22,300	114,000	114,000
London Vauxhall Project	100%	Residential, Retail, Office & Hotel	13,700	148,000	148,000
London Nine Elms Square Project (NES Project)	50%	Residential	41,000	246,000	123,000
London One Project (including hotel)	100%	Residential, Retail, Office & Hotel	8,400	145,000	145,000
Cambodia					
Phnom Penh					
Phnom Penh R&F Prosperous Residence (Monivong Boulevard Project)	100%	Residential	15,192	212,000	212,000
Phnom Penh R&F City (Hongsen Avenue Project)	100%	Residential	77,243	334,000	334,000
Korea					
Incheon					
Incheon Yongzong Island Project Phase 2 (residential portion)	100%	Residential	50,807	203,000	203,000

Investment properties under operation	Location	Description	Approximate total GFA (sq.m.)	Approximate total GFA held by the Group (sq.m.)
Guangzhou				
R&F Center	Pearl River New Town J1-4	Office building	164,200	164,200
R&F Haizhu City	R&F Tianyu Center	Shopping mall	54,900	54,900
Guangzhou International Airport R&F Integrated Logistics Park#	Guangzhou R&F Jingang City	Logistics Park	975,000	292,500
International Grand City#	Pearl River New Town Liede Village	Shopping mall	89,300	29,800
Shiling Leather and Leather Products Center#	Shiling Avenue, Shiling Town, Huadu District, Guangzhou	Industry Park	104,400	104,400
R&F Cambridge Terrace Shopping Mall	Dongguan Zhuang Road, Tianhe District	Retail	43,000	43,000
R&F West Garden Shopping Mall	Huanshi Xi Road, Liwan District	Retail	4,000	4,000
R&F King's Court (Commercial)	Xiaomei Street, Liwan District	Office building	9,000	9,000
R&F Children World	Zhongshan Eighth Road, Liwan District	Retail	19,600	19,600
R&F Modern Plaza – Jiaxin Center	Gexin Road, Haizhu District	Retail	34,500	34,500
Beijing				
R&F Center	Beijing R&F City	Office building	48,800	48,800
Viva Beijing R&F Plaza	Beijing R&F City	Shopping mall	100,300	100,300
Tianjin				
R&F Plaza	Tianjin R&F City	Shopping mall	42,000	42,000
Chongqing				
R&F Ocean Plaza (Retail)	R&F Ocean Plaza	Shopping mall	74,000	74,000
Chengdu				
R&F Plaza (Former R&F Tianhui Mall)	Panda City	Shopping mall	249,300	249,300
Dalian				
Dalian Wanda Commercial Center	No. 1 Gangpu Road, Zhongshan District, Dalian, Liaoning Province	Office building	93,100	93,100
Zibo				
Zibo R&F Wanda Plaza	Zhongrun Road, Zhongdian District	Shopping mall	150,300	150,300
Johor Bahru, Malaysia				
R&F Mall Johor Bahru Malaysia	R&F Princess Cove, Malaysia	Shopping mall	80,900	80,900
Others			320,200	320,200
Total investment projects under operation			**2,656,800**	**1,914,800**

Joint Venture Project

Hotel under operation	Location	No. of Room	Approximate total GFA (sq.m.)
China			
Guangzhou			
The Ritz-Carlton, Guangzhou	Pearl River New Town J2-7	351 rooms and 91 serviced apartments	95,400
Grand Hyatt Guangzhou	Pearl River New Town F1-2	368	70,800
Holiday Inn Guangzhou Airport Zone	R&F Jingang City	339	37,800
Park Hyatt Guangzhou	Pearl River New Town J1-1	208	29,600
Conrad Guangzhou*	Pearl River New Town Liede Village	309	53,400
Wanda Realm Guangzhou	Licheng Zengcheng Avenue, Zengcheng District	279	36,200
Beijing			
Renaissance Beijing Capital Hotel	Beijing R&F City	522	64,900
Holiday Inn Express Beijing Temple Of Heaven	R&F Xinran Court/Plaza	320	16,000
Wanda Realm Beijing	Shijingshan Road, Shijingshan District	312	43,500
Tianjin			
Wanda Vista Tianjin	Dazhigu Bahao Road, Hedong District	297	48,300
Huizhou			
Renaissance Huizhou Hotel	R&F Ligang Center	342	60,200
Hilton Huizhou Longmen Resort	R&F Hot Spring Valley	366	56,400
InterContinental Huizhou Resort Hotel	R&F Huilin Hot Spring Village	220	66,900
R&F LN Garden Hot Spring Resort	R&F Hot Spring Valley	32	13,800
DoubleTree Resort by Hilton Huizhou	Huizhou R&F Bay Shore	308	48,700
Chongqing			
Hyatt Regency Chongqing	Jiangbei District	321	53,600
Holiday Inn Chongqing University Town	Chongqing R&F City	360	49,300
Le Meridien Chongqing	Jiangnan Avenue, Nan'an District	317	42,900
Doubletree by Hilton Chongqing Wanzhou	Beibin Avenue 2nd Section, Wanzhou District	253	37,400
Chengdu			
The Ritz-Carlton, Chengdu	Panda City	353	45,600
Tianfu Square Serviced Suites by Lanson Place	Yanshikou, Chengdu	162 serviced apartments	24,200
Hainan			
DoubleTree Resort by Hilton Hainan - Chengmai	R&F Mangrove Bay	305	44,500
Xiangshui Bay Marriott Resort & Spa	R&F Bay Shore	448	66,400
Xi'an			
Hilton Xi'an	Dongxin Street, Xincheng District	311	43,400

Hotel under operation	Location	No. of Room	Approximate total GFA (sq.m.)
Harbin			
Wanda Realm Harbin	Zhongxing Avenue, Nangang District	345	47,900
Taiyuan			
Pullman Taiyuan	Taiyuan R&F City	279	43,500
Wanda Vista Taiyuan	Jiefang Road	359	52,400
Nanning			
Wanda Realm Resort Nanning	Liangdi Road, Yongning District	224	45,200
Wanda Vista Nanning	Dongge Road	332	49,300
Shangrao			
Wanda Realm Shangrao	Guangxin Avenue, Xinzhou District	280	35,800
Yiwu			
Wanda Realm Yiwu	Xinke Road, Yiwu	288	37,900
Urumqi			
Wanda Vista Urumqi	Xuanwuhu Road, Economic and Technological Development District	291	47,500
Bozhou			
Wanda Realm Bozhou	Xiyi Avenue, Qiaocheng District	244	32,300
Xining			
Wanda Realm Xining	Xichuan South Road, Chengxi District	310	42,600
Siping			
Wanda Realm Siping	Ziqi Avenue, Tiedong District	246	31,700
Zhengzhou			
Wanda Vista Zhengzhou	Nongke Road, Jinshui District	292	47,600
Huhhot			
Wanda Vista Huhhot	Xinhua East Street, Saihan District	315	42,900
Liuzhou			
Wanda Realm Liuzhou	Donghuan Avenue, Chengzhong District	285	37,600
Fuyang			
Wanda Realm Fuyang	Yingzhou South Road, Yingzhou District	286	36,400

Hotel under operation	Location	No. of Room	Approximate total GFA (sq.m.)
Tai'an			
Wanda Realm Taian	Taishan Street	285	41,600
Dongying			
Wanda Realm Dongying	Beiyi Road, Dongying District	285	37,900
Anyang			
Wanda Realm Anyang	Zhonghua Road, Wenfeng District	289	33,800
Huangshi			
Wanda Realm Huangshi	Huahu Avenue, Huangshigang District	263	32,500
Neijiang			
Wanda Realm Neijiang	Qixia Road, Dongxing District	262	32,700
Guangyuan			
Wanda Realm Guangyuan	Wanyuan Road, Wanyuan New District, Lizhou District	286	34,300
Bengbu			
Wanda Realm Bengbu	Donghai Avenue, Bengshan District	286	34,400
Wuhu			
Wanda Realm Wuhu	Beijing Middle Road, Jinghu District	281	36,800
Jiangmen			
Wanda Realm Jiangmen	Fazhan Avenue, Pengjiang District	360	41,400
Longyan			
Wanda Realm Longyan	Shuanglong Road, Xinluo District	306	34,900
Kunming			
Wanda Vista Kunming	Qianxing Road, Xishan District	302	44,700
Lanzhou			
Wanda Vista Lanzhou	Tianshui North Road, Chengguan District	307	41,700
Jingzhou			
Wanda Realm Jingzhou	Beijing West Road, Jingzhou District	283	37,000
Ma'anshan			
Wanda Realm Ma'anshan	Taibai Avenue, Yushan District	286	36,100

Hotel under operation	Location	No. of Room	Approximate total GFA (sq.m.)
Dongguan			
Wanda Vista Dongguan	Dongzong Avenue, Dongcheng District	306	44,100
Changzhou			
Wanda Realm Changzhou	Huayuan Street, Wujin District	250	34,200
Sheraton Changzhou Xinbei Hotel	Tongjiang Middle Road, Xinbei District	250	37,800
Jinhua			
Wanda Realm Jinhua	Dongshi South Road, Jindong District	330	42,800
Jining			
Wanda Realm Jining	Taibai East Road	279	36,500
Chifeng			
Wanda Realm Chifeng	Xilamulun Street, Hongshan District	350	47,400
Ningbo			
Sofitel Ningbo	Siming Middle Road, Yinzhou District	291	40,700
Qingdao			
Le Meridien Qingdao	Yanji Road, Shibei District	349	51,100
Wuxi			
Sheraton Wuxi Binhu Hotel	Liangxi Road, Binhu District	350	46,700
Xiangyang			
Crowne Plaza Xiangyang	Changhong North Road	303	43,000
Yichang			
Crowne Plaza Yichang	Yanjiang Avenue, Wujiagang District	283	39,100
Fuzhou			
The Westin Fuzhou Minjiang	Jiangbin Middle Avenue, Taijiang District	310	49,300
Hefei			
Westin Hefei Baohe	Ma'anshan Road, Baohe District	310	48,400
Wuhan			
The Westin Wuhan Wuchang	Linjiang Avenue, Wuchang District	305	50,400
Wanda Realm Wuhan	Donghu Road, Wuchang District	408	47,200
Zhenjiang			
Sheraton Zhenjiang Hotel	Beifu Road, Runzhou District	289	43,300

Hotel under operation	Location	No. of Room	Approximate total GFA (sq.m.)
Shijiazhuang			
InterContinental Shijiazhuang	Huai'an East Road, Yuhua District	293	43,800
Jinan			
Hyatt Regency Jinan	Jingsi Road, Shizhong District	344	52,700
Langfang			
Wanda Realm Langfang	Xinhua Road, Guangyang District	295	41,900
Daqing			
Sheraton Daqing Hotel	Dongfeng New Village,Sartu District	290	43,000
Taizhou			
Wanda Realm Taizhou	Jichuan East Road, Hailing District	253	38,700
Tangshan			
InterContinental Tangshan	Wenhua Road, Lunnan District	287	47,500
Dalian			
Conrad Dalian	Gangpu Road, Zhongshan District	210	57,300
Hilton Dalian	Gangpu Road, Zhongshan District	370	40,100
Ningde			
Wanda Realm Ningde	Tianhu East Road, Jiaocheng District	291	40,800
Quanzhou			
Wanda Vista Quanzhou	Baozhou Road, Fengze District	322	47,800
Changsha			
Wanda Vista Changsha	Xiangjiang Middle Road, Kaifu District	425	65,800
Huai'an			
Wanda Realm Huai'an	Xiangyu Middle Road, Qinghe District	230	44,600
Yixing			
Le Meridien Yixing	Yangxian East Road	280	42,100
Shenyang			
Wanda Vista Shenyang	Yingpan West Street, Dongling District	300	51,700
Fushun			
Wanda Realm Fushun	Hunhe South Road, Xinfu District	280	39,500

Hotel under operation	Location	No. of Room	Approximate total GFA (sq.m.)
Nanchang			
Wanda Realm Nanchang	Fenghuang Middle Avenue, Honggutan New District	300	41,500
Yinchuan			
Wanda Realm Yinchuan	Qinshui North Street, Jinfeng District	305	46,300
Dandong			
Wanda Realm Dandong	Jinshan Street, Zhenxing District	302	48,500
Nanjing			
Wanda Realm Nanjing	Zhushan Road, Jiangning District	303	43,100
Weifang			
Pullman Weifang	Fushou East Street	271	36,800
Qiqihar			
Wanda Realm Qiqihar	Xinjiang Road, Jianhua District	308	37,100
Changchun			
Wanda Vista Changchun	Hongqi Street	236	39,900
Total 91 hotels under operation		**27,409**	**3,992,100**

* Joint Venture Project

Executive Directors	Li Sze Lim Zhang Li Zhang Hui Xiang Lijun
Non-executive Directors	Zhang Lin Li Helen
Independent Non-executive Directors	Zheng Ercheng Ng Yau Wah Daniel Wong Chun Bong
Supervisors	Chen Liangnuan Liang Yingmei Zhao Xianglin
Authorized Representatives	Li Sze Lim Lee Michael
Company Secretary	Lee Michael
Registered Office in the PRC	45-54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
Principal Place of Business in the PRC	45-54/F., R&F Center, No. 10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
Principal Place of Business in Hong Kong	Room 6303, The Center, No. 99 Queen's Road Central, Hong Kong
Auditor	PricewaterhouseCoopers 22/F., Prince's Building, Central, Hong Kong
Legal Advisor as to Hong Kong Law	Sidley Austin 39/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong
Hong Kong H Share Registrar	Computershare Hong Kong Investor Services Limited 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Website	www.rfchina.com

SHAREHOLDERS' INFORMATION

SHAREHOLDERS' CALENDAR

Interim results announcement	24 August 2020
Interim dividend paid	30 October 2020
Final results announcement	25 March 2021
Closure of register of members (for the entitlement of attending the annual general meeting)	24 May to 28 May 2021 (both days inclusive)
Annual general meeting	28 May 2021
Closure of register of members (for the entitlement of dividend)	3 June to 9 June 2021 (both days inclusive)

LISTING INFORMATION

The Company's H shares were listed on The Stock Exchange of Hong Kong Limited on 14 July 2005.

Stock Code

Hong Kong Stock Exchange	2777
Reuters	2777.HK
Bloomberg	2777HK

Board Lot Size 400 shares

Share Information

Year	Stock Price* High HK$	Stock Price* Low HK$
2005 (from 14 July to 31 Dec)	6.9375	2.7
2006	17.14	6.675
2007	45.6	12.8
2008	28.3	2.3
2009	18.98	5.31
2010	14.14	8.55
2011	12.54	5.48
2012	13.40	5.80
2013	16.28	9.89
2014	11.92	7.65
2015	10.9	6.35
2016	13.98	7.58
2017	21.65	9.20
2018	23.85	11.22
2019	17.6	11.16
2020	15.54	8.23

* 28 September 2006 — 4-for-1 share sub-division adjusted

廣州富力地產股份有限公司
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* for identification purpose only