



建發國際投資集團有限公司  
C&D International Investment Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1908

ANNUAL REPORT

# 2020

## ANNUAL REPORT



房地產開發及房地產產業鏈綜合投資服務商  
Real estate development and real estate industry chain investment services

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This annual report is made in English and Chinese. In the case of any inconsistency, the English version shall prevail.

# CORPORATE INFORMATION

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## BOARD OF DIRECTORS

### Executive Directors

Mr. ZHUANG Yuekai (*Chairman*)  
Ms. ZHAO Chengmin  
Mr. LIN Weiguo (*Chief Executive Officer*)

### Non-executive Directors

Mr. HUANG Wenzhou  
Ms. YE Yanliu  
Mr. WANG Wenhui (appointed on 20 April 2020)  
Ms. WU Xiaomin (resigned on 30 March 2020)

### Independent Non-executive Directors

Mr. WONG Chi Wai  
Mr. WONG Tat Yan, Paul  
Mr. CHAN Chun Yee

## COMPANY SECRETARY

Miss LEUNG Ching Ching

## AUDIT COMMITTEE

Mr. WONG Chi Wai (*Committee Chairman*)  
Mr. WONG Tat Yan, Paul  
Mr. CHAN Chun Yee

## REMUNERATION COMMITTEE

Mr. WONG Tat Yan, Paul (*Committee Chairman*)  
Mr. ZHUANG Yuekai (*Note*)  
Mr. WONG Chi Wai  
Mr. CHAN Chun Yee

## NOMINATION COMMITTEE

Mr. ZHUANG Yuekai (*Committee Chairman*)  
Mr. CHAN Chun Yee  
Mr. WONG Chi Wai  
Mr. WONG Tat Yan, Paul

## INDEPENDENT AUDITOR

Grant Thornton Hong Kong Limited

## PRINCIPAL BANKERS

(in alphabetical order)  
Agricultural Bank of China Limited  
Bank of Beijing Co., Ltd.  
Bank of China (Hong Kong) Limited  
Bank of China Limited  
Bank of Communications Co., Ltd.  
Bank Of Hangzhou Co., Ltd.  
Bank Of Jiangsu Co., Ltd.  
China Construction Bank Corporation  
China Everbright Bank Company Limited  
China Merchants Bank Co., Ltd.  
China Minsheng Banking Corp., Ltd.  
Industrial and Commercial Bank of China Limited  
Industrial Bank Co., Ltd  
Ping An Bank Co., Ltd.  
Postal Savings Bank of China  
Shanghai Pudong Development Bank

## REGISTERED OFFICE

Second Floor, Century Yard  
Cricket Square, P.O. Box 902  
Grand Cayman, KY1-1103  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office No. 3517  
35th Floor, Wu Chung House  
213 Queen's Road East  
Wanchai, Hong Kong

## PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

## LEGAL ADVISER AS TO HONG KONG LAWS

King & Wood Mallesons

## STOCK CODE

1908

## COMPANY'S WEBSITE

www.cndintl.com  
(the contents of which do not form part of this annual report)

Note: Mr. ZHUANG Yuekai has ceased to act as a member of the remuneration committee of the Board with effect from 15 March 2021.

# CHAIRMAN'S STATEMENT

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Dear Shareholders,

I am pleased to present the annual report of C&D International Investment Group Limited ("C&D International Group" or the "Company", and together with its subsidiaries, the "Group") for the year ended 31 December 2020 (the "Year").

## I. ANALYSIS ON ECONOMIC LANDSCAPE

In 2020, the novel coronavirus epidemic (the "Epidemic") swept the world which resulted in recession to different extent in major developed economies. The Epidemic has been brought under control by the Chinese government and the community through actively implementing strict preventive and control measures and thus certain achievement of growth for the Chinese economy remained during the Year. As China's real estate industry completed its recovery in the middle of the Year, PRC local governments continued to emphasise the policy of "stabilising the real estate industry" to maintain control. The central bank has imposed the rule of "Three Red Lines" to restrict real estate corporate debts and strictly control the scale of housing loans for financial institutions, which has led to more regulated financing for real estate enterprises. The policy environment will further force consolidation and changes in the real estate industry.

Due to the relatively small portion of the Company's real estate projects in Wuhan, the Epidemic did not have a significant impact on the Company's operations, financial information and financial positions during the Year. Focusing on the corporate orientation as the "integrated service provider in property development and real estate industry chain investment services", the Group combined the respective strengths, opportunities of its state-owned enterprise background and market-based operating mechanism, and continued to drive the rapid growth of its business and asset base and the growing influence of its corporate brand to create value for our shareholders and society.

## II. RESULTS

During the Year, the Group achieved operating revenue of approximately RMB42.74448 billion (2019: approximately RMB17.31926 billion (restated)), representing a year-on-year increase of approximately 146.8%; the profit for the year attributable to the equity holders of the Company of approximately RMB2.32163 billion (2019: approximately RMB1.71799 billion (restated)), representing a year-on-year increase of approximately 35.14%.

# CHAIRMAN'S STATEMENT

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## III. BUSINESS REVIEW

In 2020, under the leadership of the board (the "Board") of directors (the "Directors") of the Company and by focusing on business directions of "accelerating expansion, consolidating the industry and spreading brand value", the Company drove its development under the dual force of "Product + Service" and maintained growth momentum of various business indicators.

### (1) Property development business scale maintaining rapid growth with increasing comprehensive strength

1. Sustained growth in contracted sales: In 2020, the Company maintained its upward momentum in contracted sales. The Group, together with its joint ventures and associates, achieved a total contracted sales amount of approximately RMB90.77 billion (2019: approximately RMB50.78 billion, representing a year-on-year increase of approximately 78.75%) with a total contracted sales gross floor area ("GFA") of approximately 4,653,100 sq.m. (2019: approximately 2,932,300 sq.m., representing a year-on-year increase of approximately 58.68%). The average selling price is approximately RMB19,500 per sq.m..
2. Significant expansion of business layout: In 2020, the Company actively promoted the rapid expansion of its property development business and focused on acquiring quality property development projects to further broaden the Company's business layout. During the Year, the Company newly invested in 52 property development lands. The saleable GFA of newly acquired projects was approximately 8,220,000 sq.m. with saleable value of approximately RMB143.3 billion. As at 31 December 2020, the Company invested a total of 128 property development projects (2019: 83, representing a year-on-year increase of approximately 54%) which were located in our five core areas including more than 30 cities within Haixi (including Xiamen, Zhangzhou, Quanzhou, Longyan and Putian), South-eastern China (including Fuzhou, Nanping, Sanming and Ningde), Eastern China (including Suzhou, Shanghai, Wuxi, Hefei, Nanjing and Hangzhou), Southern China (including Guangzhou, Zhuhai, Shenzhen, Nanning and Guiyang) and Central China (including Changsha and Wuhan), and cultivated its presence in tier-two (strong tier-two) cities. As at 31 December 2020, the saleable GFA of land reserves was approximately 12,320,000 sq.m. (2019: approximately 9,350,000 sq.m., representing a year-on-year increase of approximately 32%) with saleable value of approximately RMB213.1 billion (2019: approximately RMB162.0 billion, representing a year-on-year increase of approximately 32%), which provided a solid foundation for the Group's growth in the future.
3. Crafting the standardised product collections: The Company has focused on "high-end improvement projects" by launching the "Zen Chinese Style" series of products such as "emptiness, imagery, simplicity, and plainness\* (空、象、簡、樸)" and incorporating modern construction materials and techniques into the essence of traditional Chinese architecture and culture in order to create a leading Chinese style product with cultural atmosphere. The Group's products have been standardised and modularised to expand the Group's product portfolio and reduce development costs and development period. On the other hand, under the principle of unity, we have systematically managed all aspects of architecture, landscape and interiors to give each project its own unique characteristics and style, and our brand influence is industry-leading, highly recognised and widely acclaimed by property owners and all sectors.

# CHAIRMAN'S STATEMENT

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## **(2) Consolidating the service layout of the real estate industry chain and continuously optimising service quality**

1. Promoting innovation in commercial assets management operations: During the Year, the Company's commercial assets management projects were located mainly in Shanghai and Nanning with a total GFA under our management of approximately 145,000 sq.m.. In 2020, the Company's commercial assets management business actively developed online and offline channels and strived to promote innovation in its business model, achieving a turnover of approximately RMB137 million.
2. Sustained growth in project operation and management (entrusted construction services): The project operation and management (entrusted construction services) of the Company expanded rapidly. As at 31 December 2020, the Company undertook a total of 16 project operation and management (entrusted construction services) projects with entrusted construction areas of over 1.5 million sq.m.. With quality products and standardized operating models, the Company kept improving the entrusted construction assessment system and the quality standard of our projects, which is appreciated by the community and recognised by customers and government's entrusting parties.

## **(3) Active interaction with the capital market to export the Company's brand image**

1. Actively promoting corporate value: In 2020, the Company continued to improve the interactive investor relations mechanism, actively communicated with investors and strived to communicate the Company's value to the capital market. During the Year, we held nearly 60 communication events, with over 400 investment institutions and 30 brokerage firms participated, and 11 brokerage firms issued their first coverage and tracking rating reports on the Company.
2. Highly recognised by the market: The Company won "Best Growth Award for Hong Kong Listed Company"\* (港股上市公司最具成長獎) at "Gelonghui • Best Listed Company in Greater China"\* (格隆匯 • 大中華區最佳上市公司).

# CHAIRMAN'S STATEMENT

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## IV. FUTURE DEVELOPMENT PROSPECT

In 2020, global and Chinese economies remained in a challenging situation due to the sustained impact of the Epidemic. The real estate industry in China is still facing the situation of tightening regulation. The Company will respond positively to the many challenges of the economic and policy environment. With the focus on “upholding quality, improving character, strengthening expansion, stabilizing operation”, the Group will further strengthen its competitive advantages in product development and value-added services, reinforce its “product + service” development driving model, and expand and optimise the layout of property development and real estate industry chain services.

### (1) Driving high quality growth and efficient operation of the property development business

The Company will closely integrate the advantages of its state-owned enterprise background and market-oriented operation system against the measure of “implementation customised for city” on market environment for key regional cities. For existing property development projects, we will optimise the development and operation process to save development and operation costs, shorten the development and operation cycle and enhance development and operation efficiency. For new land and projects with development potential, we will make reasonable judgments with proactive approach and expand our business in an orderly manner on the basis of our five core areas in order to enrich our land bank.

The Company will continue to enhance its product development and innovation capabilities, promote the realisation of product series, modules and differentiation, create unique product appeal and competitiveness, strengthen the value of the “C&D” brand and enhance its popularity among the general customers.

### (2) Optimising the quality and mode of service delivery in the real estate industry chain

The Company will continue to consolidate the strategic layout of its real estate industry chain investment services, insist on optimising and improving the quality of its services, and enhance the value creation and industry competitiveness of its real estate industry chain investment services business.

1. Commercial assets management business: By promoting the joint development of online and offline services, we will actively develop innovative business models and increase the overall leasing rate.
2. Project operation and management (entrusted construction services): Relying on our own professional construction management advantages to expand the “C&D” construction brand, we will control the quality of construction projects and drive the growth of its business scale.

# CHAIRMAN'S STATEMENT

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## **(3) Exploring the synergy between emerging industry investment projects and the real estate development projects**

In addition to operating its existing investments in emerging industries, the Company will actively explore opportunities for growth that are conducive to synergise with its property development business and make investments at the right time.

## **(4) Actively communicating the company's value to the capital market**

The Company will maintain good communication channels with the capital market and investors, actively communicate the Company's value to the capital market, build a bridge for high-efficiency communications with the capital market, and maintain highly transparent corporate governance.

## **V. APPRECIATION**

The continuous development of the Company's business in future will depend on the trust and support from all our shareholders, investors and business partners, as well as the dedication and diligence of our entire staff, I would like to express my gratitude on behalf of the Board.

**C&D International Investment Group Limited**

**Zhuang Yuekai**

*Chairman and Executive Director*

Hong Kong, 26 March 2021



# MANAGEMENT DISCUSSION AND ANALYSIS

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## MARKET REVIEW

In 2020, the novel coronavirus epidemic (the “Epidemic”) swept the world which resulted in recession to different extent in major developed economies. The Epidemic has been brought under control by the Chinese government and the community through actively implementing strict preventive and control measures and thus certain achievement of growth for the Chinese economy remained during the Year. As China’s real estate industry completed its recovery in the middle of the Year, PRC local governments continued to emphasise the policy of “stabilising the real estate industry” to maintain control. The central bank has imposed the rule of “Three Red Lines” to restrict real estate corporate debts and strictly control the scale of housing loans for financial institutions, which has led to more regulated financing for real estate enterprises. The policy environment will further force consolidation and changes in the real estate industry.

Due to the relatively small portion of the Company’s real estate projects in Wuhan, the Epidemic did not have a significant impact on the Company’s operations, financial information and financial positions during the Year. Focusing on the corporate orientation as the “integrated service provider in property development and real estate industry chain investment services”, the Group combined the respective strengths, opportunities of its state-owned enterprise background and market-based operating mechanism, and continued to drive the rapid growth of its business and asset base and the growing influence of its corporate brand to create value for our shareholders and society.

## BUSINESS REVIEW

The Group is principally engaged in the business of property development, real estate industry chain investment services and emerging industry investment. During the Year, the main source of revenue for the Company was sales of properties.

During the Year, the revenue of the Group was approximately RMB42.74448 billion, representing a year-on-year increase by approximately RMB25.42521 billion as compared with the previous financial year (restated). The gross profit of the Group amounted to approximately RMB7.34027 billion, increased by approximately RMB2.85808 billion (approximately 63.77%) as compared with the previous year (restated). The profit attributable to the equity holders of the Company amounted to approximately RMB2.32163 billion, increased by approximately RMB603.63 million (approximately 35.14%) as compared with the previous year (restated).

# MANAGEMENT DISCUSSION AND ANALYSIS

## Property Development Business

### Sales of Properties in 2020

In the Year, the Group's revenue from sales of properties was approximately RMB42.46025 billion, representing a year-on-year increase by approximately RMB25.35496 billion as compared with the previous financial year and accounting for approximately 99.34% of the Group's total revenue. For the Year, the GFA of delivered properties was approximately 2.52772 million sq.m., representing an increase by approximately 1.26065 million sq.m. as compared with the previous financial year.

The amount and GFA of each project recognised for sales in the Year are set out in the following table:

Name of Project	City	Amount (RMB ten thousand)	GFA (sq.m.)	Average selling price (RMB/sq.m.)
Jianfa•Yangzhu* (建發•央著)	Xiamen	369,656	112,429	32,879
Jianfa•Xiyue* (建發•璽樾)	Xiamen	595,000	94,336	63,072
Jianfa•Bihushuangxi* (建發•碧湖雙璽)	Zhangzhou	3,413	2,880	11,851
Jianfa•Xiyuan* (建發•璽院)	Zhangzhou	224,965	104,936	21,438
Jianfa•Shanwaishan* (建發•山外山)	Changtai	855	487	17,556
Jianfa•Yangzhu* (建發•央著)	Zhangzhou	170,413	102,427	16,638
Jianfa•Shouyuan* (建發•首院)	Longyan	199,094	192,398	10,348
Shangyue House* (尚悅居)	Longyan	2,826	4,233	6,676
Jianfa•Jinhuyin (formerly as Land Parcel No. 2019 Lot-17 in Longyan)* (建發•津湖印(原龍岩2019拍-17地塊))	Longyan	43,861	59,844	7,329
Jianfa•Zhongyang Tiancheng* (建發•中泱天成)	Quanzhou	3,716	3,941	9,429
Jianfa•Yangzhu* (建發•央著)	Putian	176,039	151,429	11,625
Jianfa•Yangzhu* (建發•央著)	Fuzhou	218,137	136,895	15,935
Jianfa•Yuefu (formerly as Jianfa•Lingfu Xinyuan)* (建發•悅府(原建發•領賦新苑))	Fuzhou	97,269	54,677	17,790
Jianfa•Lingjun* (建發•領郡)	Lianjiang	685	3,042	2,252
Jianfa•Xiyuan* (建發•璽院)	Lianjiang	49,832	71,648	6,955
Guandi* (觀邸)	Shaxian	5,269	6,824	7,721
Jianfa•Yangzhu* (建發•央著)	Jianyang	82,600	85,294	9,684
Jianfa•Yuecheng* (建發•悅城)	Jian'ou	80,931	124,544	6,498
Jianfa•Xiyuan* (建發•璽院)	Jian'ou	111,761	147,853	7,559
Jianfa•Yangyu* (建發•泱譽)	Taicang	71,984	43,282	16,631
Jianfa•Yangzhu* (建發•泱著)	Taicang	88,410	55,456	15,942
Duhuizhiguang* (都會之光)	Taicang	71,740	35,895	19,986
Jianfa•Dushuwan* (建發•獨墅灣)	Suzhou	214,620	103,492	20,738
Jianfa•Yangyu* (建發•泱譽)	Suzhou	48,740	27,912	17,462
Jianfa & Yangguangcheng•Puyue* (建發&陽光城•璞悅)	Suzhou	32,293	20,409	15,823
Jianfa•Yulongwan* (建發•御龍灣)	Zhangjiagang	295,576	195,726	15,102
Jianfa•Yangyu* (建發•泱譽)	Zhangjiagang	225,374	130,547	17,264
Jianfa•Jiuliwan* (建發•玖里灣)	Wuxi	484,241	277,348	17,460
Jianfa•Yangzhu* (建發•央著)	Changsha	224,878	143,457	15,676
Jianfa•Yangxi* (建發•央璽)	Changsha	50,644	32,285	15,687
Jianfa•Xiyuan* (建發•璽院)	Nanning	1,203	1,790	6,721
<b>Total</b>		<b>4,246,025</b>	<b>2,527,716</b>	<b>16,798</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

The amount and GFA of each project recognised for sales in 2019 are set out in the following table:

Name of Project	City	Amount (RMB ten thousand)	GFA (sq.m.)	Average selling price (RMB/sq.m.)
Jianfa•Shanwaishan* (建發•山外山)	Changtai	4,927	2,881	17,102
Jianfa•Bihushuangxi* (建發•碧湖雙壘)	Zhangzhou	3,134	2,292	13,674
Shangyue House* (尚悅居)	Longyan	124,292	121,228	10,253
Jianfa•Shouyuan* (建發•首院)	Longyan	43,597	33,763	12,913
Jianfa•Zhongyang Tiancheng* (建發•中泱天成)	Quanzhou	7,260	5,878	12,351
Jianfa•Lingjun* (建發•領郡)	Lianjiang	12,612	20,668	6,102
Guandi* (觀邸)	Shaxian	59,900	92,015	6,510
Jianfa•Yangzhu* (建發•央著)	Jianyang	56,748	52,947	10,718
Jianfa•Yuecheng* (建發•悅城)	Jian'ou	64,542	96,586	6,682
Jianfa•Zhongyang Yuefu* (建發•中央悅府)	Changsha	2,664	2,701	9,863
Jianfa•Yangzhu* (建發•央著)	Changsha	107,626	68,706	15,665
Jianfa•Yangxi* (建發•央壘)	Changsha	139,761	98,706	14,159
Jianfa•Yangzhu* (建發•央著)	Taicang	82,626	42,746	19,330
Jianfa•Dushuwan* (建發•獨墅灣)	Suzhou	148,460	88,436	16,787
Jianfa•Yangyu* (建發•央譽)	Suzhou	318,513	146,701	21,712
Jianfa & Yangguangcheng•Puyue* (建發&陽光城•璞悅)	Suzhou	33,921	18,959	17,892
Jianfa•Yulongwan* (建發•御龍灣)	Zhangjiagang	288,471	205,851	14,014
Jianfa•Jiuliwan* (建發•玖里灣)	Wuxi	161,566	90,041	17,944
Jianfa•Xiyuan* (建發•壘院)	Nanning	49,486	74,084	6,680
Fond England* (裕豐英倫)	Nanning	423	1,875	2,256
<b>Total</b>		<b>1,710,529</b>	<b>1,267,064</b>	<b>13,500</b>

### Contracted Sales in 2020

In the Year, the Group achieved contracted sales of approximately RMB90.77029 billion, representing a year-on-year increase by approximately RMB39.99053 billion as compared with the previous financial year. As of 31 December 2020, the contracted sales GFA of properties was approximately 4.6531 million sq.m., representing an increase by approximately 1.7208 million sq.m. as compared with the previous financial year.

The Group has launched 35 projects for pre-sale in the Year as compared with the previous financial year (2019: 26 projects).

# MANAGEMENT DISCUSSION AND ANALYSIS

The amount and GFA of each project contracted for sales in the Year are set out in the following table:

Name of Project	City	Amount (RMB ten thousand)	GFA (sq.m.)	Average selling price (RMB/sq.m.)
Jianfa•Yangzhu* (建發•央著)	Xiamen	109,016	31,524	34,581
Jianfa•Yangzhu Phase II* (建發•央著二期)	Xiamen	138,064	40,174	34,367
Jianfa•Xiyue* (建發•璽樾)	Xiamen	414,840	76,989	53,883
Jianfa•Hexi* (建發•和璽)	Xiamen	263,059	80,074	32,852
Jianfa•Heming* (建發•和鳴)	Xiamen	115,836	45,090	25,690
Jianfa•Yangyun* (建發•養雲)	Xiamen	1,068,481	186,788	57,203
Jianfa•Bihushuangxi* (建發•碧湖雙璽)	Zhangzhou	3,489	2,802	12,453
Jianfa•Xiyuan* (建發•璽院)	Zhangzhou	52,054	23,826	21,848
Jianfa•Yangzhu* (建發•央著)	Zhangzhou	54,609	33,149	16,474
Jianfa•Yangyu* (建發•央譽)	Zhangzhou	82,060	52,124	15,743
Jianfa•Wenchangfu* (建發•文昌府)	Zhangzhou	64,355	40,958	15,712
Jianfa•Longxitai* (建發•龍璽台)	Longhai	20,985	15,224	13,784
Jianfa•Xiyuan* (建發•璽院)	Zhangpu	114,725	174,119	6,589
Jianfa•Shanwaishan* (建發•山外山)	Changtai	53,968	37,588	14,358
Jianfa•Shanhuyuan (formerly as Land Parcel No. D-02 in Changtai)* (建發•山湖院(原長泰D-02地塊))	Changtai	12,332	4,903	25,152
Jianfa•Xiyuan* (建發•璽院)	Longyan	4,655	5,772	8,065
Shangyue House* (尚悅居)	Longyan	651	2,570	2,534
Jianfa•Shouyuan* (建發•首院)	Longyan	49,560	46,291	10,706
Jianfa•Jinhuyin (formerly as Land Parcel No. 2019 Lot-17 in Longyan)* (建發•津湖印(原龍岩2019拍-17地塊))	Longyan	47,808	59,858	7,987
Jianfa•Yangzhu (formerly as Land Parcel No. 2019 Lot-19 in Longyan)* (建發•泱著(原龍岩2019拍-19地塊))	Longyan	134,505	106,436	12,637
Jianfa•Zhongyang Tiancheng* (建發•中泱天成)	Quanzhou	3,915	3,964	9,875
Jianfa•Yangzhu* (建發•央著)	Putian	581	518	11,224
Jianfa•Yangyu* (建發•央譽)	Putian	954	674	14,151
Jianfa•Panlongfu* (建發•磐龍府)	Putian	227,837	178,311	12,778
Jianfa Yuhuyihao (formerly as Jianfa•Yongjingwan)* (建發•玉湖壹號(原建發•雍景灣))	Putian	146,869	89,713	16,371
Jianfa•Xiyuan* (建發•璽院)	Xianyou	132,011	121,073	10,903
Jianfa•Yangzhu* (建發•央著)	Fuzhou	121,130	42,118	28,760
City of Sky* (天空之城)	Fuzhou	189,501	83,250	22,763
Jianfa•Yuefu* (建發•悅府)	Fuzhou	5,093	3,284	15,509
Jianfa•Lingjun* (建發•領郡)	Lianjiang	275	1,347	2,038
Jianfa & Rongqiao•Shanghai Dagan 01, 03, 04* (建發&融僑•山海大觀 01、03、04)	Lianjiang	4,853	4,852	10,002
Jianfa•Xiyuan* (建發•璽院)	Lianjiang	11,675	16,574	7,044

# MANAGEMENT DISCUSSION AND ANALYSIS

Name of Project	City	Amount (RMB ten thousand)	GFA (sq.m.)	Average selling price (RMB/sq.m.)
Jianfa•Shuxiangli* (建發•書香里)	Lianjiang	86,796	70,682	12,245
Jianfa•Shuxiangfu* (建發•書香府)	Lianjiang	45,969	34,200	13,441
Jianfa•Yangzhu* (建發•央著)	Jianyang	45,285	42,785	10,584
Wuyi & Jianfa•Shanwaishan* (武夷&建發•山外山)	Wuyishan	39,958	32,407	12,330
Jianfa•Yuecheng* (建發•悅城)	Jian'ou	11,862	20,772	5,711
Jianfa•Xiyuan* (建發•壘院)	Jian'ou	37,625	48,866	7,700
Jian'ou•Xiyue* (建甌•壘悅)	Jian'ou	90,638	115,441	7,851
Jianfa•Hexi (formerly as Land Parcel No. C-10 in Wuyi New District)* (建發•和壘(原武夷新區C-10地塊))	Jianyang	58,824	53,885	10,917
Jianfa•Tianxing Yangzhu (formerly as Jianfa•Tianxing Yangzhu)* (建發•天行決著(原建發•天行央著))	Ningde	4,281	5,179	8,266
Jianfa•Tianxing Xiyuan* (建發•天行壘院)	Ningde	224,583	186,476	12,044
Jianfa•Qinglong Project* (建發•慶隆項目)	Hangzhou	77,236	21,137	36,541
Jianfa&Rongchuang•Changan Hexi (formerly as Jianfa•Changan Hexi)* (建發&融創•長安和壘 (原建發•長安和壘))	Beijing	64,936	8,676	74,844
Jianfa•Yangzhu* (建發•央著)	Changsha	252,648	158,399	15,950
Jianfa•Yangxi* (建發•央壘)	Changsha	224	499	4,491
Jinmao & Jianfa•Guanyue* (金茂&建發•觀悅)	Changsha	202,757	144,965	13,987
Jinmao & Jianfa•Boyue (formerly as Jinmao & Jianfa•Boyue)* (金茂&建發•泊悅(原金茂&建發•鉑悅))	Changsha	98,480	75,340	13,071
Jianfa•Jiangshanyue* (建發•江山悅)	Changsha	210,352	154,070	13,653
Jianfa•Songyayuan* (建發•松雅院)	Changsha	90,264	81,221	11,113
Wudi & Jianfa•Xiyuan (formerly as Jianfa•Xiyuan)* (武地&建發•壘院 (原建發•壘院))	Wuhan	39,767	22,081	18,010
Jianfa & Jinmao•Xiyue* (建發&金茂•壘悅)	Wuhan	45,441	37,110	12,245
Jianfa•Jinyuewan* (建發•金玥灣)	Shanghai	206,218	70,950	29,065
Jianfa•Sishui Heming* (建發•泗水和鳴)	Shanghai	405,043	87,852	46,105
Jianfa•Dushuwan* (建發•獨墅灣)	Suzhou	7,328	18,705	3,918
Jianfa & Yangguangcheng•Puyue* (建發&陽光城•璞悅)	Suzhou	29,851	17,727	16,840
Jianfa•Yangyu* (建發•決譽)	Suzhou	37,955	20,321	18,678
Jianfa•Yuejiangnan* (建發•悅江南)	Suzhou	374,946	140,795	26,631
Jianfa•Chunjiang Boyue* (建發•春江泊月)	Suzhou	104,796	51,502	20,348
Jianfa•Yuanxi* (建發•園壘)	Suzhou	14,843	5,582	26,592
Jianfa•Yangyu* (建發•決譽)	Taicang	67,269	37,273	18,048
Jianfa•Yangzhu* (建發•決著)	Taicang	82,628	48,703	16,966
Duhui zhiguang* (都會之光)	Taicang	71,185	37,444	19,011

## MANAGEMENT DISCUSSION AND ANALYSIS

Name of Project	City	Amount (RMB ten thousand)	GFA (sq.m.)	Average selling price (RMB/sq.m.)
Jianfa•Tianjingwan Yayuan (formerly as Jianfa•Tianjingwan)* (建發•天境灣雅園(原建發•天境灣))	Taicang	203,086	111,992	18,134
Jianfa•Yulongwan* (建發•御龍灣)	Zhangjiagang	7,643	5,486	13,932
Jianfa•Yangyu* (建發•泐譽)	Zhangjiagang	119,434	66,631	17,925
Jianfa•Yujingwan* (建發•御景灣)	Zhangjiagang	132,071	116,101	11,375
Jianfa•Shangyuyuan* (建發•尚虞院)	Zhangjiagang	13,387	7,170	18,671
Jianfa•Jiuliwan* (建發•玖里灣)	Wuxi	214,538	125,446	17,102
Jianfa•Jiuli Yingyue (formerly as Jiuli Yingyue)* (建發•玖里映月(原玖里映月))	Wuxi	216,569	103,276	20,970
Jianfa•Hexi* (建發•和璽)	Wuxi	263,208	81,757	32,194
Jianfa•Boyuewan* (建發•泊月灣)	Wuxi	21,325	8,912	23,929
Jianfa•Runjinyuan* (建發•潤錦園)	Nanjing	154,872	50,166	30,872
Jianfa•Yangyu* (建發•央譽)	Nanjing	89,745	56,840	15,789
Jianfa•Jiuxifu* (建發•玖熙府)	Nanjing	170,936	96,552	17,704
Jianfa•Jingyuexuan* (建發•璟悅軒)	Shenzhen	75,587	17,974	42,054
Jianfa•Beida Longting (formerly as Jianfa•Yuexi)* (建發•北大瓏珽(原建發•悅璽))	Nanning	113,459	122,671	9,249
Jianfa•Xiyuan* (建發•璽院)	Nanning	34,126	39,951	8,542
Jianfa•Yangxi* (建發•央璽)	Nanning	195,299	89,062	21,928
Jianfa•Shuangxi* (建發•雙璽)	Nanning	72,289	30,741	23,516
Jianfa•Yuexi (formerly as Jianfa•Xiyuan)* (建發•悅璽(原建發•璽院))	Zhuhai	14,325	6,990	20,495
Jianfa•Xiyuan* (建發•璽園)	Zhuhai	25,833	13,310	19,409
Jianfa•Yangjing (formerly as Jianfa•Yangjingyuan)* (建發•央璟(原建發•央璟園))	Zhuhai	72,903	19,583	37,228
Jianfa & Jiulongcang•Yangxi* (建發&九龍倉•央璽)	Guangzhou	86,660	19,519	44,397
<b>Total</b>		<b>9,077,029</b>	<b>4,653,112</b>	<b>19,507</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

The amount and GFA of each project contracted for sales in 2019 are set out in the following table:

Name of Project	City	Amount (RMB ten thousand)	GFA (sq.m.)	Average selling price (RMB/sq.m.)
Jianfa•Yangzhu* (建發•央著)	Xiamen	101,502	29,293	34,651
Jianfa•Yangzhu Phase II* (建發•央著二期)	Xiamen	263,209	74,970	35,109
Jianfa•Xiyue* (建發•璽樾)	Xiamen	628,084	115,417	54,419
Jianfa•Shanwaishan* (建發•山外山)	Changtai	42,061	31,778	13,236
Jianfa•Bihushuangxi* (建發•碧湖雙璽)	Zhangzhou	3,164	2,246	14,087
Jianfa•Xiyuan* (建發•璽院)	Zhangzhou	162,403	74,749	21,726
Jianfa•Yangzhu* (建發•央著)	Zhangzhou	130,846	71,219	18,372
Jianfa•Xiyuan* (建發•璽院)	Zhangpu	29,998	40,134	7,474
Jianfa•Xiyuan* (建發•璽院)	Longyan	49,963	44,763	11,162
Shangyue House* (尚悅居)	Longyan	4,578	7,632	5,998
Jianfa•Shouyuan* (建發•首院)	Longyan	146,646	127,915	11,464
Jianfa•Zhongyang Tiancheng* (建發•中泱天成)	Quanzhou	2,295	2,143	10,709
Jianfa•Yangzhu* (建發•央著)	Putian	182,924	150,924	12,120
Jianfa•Yangyu* (建發•央譽)	Putian	178,487	127,935	13,951
Jianfa•Yangzhu* (建發•央著)	Fuzhou	86,897	32,005	27,151
City of Sky* (天空之城)	Fuzhou	329,093	129,800	25,354
Jianfa•Yuefu (formerly as Jianfa•Lingfu Xinyuan)* (建發•悅府(原建發•領賦 新苑))	Fuzhou	115,606	61,664	18,748
Jianfa•Lingjun* (建發•領郡)	Lianjiang	4,050	5,785	7,001
Jianfa & Rongqiao•Shanghai Daguan 01, 03, 04* (建發&融僑•山海大觀 01、03、04)	Lianjiang	20,035	22,814	8,782
Jianfa•Xiyuan* (建發•璽院)	Lianjiang	42,161	55,759	7,561
Guandi* (觀邸)	Shaxian	16,301	28,198	5,781
Jianfa•Yangzhu* (建發•央著)	Jianyang	88,569	80,265	11,035
Wuyi & Jianfa•Shanwaishan* (武夷&建發•山外山)	Wuyishan	76,448	50,442	15,156
Jianfa•Yuecheng* (建發•悅城)	Jian'ou	51,922	70,424	7,373
Jianfa•Xiyuan* (建發•璽院)	Jian'ou	57,077	71,808	7,949
Jianfa•Xiyue* (建發•璽悅)	Jian'ou	75,273	89,428	8,417
Jianfa•Tianxing Yangzhu (formerly as Jianfa•Tianxing Yangzhu)* (建發•天行央著(原建發•天行央著))	Ningde	140,594	104,104	13,505
Jianfa•Tianxing Xiyuan* (建發•天行璽院)	Ningde	14,745	13,599	10,843
Jianfa•Zhongyang Yuefu* (建發•中央悅府)	Changsha	2,796	2,701	10,352
Jianfa•Yangzhu* (建發•央著)	Changsha	169,345	100,196	16,901
Jianfa•Yangxi* (建發•央璽)	Changsha	61,426	40,336	15,229
Jinmao & Jianfa•Guanyue* (金茂&建發•觀悅)	Changsha	18,642	13,922	13,390

## MANAGEMENT DISCUSSION AND ANALYSIS

Name of Project	City	Amount (RMB ten thousand)	GFA (sq.m.)	Average selling price (RMB/sq.m.)
Wudi & Jianfa•Xiyuan (formerly as Jianfa•Xiyuan)* (武地&建發•璽院 (原建發•璽院))	Wuhan	16,467	8,873	18,559
Jianfa & Jinmao•Xiyue* (建發&金茂•璽悅)	Wuhan	99,016	74,700	13,255
Jianfa•Yangyu* (建發•央譽)	Taicang	12,540	6,748	18,583
Jianfa•Yangzhu* (建發•央著)	Taicang	90,579	43,000	21,065
Duhuizhiguang* (都會之光)	Taicang	51,346	23,452	21,894
Jianfa•Dushuwan* (建發•獨墅灣)	Suzhou	92,655	74,223	12,483
Jianfa•Yangyu* (建發•央譽)	Suzhou	257,071	123,745	20,774
Jianfa & Yangguangcheng•Puyue* (建發&陽光城•璞悅)	Suzhou	44,471	22,971	19,360
Jianfa•Yulongwan* (建發•御龍灣)	Zhangjiagang	236,720	155,248	15,248
Jianfa•Tianxi* (建發•天璽)	Zhangjiagang	2,566	1,845	13,908
Jianfa•Yangyu* (建發•央譽)	Zhangjiagang	117,550	62,837	18,707
Jianfa•Jiuliwan* (建發•玖里灣)	Wuxi	418,983	231,220	18,121
Jianfa•Jiuli Yingyue (formerly as Jiuli Yingyue)* (建發•玖里映月 (原玖里映月))	Wuxi	18,571	8,035	23,113
Jianfa•Runjinyuan* (建發•潤錦園)	Nanjing	10,224	4,174	24,494
Jianfa•Yangyu* (建發•央譽)	Nanjing	104,804	65,219	16,070
Xixi Yunlu* (西溪雲廬)	Hangzhou	7,376	1,990	37,065
Jianfa•Jingyuexuan* (建發•璟悅軒)	Shenzhen	8,823	2,109	41,835
Jianfa•Xiyuan* (建發•璽院)	Nanning	42,852	49,270	8,697
Jianfa•Yuexi* (建發•悅璽)	Nanning	73,674	70,216	10,492
Jianfa & Jiulongcang•Yangxi* (建發&九龍倉•央璽)	Guangzhou	39,244	8,450	46,443
Jianfa•Xiyuan* (建發•璽園)	Zhuhai	34,860	17,797	19,588
Fond England* (裕豐英倫)	Nanning	444	1,875	2,368
<b>Total</b>		<b>5,077,976</b>	<b>2,932,362</b>	<b>17,317</b>



# MANAGEMENT DISCUSSION AND ANALYSIS

## Land Reserves

As of 31 December 2020, the aggregate saleable GFA of land reserves of the Group was approximately 12.32 million sq.m., with a total of 128 projects in China and Australia.

The amount of saleable GFA of land reserves in the Year are set out in the following table:

Name of Project	City	Saleable GFA (sq.m.)	Interests held by the Group	Attributable GFA (sq.m.)
Jianfa•Yangzhu* (建發•央著)	Changsha	83,155	100%	83,155
Jianfa•Yangxi* (建發•央璽)	Changsha	26,231	100%	26,231
Jinmao & Jianfa•Guanyue* (金茂&建發•觀悅)	Changsha	87,098	49%	42,678
Jianfa•Songyayuan (formerly as Land Parcel No. 011 in Changsha)* (建發•松雅院(原長沙縣011號地塊))	Changsha	214,348	49%	105,030
Jianfa•Jiangshanyue (formerly as Land Parcel No. 079 in Changsha)* (建發•江山悅(原長沙縣079號地塊))	Changsha	342,561	49%	167,855
Jinmao & Jianfa•Boyue (formerly as Jinmao & Jianfa•Boyue)* (金茂&建發•泊悅(原金茂&建發•鉅悅))	Changsha	81,772	49%	40,068
Wudi & Jianfa•Xiyuan (formerly as Jianfa•Xiyuan)* (武地&建發•璽院(原建發•璽院))	Wuhan	97,732	49%	47,888
Jianfa & Jinmao•Xiyue* (建發&金茂•璽悅)	Wuhan	140,879	51%	71,848
Land Parcel No. 20165 in Chongqing Beibei District* (重慶市北碚區20165號地塊)	Chongqing	150,797	100%	150,797
Jianfa•Jingyuexuan* (建發•璟悅軒)	Shenzhen	16,351	51%	8,339
Jianfa•Xiyuan* (建發•璽院)	Nanning	28,438	51%	14,503
Jianfa•Yangxi (formerly as Jianfa•Xiyuan)* (建發•央璽(原建發•璽院))	Nanning	179,637	100%	179,637
Jianfa•Beida Longting (formerly as Jianfa•Yuexi)* (建發•北大瓏瑯(原建發•悅璽))	Nanning	169,642	60%	101,785
Jianfa•Shuangxi* (建發•雙璽)	Nanning	183,332	100%	183,332
Jianfa•Yangzhu* (建發•央著)	Nanning	73,460	100%	73,460
Jianfa•Hexi* (建發•和璽)	Nanning	81,650	100%	81,650
Jianfa & Jiulongcang•Yangxi* (建發&九龍倉•央璽)	Guangzhou	154,954	64%	99,170

## MANAGEMENT DISCUSSION AND ANALYSIS

Name of Project	City	Saleable GFA (sq.m.)	Interests held by the Group	Attributable GFA (sq.m.)
Jianfa•Yuexi (formerly as Jianfa•Xiyuan)* (建發•悅璽(原建發•璽院))	Zhuhai	96,374	100%	96,374
Jianfa•Xiyuan* (建發•璽園)	Zhuhai	25,058	51%	12,780
Jianfa•Yangjing (formerly as Jianfa•Yangjingyuan)* (建發•央璟(原建發•央璟園))	Zhuhai	48,682	100%	48,682
Jianfa•Yangzhu (formerly as Land Parcel Guilv in Guiyang)* (建發•央著(原貴陽貴鋁地塊))	Guiyang	569,551	90%	512,596
Jianfa•Heming* (建發•和鳴)	Foshan	109,710	100%	109,710
Jianfa•Sishui Heming* (建發•泗水和鳴)	Shanghai	63,163	49%	30,950
Jianfa•Jinyuewan* (建發•金玥灣)	Shanghai	123,985	51%	63,232
Jianfa•Dushuwan* (建發•獨墅灣)	Suzhou	15,133	97.5%	14,755
Jianfa•Yangyu* (建發•泱譽)	Suzhou	35	100%	35
Jianfa & Yangguangcheng•Puyue* (建發&陽光城•璞悅)	Suzhou	7,475	55%	4,111
Jianfa•Shangyuyuan (formerly as Land Parcel No. 2019A-017 in Changshu)* (建發•尚虞院(原常熟2019A-017地塊))	Changshu	94,616	100%	94,616
Jianfa•Yuejiangnan (formerly as Land Parcel No. WJ-J-2019-017 in Wujiang and Land Parcel No. WJ-J-2019-018 in Wujiang)* (建發•悅江南(原吳江WJ-J-2019-017號地塊及吳江WJ-J-2019-018號地塊))	Suzhou	44,290	100%	44,290
Jianfa•Chunjiang Boyue (formerly as Land Parcel No.2019-WG-28 in Sudi)* (建發•春江泊月(原蘇地2019-WG-28號地塊))	Suzhou	30,373	100%	30,373
Jianfa•Yuanxi* (建發•園璽)	Suzhou	183,532	60%	110,119
Jianfa•Yulongwan* (建發•御龍灣)	Zhangjiagang	243	70%	170
Jianfa•Yangyu* (建發•泱譽)	Zhangjiagang	14,531	100%	14,531
Jianfa•Yujingwan* (建發•御璟灣)	Zhangjiagang	285,055	100%	285,055
Jianfa Hexi (formerly as Land Parcel No.2020-A01 in Zhangdi)* (建發•和璽(原張地2020-A01號地塊))	Zhangjiagang	248,854	60%	149,312
Jianfa•Yangyu (formerly as Jianfa•Yangyu)* (建發•泱譽(原建發•央譽))	Taicang	49,587	100%	49,587
Jianfa•Yangzhu (formerly as Jianfa•Yangzhu)* (建發•泱著(原建發•央著))	Taicang	64,429	100%	64,429
Duhuizhiguang* (都會之光)	Taicang	52,089	30%	15,627

# MANAGEMENT DISCUSSION AND ANALYSIS

Name of Project	City	Saleable GFA (sq.m.)	Interests held by the Group	Attributable GFA (sq.m.)
Jianfa•Tianjingwan Yayuan (formerly as Jianfa•Tianjingwan)* (建發•天境灣雅園 (原建發•天境灣))	Taicang	88,183	100%	88,183
Jianfa•Jiuliwan* (建發•玖里灣)	Wuxi	4,110	100%	4,110
Jianfa•Hexi (formerly as Hexi)* (建發•和璽(原和璽))	Wuxi	159,979	49%	78,390
Jianfa•Jiuli Yingyue (formerly as Jiuli Yingyue)* (建發•玖里映月(原玖里映月))	Wuxi	77,694	42%	32,632
Jianfa•Boyuewan* (建發•泊月灣)	Wuxi	213,861	100%	213,861
Wuxi Shangyuan* (無錫上院)	Wuxi	298,096	100%	298,096
Wuxi Jinyuewan* (無錫金玥灣)	Wuxi	242,075	52%	125,879
Land Parcel No. XDG-2020-60 in Wuxi Huishan District* (無錫市惠山區XDG-2020-60號地塊)	Wuxi	230,153	60%	138,092
Jianfa•Runjinyuan* (建發•潤錦園)	Nanjing	18,310	50%	9,155
Jianfa•Yangyu* (建發•央譽)	Nanjing	35,398	40%	14,159
Jianfa•Jiuxifu (formerly as Land Parcel No. G15 in Lishui, Nanjing)* (建發•玖熙府(原南京溧水G15地塊))	Nanjing	114,597	49%	56,152
Jianfa•Junhefu* (建發•珺和府)	Nanjing	110,568	100%	110,568
Land Parcel No. New District 2020G24 in Jiangbei New District Getang* (江北新區葛塘 No. 新區 2020G24 地塊)	Nanjing	136,772	100%	136,772
Jianfa•Panlong Yuan* (建發•磐龍苑)	Bengbu	281,479	100%	281,479
Jianfa•Tianxiwan Yayuan* (建發•天璽灣雅苑)	Huai'an	372,510	42%	156,454
Jianfa•Xiyuan* (建發•璽園)	Jinan	76,634	100%	76,634
Jianfa•Yangzhu* (建發•央著)	Xiamen	11,726	49%	5,746
Jianfa•Yangzhu Phase II* (建發•央著二期)	Xiamen	3,936	51%	2,007
Jianfa•Xiyue* (建發•璽樾)	Xiamen	3,682	95%	3,498
Jianfa•Heming (formerly as Land Parcel No. H2019P03 in Haicang)* (建發•和鳴(原海滄H2019P03地塊))	Xiamen	58,331	49.5%	28,874
Jianfa•Hexi (formerly as Land Parcel No. 2019HP01 in Haicang)* (建發•和璽(原海滄2019HP01地塊))	Xiamen	35,267	51%	17,986

# MANAGEMENT DISCUSSION AND ANALYSIS

Name of Project	City	Saleable GFA (sq.m.)	Interests held by the Group	Attributable GFA (sq.m.)
Jianfa•Hezhu (formerly as Land Parcel No. 2019HP02 in Haicang and Land Parcel No. 2019HP03 in Haicang)* (建發•和著(原海滄2019HP02地塊及海滄2019HP03地塊))	Xiamen	136,555	70%	95,589
Jianfa•Yangyun* (建發•養雲)	Xiamen	41,319	80%	33,055
Jianfa•Manyun (formerly as Land Parcel No. H2020P01 in Haicang)* (建發•縵雲(原海滄H2020P01地塊))	Xiamen	137,404	100%	137,404
Jianfa•Shuxiang Fudi (formerly as Land Parcel No. 2020XP04 in Xiangan and Land Parcel No. 2020XP03 in Xiangan)* (建發•書香府邸(原翔安2020XP04地塊及翔安2020XP03地塊))	Xiamen	111,897	100%	111,897
Jianfa•Wuyuan Yingyue* (建發•五緣映月)	Xiamen	64,137	80%	51,310
Jianfa•Hexi Phase II* (建發•和壘二期)	Xiamen	82,364	100%	82,364
Jianfa•Yuefu* (建發•悅府)	Xiamen	50,052	100%	50,052
Jianfa•Shanwaishan* (建發•山外山)	Changtai	50,999	94%	47,939
Jianfa•Shanhuyuan (formerly as Land Parcel No. D-02 in Changtai)* (建發•山湖院(原長泰D-02地塊))	Changtai	70,341	60%	42,204
Jianfa•Bihushuangxi* (建發•碧湖雙壘)	Zhangzhou	4,949	100%	4,949
Jianfa•Xiyuan* (建發•壘院)	Zhangzhou	13,478	100%	13,478
Jianfa•Yangzhu* (建發•央著)	Zhangzhou	9,402	70%	6,581
Jianfa•Yangyu* (建發•央譽)	Zhangzhou	71,611	100%	71,611
Jianfa•Wenchangfu (formerly as Land Parcel No. 2019P12 in Zhangzhou)* (建發•文昌府(原漳州2019P12地塊))	Zhangzhou	50,276	70%	35,193
Jianfa•Nanhuyin* (建發•南湖印)	Zhangzhou	251,579	80%	201,263
Land Parcel No. 2020P11 (Ruijing02) in Zhangzhou Xiangcheng District* (漳州薊城區2020P11(瑞京02)地塊)	Zhangzhou	79,408	100%	79,408
Jianfa•Xiyuan* (建發•壘院)	Zhangpu	180,884	70%	126,619
Land Parcel No. 202005 (Wenti Zhongxin03) in Zhangzhou Zhangpuxian* (漳州漳浦縣202005(文體中心03)地塊)	Zhangpu	175,891	70%	123,123
Jianfa•Longxitai* (建發•瓏壘台)	Longhai	15,877	100%	15,877
Jianfa•Xiyuan* (建發•壘院)	Longyan	6,172	30%	1,852
Shangyue House* (尚悅居)	Longyan	7,959	40%	3,184

# MANAGEMENT DISCUSSION AND ANALYSIS

Name of Project	City	Saleable GFA (sq.m.)	Interests held by the Group	Attributable GFA (sq.m.)
Jianfa•Shouyuan* (建發•首院)	Longyan	17,535	100%	17,535
Land Parcel No. 2020 Lot-21 (Beiguan Community) in Xinluo District* (新羅區2020拍-21(北關小區)地塊)	Longyan	142,274	100%	142,274
Land Parcel No. 2020 Lot-22 (Longteng South No.7) in Xinluo District* (新羅區2020拍-22(龍騰南7號)地塊)	Longyan	123,733	100%	123,733
Land Parcel No. 2020 Lot-22 (Chengbei No.1) in Xinluo District* (新羅區2020拍-22(城北1號)地塊)	Longyan	96,119	100%	96,119
Jianfa•Zhongyang Tiancheng* (建發•中泱天成)	Quanzhou	4,204	40%	1,682
Land Parcel No. 2019S-31 in Quanzhou Shishi City* (泉州石獅市2019S-31號地塊)	Quanzhou	203,930	100%	203,930
Land Parcel No. 2020-40 in Yongchun* (永春縣2020-40號地塊)	Quanzhou	164,420	100%	164,420
Jianfa•Yangzhu* (建發•央著)	Putian	3,230	100%	3,230
Jianfa•Yangyu* (建發•央譽)	Putian	2,291	100%	2,291
Jianfa•Xiyuan* (建發•璽院)	Xianyou	14,822	55%	8,152
Jianfa•Panlongfu* (建發•磐龍府)	Putian	145,626	100%	145,626
Jianfa Yuhuyihao (formerly as Jianfa•Yongjingwan)* (建發•玉湖壹號(原建發•雍景灣))	Putian	2,186	100%	2,186
Jianfa•Heming Lanxijun* (建發•和鳴蘭溪郡)	Putian	116,671	51%	59,502
Jianfa•Yangzhu* (建發•央著)	Fuzhou	23,150	51.6%	11,945
City of Sky* (天空之城)	Fuzhou	217,817	16.5%	35,940
Jianfa•Yuefu (formerly as Jianfa•Lingfu Xinyuan)* (建發•悅府(原建發•領賦新苑))	Fuzhou	10,229	100%	10,229
Jianfa•Yangyun* (建發•養雲)	Fuzhou	118,952	100%	118,952
Jianfa•Hexi* (建發•和璽)	Fuzhou	68,067	100%	68,067
Jianfa•Lingjun* (建發•領郡)	Lianjiang	289	78%	225
Jianfa & Rongqiao•Shanghai Dagan 02* (建發&融僑•山海大觀02)	Lianjiang	148,683	65%	96,644
Jianfa & Rongqiao•Shanghai Dagan 01, 03, 04* (建發&融僑•山海大觀01、03、04)	Lianjiang	169,392	65%	110,105
Jianfa•Xiyuan* (建發•璽院)	Lianjiang	6,274	70%	4,392
Jianfa•Shuxiangli* (建發•書香里)	Lianjiang	18,624	100%	18,624
Jianfa•Shuxiangfu* (建發•書香府)	Lianjiang	122,860	40%	49,144

## MANAGEMENT DISCUSSION AND ANALYSIS

Name of Project	City	Saleable GFA (sq.m.)	Interests held by the Group	Attributable GFA (sq.m.)
Guandi* (觀邸)	Shaxian	11,814	51%	6,025
Jianfa•Yangzhu* (建發•央著)	Jianyang	7,817	70%	5,472
Jianfa•Hexi (formerly as Land Parcel No. C-10 in Wuyi New District)* (建發•和璽(原武夷新區C-10地塊))	Jianyang	41,589	100%	41,589
Land Parcel No. C32 in Wuyi Jianyang New District* (武夷建陽新區C32地塊)	Jianyang	115,212	100%	115,212
Wuyi & Jianfa•Shanwaishan* (武夷&建發•山外山)	Wuyishan	11,011	50%	5,506
Jianfa•Yuecheng* (建發•悅城)	Jian'ou	53,496	75%	40,122
Jianfa•Xiyuan* (建發•璽院)	Jian'ou	12,704	70%	8,893
Jianfa•Xiyue* (建發•璽悅)	Jian'ou	166,182	75%	124,637
Jianfa•Tianxing Yangzhu (formerly as Jianfa•Tianxing Yangzhu)* (建發•天行央著(原建發•天行央著))	Ningde	13,605	50%	6,803
Jianfa•Tianxing Xiyuan* (建發•天行璽院)	Ningde	14,967	55%	8,232
Jianfa•Hexi* (建發•和璽)	Ningde	199,820	50%	99,870
Shidai Jingcheng* (時代璟城)	Ningde	213,971	50%	106,943
Jianfa•Tianxing Manyun* (建發•天行縵雲)	Ningde	181,766	60%	109,060
Jianfa•Shuxiangfu* (建發•書香府)	Ningde	149,849	70%	104,895
Land Parcel No.2020-J-WY-06 in Nanping* (南平市2020-J-WY-06號地塊)	Nanping	124,284	70%	86,999
Land Parcel No.2020-J-WY-07 in Nanping* (南平市2020-J-WY-07號地塊)	Nanping	79,960	70%	55,972
Land Parcel No.2020-J-WY-08 in Nanping* (南平市2020-J-WY-08號地塊)	Nanping	111,099	70%	77,769
Yangyun Jingshe* (養雲靜舍)	Hangzhou	22,637	40.18%	9,096
Xixi Yunlu* (西溪雲廬)	Hangzhou	28,970	10.5%	3,042
Jianfa•Shuxiangyincui* (建發•書香印翠)	Hangzhou	63,008	100%	63,008
Jianfa•Tianyuefu (formerly as Jianfa•Tianyue)* (建發•天悅府(原建發•天樾))	Hangzhou	197,876	80%	158,301
Jianfa•Yangyunfu* (建發•養雲府)	Zhuji	42,862	100%	42,862
Jianfa & Rongchuang•Changan Hexi (formerly as Jianfa•Changan Hexi)* (建發&融創•長安和璽(原建發•長安和璽))	Beijing	83,450	51%	42,559
Australia Project	Sydney	7,663	60%	4,598
<b>Total</b>		<b>12,321,707</b>		<b>9,264,856</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

The amount of saleable GFA of land reserves in 2019 are set out in the following table:

Name of Project	City	Saleable GFA (sq.m.)	Interests held by the Group	Attributable GFA (sq.m.)
Jianfa•Yangzhu* (建發•央著)	Xiamen	43,251	49%	21,193
Jianfa•Yangzhu Phase II* (建發•央著二期)	Xiamen	43,953	51%	22,416
Jianfa•Xiyue* (建發•璽樾)	Xiamen	80,671	95%	76,637
Jianfa•Heming (formerly as Land Parcel No. H2019P03 in Haicang)* (建發•和鳴(原海滄H2019P03地塊))	Xiamen	107,561	49.50%	53,243
Jianfa•Hexi (formerly as Land Parcel No. 2019HP01 in Haicang)* (建發•和璽(原海滄2019HP01地塊))	Xiamen	116,448	51%	59,388
Jianfa•Hezhu (formerly as Land Parcel No. 2019HP02 in Haicang)* (建發•和著(原海滄2019HP02地塊))	Xiamen	73,398	100%	73,398
Jianfa•Hezhu (formerly as Land Parcel No. 2019HP03 in Haicang)* (建發•和著(原海滄2019HP03地塊))	Xiamen	80,270	100%	80,270
Jianfa•Shanwaishan* (建發•山外山)	Changtai	81,167	94%	76,297
Jianfa•Shanhuyuan (formerly as Land Parcel No. D-02 in Changtai)* (建發•山湖院(原長泰D-02地塊))	Changtai	75,557	60%	45,334
Jianfa•Bihushuangxi* (建發•碧湖雙璽)	Zhangzhou	7,748	100%	7,748
Jianfa•Xiyuan* (建發•璽院)	Zhangzhou	37,315	100%	37,315
Jianfa•Yangzhu (formerly as Land Parcel of No. 08 in Bihu, Zhangzhou)* (建發•央著(原漳州碧湖08地塊))	Zhangzhou	42,551	70%	29,786
Jianfa•Yangyu* (建發•央譽)	Zhangzhou	120,160	100%	120,160
Jianfa•Xiyuan* (建發•璽院)	Zhangpu	361,458	70%	253,021
Jianfa•Wenchangfu (formerly as Land Parcel No. 2019P12 in Zhangzhou)* (建發•文昌府(原漳州2019P12地塊))	Zhangzhou	94,201	70%	65,941
Jianfa•Xiyuan* (建發•璽院)	Longyan	12,620	30%	3,786
Shangyue House* (尚悅居)	Longyan	12,159	40%	4,864
Jianfa•Shouyuan* (建發•首院)	Longyan	64,037	100%	64,037
Jianfa•Jinhuyin (formerly as Land Parcel No. 2019 Lot-17 in Longyan)* (建發•津湖印(原龍岩2019拍-17地塊))	Longyan	102,423	55%	56,333
Jianfa•Yangzhu (formerly as Land Parcel No. 2019 Lot-19 in Longyan)* (建發•泱著(原龍岩2019拍-19地塊))	Longyan	117,684	70%	82,379
Jianfa•Zhongyang Tiancheng* (建發•中泱天成)	Quanzhou	8,168	40%	3,267

# MANAGEMENT DISCUSSION AND ANALYSIS

Name of Project	City	Saleable GFA (sq.m.)	Interests held by the Group	Attributable GFA (sq.m.)
Jianfa•Yangzhu (formerly as Land Parcel No.2018–2019 in Putian)* (建發•央著(原莆田2018–2019地塊))	Putian	3,760	100%	3,760
Jianfa•Yangyu* (建發•央譽)	Putian	2,966	100%	2,966
Jianfa•Panlongfu (formerly as Land Parcel No. 2019-16 in Panlong Shanzhuang Area, Licheng District)* (建發•磐龍府(原荔城區磐龍山莊片區2019-16地塊))	Putian	323,066	100%	323,066
Jianfa•Yongjingwan* (建發•雍景灣)	Putian	91,979	100%	91,979
Jianfa•Xiyuan* (建發•璽院)	Xianyou	135,896	55%	74,743
Jianfa•Yangzhu* (建發•央著)	Fuzhou	65,293	51.6%	33,691
City of Sky* (天空之城)	Fuzhou	301,067	16.5%	49,676
Jianfa•Yuefu (formerly as Jianfa•Lingfu Xinyuan)* (建發•悅府(原建發•領賦新苑))	Fuzhou	13,513	100%	13,513
Jianfa•Lingjun* (建發•領郡)	Lianjiang	1,492	78%	1,164
Jianfa & Rongqiao•Shanghai Daguan 01, 03, 04* (建發&融僑•山海大觀 01、03、04)	Lianjiang	165,047	46.15%	76,169
Jianfa & Rongqiao•Shanghai Daguan 02* (建發&融僑•山海大觀02)	Lianjiang	148,683	55.58%	82,638
Jianfa•Xiyuan* (建發•璽院)	Lianjiang	26,003	70%	18,202
Jianfa•Yangjun* (建發•泱郡)	Lianjiang	91,376	100%	91,376
Guandi* (觀邸)	Shaxian	11,601	51%	5,917
Jianfa•Yangzhu* (建發•央著)	Jianyang	50,495	70%	35,347
Wuyi & Jianfa•Shanwaishan* (武夷&建發•山外山)	Wuyishan	43,495	50%	21,748
Jianfa•Yuecheng* (建發•悅城)	Jian'ou	74,120	75%	55,590
Jianfa•Xiyuan* (建發•璽院)	Jian'ou	61,807	70%	43,265
Jianfa•Xiyue* (建發•璽悅)	Jian'ou	287,834	75%	215,876
Jianfa•Tianxing Yangzhu (formerly as Jianfa•Tianxing Yangzhu)* (建發•天行泱著(原建發•天行央著))	Ningde	23,213	50%	11,607
Jianfa•Tianxing Xiyuan* (建發•天行璽院)	Ningde	215,580	55%	118,569
Jianfa•Yangzhu* (建發•央著)	Changsha	237,008	100%	237,008
Jianfa•Yangxi* (建發•央璽)	Changsha	17,809	100%	17,809
Jinmao & Jianfa•Guanyue* (金茂&建發•觀悅)	Changsha	230,713	49%	113,049
Jianfa•Songyayuan (formerly as Land Parcel No. 011 in Changsha)* (建發•松雅院(原長沙縣011號地塊))	Changsha	307,299	49%	150,577



# MANAGEMENT DISCUSSION AND ANALYSIS

Name of Project	City	Saleable GFA (sq.m.)	Interests held by the Group	Attributable GFA (sq.m.)
Jianfa•Jiangshanyue (formerly as Land Parcel No. 079 in Changsha)* (建發•江山悦(原長沙縣079號地塊))	Changsha	505,488	49%	247,689
Jinmao & Jianfa•Boyue (formerly as Jinmao & Jianfa•Boyue)* (金茂&建發•泊悦(原金茂&建發•鉅悦))	Changsha	156,827	49%	76,845
Wudi & Jianfa•Xiyuan (formerly as Jianfa•Xiyuan)* (武地&建發•璽院(原建發•璽院))	Wuhan	121,639	49%	59,603
Jianfa & Jinmao•Xiyue* (建發&金茂•璽悦)	Wuhan	178,422	51%	90,995
Jianfa•Yangyu (formerly as Jianfa•Yangyu)* (建發•決譽(原建發•央譽))	Taicang	86,860	100%	86,860
Jianfa•Yangzhu (formerly as Jianfa•Yangzhu)* (建發•決著(原建發•央著))	Taicang	81,589	100%	81,589
Duhuizhiguang* (都會之光)	Taicang	97,899	30%	29,370
Jianfa•Tianjingwan Yayuan (formerly as Jianfa•Tianjingwan)* (建發•天境灣雅園(原建發•天境灣))	Taicang	141,941	100%	141,941
Jianfa•Dushuwan* (建發•獨墅灣)	Suzhou	33,668	97.5%	32,826
Jianfa•Yangyu* (建發•決譽)	Suzhou	20,285	100%	20,285
Jianfa & Yangguangcheng•Puyue* (建發&陽光城•璞悦)	Suzhou	24,126	55%	13,269
Jianfa•Shangyuyuan (formerly as Land Parcel No. 2019A-017 in Changshu)* (建發•尚虞院(原常熟2019A-017地塊))	Changshu	101,751	100%	101,751
Jianfa•Yuejiangnan (formerly as Land Parcel No. WJ-J-2019-017 in Wujiang)* (建發•悦江南 (原吳江WJ-J-2019-017號地塊))	Suzhou	100,399	100%	100,399
Jianfa•Yuejiangnan (formerly as Land Parcel No. WJ-J-2019-018 in Wujiang)* (建發•悦江南 (原吳江WJ-J-2019-018號地塊))	Suzhou	77,228	100%	77,228
Jianfa•Chunjiang Boyue (formerly as Land Parcel No. 2019-WG-28 in Sudi)* (建發•春江泊月 (原蘇地2019-WG-28號地塊))	Suzhou	83,615	100%	83,615
Jianfa•Yulongwan* (建發•御龍灣)	Zhangjiagang	5,801	70%	4,061

## MANAGEMENT DISCUSSION AND ANALYSIS

Name of Project	City	Saleable GFA (sq.m.)	Interests held by the Group	Attributable GFA (sq.m.)
Jianfa•Yangyu* (建發•央譽)	Zhangjiagang	81,279	100%	81,279
Jianfa•Yujingwan* (建發•御璟灣)	Zhangjiagang	459,156	100%	459,156
Jianfa•Jiuliwan* (建發•玖里灣)	Wuxi	162,196	100%	162,196
Jianfa•Hexi (formerly as Hexi)* (建發•和璽(原和璽))	Wuxi	243,382	49%	119,257
Jianfa•Jiuli Yingyue (formerly as Jiuli Yingyue)* (建發•玖里映月(原玖里映月))	Wuxi	170,596	42%	71,650
Jianfa•Runjinyuan* (建發潤錦園)	Nanjing	69,894	50%	34,947
Jianfa•Yangyu* (建發•央譽)	Nanjing	92,438	40%	36,975
Jianfa•Jiuxifu (formerly as Land Parcel No. G15 in Lishui, Nanjing)* (建發•玖熙府(原南京溧水G15地塊))	Nanjing	242,077	49%	118,618
Yangyun Jingshe* (養雲靜舍)	Hangzhou	44,520	40.18%	17,888
Xixi Yunlu* (西溪雲廬)	Hangzhou	13,998	10.5%	1,470
Jianfa•Jingyuexuan* (建發•璟悅軒)	Shenzhen	33,490	51%	17,080
Jianfa•Xiyuan* (建發•璽院)	Nanning	21,682	51%	11,058
Jianfa•Beida Longting (formerly as Jianfa•Yuexi)* (建發•北大瓏珽(原建發•悅璽))	Nanning	302,617	60%	181,570
Jianfa•Yangxi (formerly as Jianfa•Xiyuan)* (建發•央璽(原建發•璽院))	Nanning	280,814	100%	280,814
Jianfa•Xiyuan Phase II* (建發•璽院二期)	Nanning	59,660	51%	30,427
Jianfa•Shuangxi* (建發•雙璽)	Nanning	253,124	100%	253,124
Jianfa & Jiulongcang•Yangxi* (建發&九龍倉•央璽)	Guangzhou	175,618	64%	112,396
Jianfa•Yuexi (formerly as Jianfa•Xiyuan)* (建發•悅璽(原建發•璽院))	Zhuhai	100,933	100%	100,933
Jianfa•Xiyuan* (建發•璽園)	Zhuhai	36,474	51%	18,602
Jianfa•Yangjing (formerly as Jianfa•Yangjingyuan)* (建發•央璟(原建發•央璟園))	Zhuhai	63,807	100%	63,807
Australia Project	Sydney	7,663	60%	4,598
<b>Total</b>		<b>9,346,871</b>		<b>6,552,289</b>

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL REVIEW

### Revenue

In previous years, the Group's revenue was derived from four business segments as follows: property development, property management, commercial assets management and entrusted construction services. Following the spin-off of property management business completed on 31 December 2020, the executive Directors reassessed the operations of the Group and considered that the Group only has one reportable business segment: property development and the others, which, for segment reporting purpose, were insignificant in individual and collective basis. Details of the spin-off of property management business are disclosed in note 11 to the consolidated financial statements.

The following table sets forth the Group's revenue from each of these segments and as a percentage of the total revenue for the relevant financial years:

	2020		2019	
	RMB'000	%	RMB'000 (restated)	%
Sales of properties	<b>42,460,248</b>	<b>99.34</b>	17,105,290	98.76
Others (Note)	<b>284,230</b>	<b>0.66</b>	213,974	1.24
Total	<b>42,744,478</b>	<b>100.00</b>	17,319,264	100.00

Note: Commercial assets management income, entrusted construction services income and other income.

### Sales of properties

Sales of properties increased by about RMB25.35496 billion from approximately RMB17.10529 billion for the year ended 31 December 2019 (restated) to approximately RMB42.46025 billion in the Year. Saleable GFA delivered for each of the years ended 31 December 2019 and 2020 were approximately 1,267,100 sq.m. and approximately 2,527,700 sq.m., respectively. The revenue derived from the sales of properties for the Year increased due to the significant increase in saleable GFA sold and delivered of 13 new projects with income carried forward in the Year.

### Others

Other segment during the Year mainly included commercial assets management income, entrusted construction services income and other income. The total external income of these remaining segments was approximately RMB284.23 million while that of 2019 (restated) was approximately RMB213.97 million. The increase was mainly due to the increase of provision of consultancy services in 2020.

### Cost of Sales

Cost of sales increased by approximately RMB22.56713 billion from approximately RMB12.83708 billion for the year ended 31 December 2019 (restated) to approximately RMB35.40421 billion for the Year. This result was primarily attributable to the increase in saleable GFA sold and delivered during the Year.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## Gross Profit and Gross Profit Margin

The gross profit amounted to approximately RMB4.48219 billion and RMB7.34027 billion for each of the years ended 31 December 2019 (restated) and 2020 respectively, representing a gross profit margin of approximately 25.88% and 17.17% respectively. The decrease in the overall gross profit margin was mainly due to the decrease in gross profit margin of sales of properties of certain regions where price ceiling policies were in place.

## Other Net Gain

Other net gain increased from approximately RMB297.60 million for the year ended 31 December 2019 (restated) to approximately RMB414.07 million for the Year. The increase was mainly due to an increase in interest income and government subsidy income in the Year.

## Borrowing Costs

Borrowing costs incurred for the construction projects under development were capitalised during the Year. Other borrowing costs were expensed when incurred.

Total borrowing costs increased from approximately RMB2.79730 billion for the year ended 31 December 2019 (restated) to approximately RMB4.87776 billion for the Year. The increase was mainly due to an increase in capital requirements raised by an increase in property projects.

## Loss on Changes in Fair Value of Investment Properties

The loss on changes in fair value of investment properties was approximately RMB15.29 million for the Year (2019 (restated): loss of approximately RMB6.31 million), mainly due to the fact that the market environment in Xingning District, Nanning during the Year was worse than that in 2019. The loss reflected the adjustments in the value of investment properties during the Year.

## Administrative Expenses

Administrative expenses increased by approximately RMB320.56 million to approximately RMB389.15 million for the Year from approximately RMB68.59 million for the year ended 31 December 2019 (restated). This was primarily due to (i) provision for property inventory made for the Year; and (ii) bank handling fees in relation to borrowings increased during the Year.

## Selling Expenses

Selling expenses increased by approximately RMB725.90 million to approximately RMB1.78307 billion for the Year from approximately RMB1.05717 billion for the year ended 31 December 2019 (restated). It was primarily due to (i) an increase in labour cost; and (ii) an increase in marketing expenses such as advertising and promotion expenses as a result of a significant increase in the number of sales projects during the Year than the sales of projects in 2019.

## Profit before Income Tax from Continuing Operations

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax of approximately RMB4.96287 billion for the Year, representing an increase of approximately RMB1.54389 billion (approximately 45.16%) from a profit of approximately RMB3.41898 billion in the previous financial year (restated).

## Income Tax Expense

Income tax expense increased from approximately RMB1.40226 billion in the previous financial year (restated) to approximately RMB2.21170 billion for the Year. The increase in income tax was mainly due to an increase in income from sales of properties during the Year.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## Profit for the Year Attributable to the Equity Holders of the Company

The profit attributable to the equity holders of the Company increased by approximately RMB603.63 million (approximately 35.14%) from approximately RMB1.71799 billion in the previous financial year (restated) to approximately RMB2.32163 billion for the Year.

## Liquidity and Financial Resources

The long-term funding and working capital required by the Group were primarily derived from income generated from core business operations, bank borrowings, loans from intermediate holding company and cash proceeds derived from receipt in advance from the pre-sale of properties, which were used to finance its business operations and investment in construction projects. The Group's liquidity position was well-managed during the Year.

The Group continued to adopt a prudent financing policy and sustain a sound capital structure with healthy cash flow. As at 31 December 2020, the Group's cash at banks and on hand amounted to approximately RMB27.99287 billion (as at 31 December 2019: approximately RMB11.56227 billion) while total assets and net assets (after deducting non-controlling interests) were approximately RMB183.42355 billion (as at 31 December 2019: approximately RMB115.58882 billion) and approximately RMB17.81537 billion (as at 31 December 2019: approximately RMB7.29815 billion) respectively. As at 31 December 2020, the Group's working capital amounted to approximately RMB76.40505 billion (as at 31 December 2019: approximately RMB48.27689 billion). As at 31 December 2020, the Group recorded net debt of approximately RMB27.55164 billion (as at 31 December 2019: approximately RMB34.46231 billion) with net debt to equity ratio of approximately 73.76% (as at 31 December 2019: approximately 175.74%).

As at 31 December 2020, the Group had (i) interest-bearing borrowings of approximately RMB339.02 million and RMB16.64 million denominated in HK\$ and AUD respectively which borne an interest rate at 2.75% and 4.27% (as at 31 December 2019: approximately RMB2.10026 billion and RMB16.60 million, with an interest rate ranging from 3.4% to 5.1% and at 4.78% respectively) per annum respectively; (ii) interest-bearing borrowings (including receipts under securitisation arrangements) of approximately RMB28.43792 billion denominated in RMB which borne an interest rate ranging from 3.8% to 7.0% (as at 31 December 2019: approximately RMB18.54616 billion, with an interest rate ranging from 4.35% to 7.0%) per annum; (iii) loans from intermediate holding company of approximately RMB24.42162 billion denominated in RMB which borne an interest rate at 5.5% (as at 31 December 2019: approximately RMB23.08230 billion, with an interest rate at 5.7%) per annum; and (iv) the amounts due to non-controlling shareholders of the Company of approximately RMB12.40 million and approximately RMB2.31691 billion denominated in AUD and RMB respectively which borne an interest rate at 6% and ranging from 3.85% to 11.5% (as at 31 December 2019: approximately RMB11.95 million and approximately RMB2.26731 billion, with an interest rate at 6% and ranging from 4.35% to 8.0%) per annum, no particular trend of seasonality was observed for the Group's borrowing requirements for the Year.

The Group's gearing ratio (total borrowings divided by total equity) decreased to 148.7% as at 31 December 2020 (as at 31 December 2019: 234.7%) as the issuance of a perpetual loan and contribution from the non-controlling shareholders of the Company increased during the Year.

Of the total borrowings, approximately RMB5.60195 billion are repayable within one year while approximately RMB49.64598 billion are repayable after one year but within five years.

# MANAGEMENT DISCUSSION AND ANALYSIS

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To manage liquidity risk, the Group monitors and maintains a level of cash and cash equivalents which the management considers to be adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flow. The Group's management also monitors its net current assets/liabilities and the utilisation of borrowings to ensure efficient use of the available banking facilities and compliance with loan covenants.

## Financial Guarantee Contracts

The Group had arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. The balance as at 31 December 2020 was approximately RMB52.24280 billion (as at 31 December 2019: approximately RMB19.84087 billion). The increase was mainly attributable to the increase of pre-sale real estate mortgage loan due to the increase of the sales of property commenced to be sold in the Year.

## Capital Commitments

Capital commitments were those contracts that concluded but not provided for leasehold improvement, prepayments for intended projects that concluded but not provided for allowance, nor for the construction of properties under development. The capital commitment was approximately RMB23.52120 billion as at 31 December 2020 (as at 31 December 2019: approximately RMB14.95095 billion). The increase was mainly attributable to the increase in prepayments for intended projects that concluded but not provided for allowance during the Year as compared to 2019.

## Pledge of Assets

As at 31 December 2020, the Group's bank loan was secured by the legal charges over its property, plant and equipment with carrying value of RMBNil (as at 31 December 2019: approximately RMB10.08 million), investment properties with a fair value of approximately RMB633.00 million (as at 31 December 2019: approximately RMB622.00 million) and properties under development with carrying value of approximately RMB28.31376 billion (as at 31 December 2019: approximately RMB16.91808 billion).

## Capital Structure

As at 31 December 2020, the Company's issued share capital was HK\$117,671,110.6, divided into 1,176,711,106 ordinary shares (the "Shares") of HK\$0.1 each (as at 31 December 2019: HK\$90,986,474.5, divided into 909,864,745 Shares).

## Foreign Currency Exposure

The business operations of the Company's subsidiaries were conducted mainly in the PRC with revenues and expenses of the Company's subsidiaries denominated mainly in RMB.

As at 31 December 2020, except for the bank deposits denominated in foreign currencies, the Group did not have significant foreign currency exposure from its operations.

As the Directors considered the Group's foreign exchange risk to be insignificant, the Group did not use any financial instruments for hedging purposes during the Year.

## Contingent Liabilities

As at 31 December 2020, the Group did not have any material contingent liabilities (as at 31 December 2019: Nil).

# MANAGEMENT DISCUSSION AND ANALYSIS

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## Significant Investments

During the Year, the Group did not hold any significant investment or significant securities investment as part of its asset portfolio.

## Employees and Emolument Policy

As at 31 December 2020, the Group employed a total of 966 full-time employees (due to the spin-off and listing of C&D Property Management Group Co., Ltd (“C&D Property”, together with its subsidiaries, “C&D Property Group”) on 31 December 2020, the number of employees of the Group as at 31 December 2020 did not include the employees of C&D Property Group) (as at 31 December 2019: 7,285 full-time employees (together with C&D Property Group), 728 full-time employees (excluding C&D Property Group)). Total staff costs, including Directors’ emoluments, of the Group were approximately RMB1.74485 billion for the Year (2019: approximately RMB1.26191 billion). The Group reviews the remuneration policies and packages on a regular basis and makes necessary adjustment that commensurate with the remuneration level in the industry. In addition to a basic monthly salary, year-end bonuses are offered to those staff with outstanding performance. Meanwhile, the Group ensures full payment of social security and provident fund in full for all employees and provides a number of benefits such as paid annual leave, rent subsidies, transportation subsidies, heat stroke prevention and cooling fees to practically improve employees’ happiness and belongingness. A share option scheme has been adopted to attract and retain eligible employees to contribute to the Group. The Group has established an online learning platform and provided various training courses to help employees enhance their work skills and competence and to accelerate their growth and development.

The same remuneration philosophy is applicable to the Directors. Apart from benchmarking against the market, the Company reviews individual competence, contributions and the affordability of the Company in determining the exact level of remuneration for each Director.

## KEY RISK FACTORS AND UNCERTAINTIES

The property market in China is affected by a number of factors, such as changes in social, political, economic and legal environment and the government’s undertakings of fiscal, economic, monetary, industrial and environmental policies. Changes in macro-economic conditions, consumer confidence, consumption spending, and consumption preferences may also affect the Group’s business. As such, the Group, taking into account the market situations, implements locally differentiated investment and marketing strategies and nurtures a number of projects across different regional markets so as to reduce reliance on individual markets. The Group’s operations are exposed to a variety of idiosyncratic risks in property development, property investment, and property related businesses. Default by buyers and partners, manual and systematic negligence or mistake in internal processes, and other external factors may have impact on operation. The Epidemic may also have negative influences on the property industry operations and consumers’ property preferences, if there are any changes as to the situation in relation to the Epidemic. In addition to the aforesaid factors, other risk factors and uncertainties may exist.

## EVENTS AFTER REPORTING PERIOD

Details of the events after the reporting period of the Group are set out in note 48 to the consolidated financial statements.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## OUTLOOK AND PROSPECT

Although the Epidemic is still spreading over the globe, it is effectively controlled in China. The Group expects there will be no significant adverse effect on our future business operation. The Group will fully integrate its resources and advantages, insist to enhance and expand its core business of property development, enhance its strength in real estate industry chain investment services, promote the expansion of the Company's business scale and improve its industrial layout so as to support future long-term development.

### **1. Insisting to enhance and expand its core business of property development by extending land reserves to support sustainable growth**

The Group will uphold our spirit of innovation and craftsmanship and continue to optimize and improve its "New Chinese Style" product series. It will fully utilize its advantages in product design and quality to create brand impact of "C&D" and enhance the competitiveness of its property development business. Meanwhile, on top of deeply cultivating the five core areas, namely Haixi (including Xiamen, Zhangzhou, Quanzhou, Longyan and Putian), South-eastern China (including Fuzhou, Nanping, Sanming and Ningde), Eastern China (including Suzhou, Shanghai, Wuxi, Hefei, Nanjing and Hangzhou), Southern China (including Guangzhou, Zhuhai, Shenzhen, Nanning and Guiyang) and Central China (including Changsha and Wuhan), the Group will also continue to explore new markets and expand its land reserves, with a view to strengthen its sustainable development capability.

### **2. Strengthening layout for real estate industry chain services to extend external development and expand business scale orderly**

The Group, taking into account the service quality and operation efficiency of its real estate industry chain investment service business, will actively promote the orderly market expansion of the light asset class business of the real estate industry chain to enhance its business scale, explore and attempt to innovate its business management model, as well as expand the boundary of the entrusted construction business.

In view of the above, the Group will adhere to its corporate orientation as the "integrated service provider in property development and real estate industry chain investment services" by continuously improving its operation and development capabilities. We will pursue high quality and sustainable growth, and continue to create value for our shareholders and society.



# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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## EXECUTIVE DIRECTORS

### **Mr. ZHUANG Yuekai (庄躍凱先生) (“Mr. Zhuang”)**

Mr. Zhuang, aged 56, was appointed as the chairman of the Board and an executive director of the Company on 10 February 2015. He was also appointed as a member and the chairman of the nomination committee of the Board (the “Nomination Committee”) and has acted as a member of the remuneration committee of the Board (the “Remuneration Committee”) with effect from 16 March 2015, and ceased to be a member of the Remuneration Committee with effect from 15 March 2021. He graduated from Fuzhou University with a bachelor’s degree in engineering, majoring in industrial and civil architecture in 1986. Mr. Zhuang completed a course in business administration offered by Tsinghua University in December 2001. He is a senior engineer, a registered enterprise legal adviser and a certified real estate appraiser in the PRC and is entitled to special government allowances of the State Council of the PRC. Mr. Zhuang has engaged in the real estate industry for over 30 years, accumulating a wealth of management experience in the industry. He is responsible for the strategic planning of C&D International Group.

Mr. Zhuang has joined Xiamen C&D Corporation Limited since July 1986 and worked in C&D Real Estate Corporation Limited since July 1998. He currently serves as, among others, the vice-general manager and a member of the party committee of Xiamen C&D Corporation Limited and the chairman of the board and the secretary of party committee of C&D Real Estate Corporation Limited. He was appointed as an executive director and chairman of the board of C&D Property, the shares of which are listed on the Stock Exchange (stock code: 2156) in September 2020.

Xiamen C&D Corporation Limited is the holding company of Xiamen C&D Inc., a company listed on Shanghai Stock Exchange (stock code: 600153). Xiamen C&D Inc. is the holding company of C&D Real Estate Corporation Limited. C&D Real Estate Corporation Limited is the holding company of Well Honour International Limited which, in turn, is the holding company of Well Land International Limited, a controlling shareholder of the Company.

### **Ms. ZHAO Chengmin (趙呈閩女士) (“Ms. Zhao”)**

Ms. Zhao, aged 52, was appointed as an executive director of the Company on 10 February 2015 and is one of the authorised representatives of the Company under Rule 3.05 of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). She was appointed as deputy executive officer on 20 March 2015 and resigned as deputy executive officer on 15 March 2016. Ms. Zhao graduated from Xiamen University with a master’s degree in business administration and is a senior accountant. Ms. Zhao has engaged in financial work for more than 30 years, accumulating a wealth of financial management experience.

Ms. Zhao has joined Xiamen C&D Corporation Limited since September 1990 and worked in C&D Real Estate Corporation Limited for many years. She currently serves as, among others, a director of Xiamen C&D Corporation Limited, a director and general manager and the vice secretary of the party committee of C&D Real Estate Corporation Limited, a director of Well Land International Limited and Well Honour International Limited and a legal representative of various subsidiaries of C&D Real Estate Corporation Limited and of the Group. Ms. Zhao worked as finance controller and vice-general manager in Xiamen Overseas Chinese Electronic Co., Ltd., a company listed on Shanghai Stock Exchange (stock code: 600870).

Xiamen C&D Corporation Limited is the holding company of Xiamen C&D Inc., a company listed on Shanghai Stock Exchange (stock code: 600153). Xiamen C&D Inc. is the holding company of C&D Real Estate Corporation Limited. C&D Real Estate Corporation Limited is the holding company of Well Honour International Limited which, in turn, is the holding company of Well Land International Limited, a controlling shareholder of the Company.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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## **Mr. LIN Weiguo (林偉國先生) (“Mr. Lin”)**

Mr. Lin, aged 42, was appointed as an executive director and the chief executive officer of the Company on 21 March 2019. He was appointed as the financial controller of the Company from 20 March 2015 to 15 March 2016, and the chief operating officer of the Company from 15 March 2016 to 21 March 2019. Before joining the Group, he served as a financial manager, manager, regional sales director of a branch of Xiamen Overseas Chinese Electronic Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600870). He thereafter joined C&D Real Estate Corporation Limited in 2007 and served as its financial controller and assistant to general manager. He is currently a director and a deputy general manager and a member of the party committee of C&D Real Estate Corporation Limited, a director and the legal representative of some subsidiaries of C&D Real Estate Corporation Limited and the Group. Mr. Lin holds a bachelor’s degree in accounting from Anhui University of Finance and Economics in 2010. He was appointed as a non-executive director of C&D Property, the shares of which are listed on the Stock Exchange (stock code: 2156) in September 2020. He is a senior economist and a senior accountant.

Xiamen C&D Corporation Limited is the holding company of Xiamen C&D Inc., a company listed on Shanghai Stock Exchange (stock code: 600153). Xiamen C&D Inc. is the holding company of C&D Real Estate Corporation Limited. C&D Real Estate Corporation Limited is the holding company of Well Honour International Limited which, in turn, is the holding company of Well Land International Limited, a controlling shareholder of the Company.

## **NON-EXECUTIVE DIRECTORS**

### **Mr. HUANG Wenzhou (黃文洲先生) (“Mr. Huang”)**

Mr. Huang, aged 56, has been appointed as a non-executive director of the Company since 29 April 2015. Mr. Huang graduated from MBA of Xiamen University majoring in business administration. He is an accountant.

Mr. Huang has been working in Xiamen C&D Corporation Limited for many years. On 2 March 2017, he was appointed and currently serves as the chairperson of Xiamen C&D Corporation Limited and a director of C&D Real Estate Corporation Limited. Mr. Huang also serves as vice-chairman of Xiamen C&D Inc., a company listed on Shanghai Stock Exchange (stock code: 600153).

Xiamen C&D Corporation Limited is the holding company of Xiamen C&D Inc, a company listed on Shanghai Stock Exchange (stock code: 600153). Xiamen C&D Inc. is the holding company of C&D Real Estate Corporation Limited. C&D Real Estate Corporation Limited is the holding company of Well Honour International Limited which, in turn, is the holding company of Well Land International Limited, a controlling shareholder of the Company.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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### **Ms. YE Yanliu (葉衍榴女士) (“Ms. Ye”)**

Ms. Ye, aged 49, was appointed as a non-executive director of the Company on 21 March 2019. She joined Xiamen C&D Corporation Limited in 1995 and served as its legal affairs director and general legal consultant. She is currently the vice-general manager of Xiamen C&D Corporation Limited, a director of Xiamen C&D Inc., a company listed on the Shanghai Stock Exchange (stock code: 600153), a director of C&D Real Estate Corporation Limited and a director of some other subsidiaries of Xiamen C&D Corporation Limited (not of the Group) and in charge of risk management in general for Xiamen C&D Corporation Limited. Ms. Ye holds a bachelor’s degree. She is a qualified corporate legal consultant and a practicing corporate lawyer in the PRC.

Xiamen C&D Corporation Limited is the holding company of Xiamen C&D Inc., a company listed on Shanghai Stock Exchange (stock code: 600153). Xiamen C&D Inc. is the holding company of C&D Real Estate Corporation Limited. C&D Real Estate Corporation Limited is the holding company of Well Honour International Limited which, in turn, is the holding company of Well Land International Limited, a controlling shareholder of the Company.

### **Mr. WANG Wenhui (王文懷先生) (“Mr. Wang”)**

Mr. Wang, aged 49, was appointed as a non-executive director of the Company on 20 April 2020. He joined Xiamen C&D Corporation Limited in August 1998 with extensive experiences in investment and management. He is currently a member of the party committee and the vice general manager of Xiamen C&D Corporation Limited, a director of C&D Real Estate Corporation Limited, a director of Lianfa Group Company Limited\* (聯發集團有限公司), a director of Xiamen Conference & Exhibition Group Inc., a director of Xiamen C&D Tourism and Hotels Incorporation, the chairman of the board of Xiamen C&D Emerging Industries Equity Investment Limited Company\* (廈門建發新興產業股權投資有限責任公司). Currently, Mr. Wang is also a director of Xiamen Faratronic Co., Ltd., a public company whose shares listed on the main board of the Shanghai Stock Exchange (stock code: 600563), and a director of Xiamen Juben Information Technology Group Co., Ltd, a public company whose shares listed on the New Third Board (stock code: 835086). Mr. Wang obtained a master’s degree in economics from Xiamen University in June 1998.

Xiamen C&D Corporation Limited is the holding company of Xiamen C&D Inc., a company listed on Shanghai Stock Exchange (stock code: 600153). Xiamen C&D Inc. is the holding company of C&D Real Estate Corporation Limited. C&D Real Estate Corporation Limited is the holding company of Well Honour International Limited which, in turn, is the holding company of Well Land International Limited, a controlling shareholder of the Company.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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## INDEPENDENT NON-EXECUTIVE DIRECTORS

### **Mr. WONG Chi Wai (黃馳維先生)**

Mr. Wong Chi Wai, aged 54, has been an independent non-executive director of the Company since 23 November 2012. He is also the chairman of the audit committee of the Board (the "Audit Committee") and a member of the Remuneration Committee and the Nomination Committee. He currently also serves as an independent non-executive director of Kin Yat Holdings Limited (stock code: 638) and Arts Optical International Holdings Limited (stock code: 1120), shares of both companies are listed on the Main Board of the Stock Exchange. He is currently the chairman of the audit committee of Arts Optical International Holdings Limited and the chairman of the nomination committee of Kin Yat Holdings Limited. From June 2003 to September 2020, Mr. Wong Chi Wai served as an independent non-executive director of Bonjour Holdings Limited (stock code: 653), a company listed on the Main Board of the Stock Exchange. Mr. Wong Chi Wai obtained a bachelor's degree in social science from and was awarded a post-graduate certificate in laws by the University of Hong Kong in 1988 and 1993, respectively. He is a practising certified public accountant in Hong Kong and an associate member of the Institute of Chartered Accountants in England and Wales. He has over 31 years of experience in the accountancy profession. Other than holding private practice qualification in accounting, he has been admitted as solicitor at the High Court on 9 March 2019 and practice as consultant lawyer in a law firm.

The United States Public Company Accounting Oversight Board on 18 May 2016 censured Mr. Wong Chi Wai, barring him from being an associated person of a registered public accounting firm which has audit responsibilities for public companies in the United States of America ("U.S."), and imposing a civil money penalty against him of US\$10,000 on the basis of its findings that in connection with the audits of one U.S. issuer client of his firm, AWC (CPA) Limited. Mr. Wong Chi Wai violated certain U.S. laws, rules and standards relating to the audit requirements of a U.S. issuer client. Mr. Wong Chi Wai may file a petition to associate with a registered public accounting firm after two years from the date of the order.

For the same incident, the Hong Kong Institute of Certified Public Accountants ("HKICPA") concluded that Mr. Wong Chi Wai was in breach of sections 100.5(c) and 130.1 of the Code of Ethics for Professional Accountants for failure to act diligently in accordance with applicable technical and professional standards when provided professional services. As such, HKICPA reprimanded Mr. Wong Chi Wai and levied an administrative penalty of HK\$25,000 and costs of HK\$10,000 jointly with other respondents on 27 November 2017.

### **Mr. WONG Tat Yan, Paul (黃達仁先生)**

Mr. Wong Tat Yan, Paul, aged 51, has been an independent non-executive director of the Company since 23 November 2012. He is also the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee. Mr. Wong Tat Yan, Paul obtained a bachelor's degree in commerce from James Cook University of North Queensland in Australia in 1993 and a master's degree in business administration from the University of Queensland in Australia in 2004. From May 2015 to June 2017, Mr. Wong Tat Yan, Paul served as an independent non-executive director and the chairman of the audit committee and remuneration committee of Huiyin Holding Group Limited (formerly known as Share Economy Group Limited, stock code: 1178) which is listed on the Main Board of the Stock Exchange. Mr. Wong Tat Yan, Paul is a practising certified public accountant in Hong Kong, a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Taxation Institute of Hong Kong and a fellow member of the Taxation Institute of Australia. He has over 22 years of experience in auditing, accounting and taxation gained by taking up various positions in a number of accounting firms in Hong Kong and is currently a partner of Paul Wong & Co., a certified public accountants firm in Hong Kong.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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## **Mr. CHAN Chun Yee (陳振宜先生) (“Mr. Chan”)**

Mr. Chan, aged 43, has been an independent non-executive director of the Company since 23 November 2012. He is a member of the Audit Committee, Nomination Committee and the Remuneration Committee. He obtained a bachelor's degree in laws from the City University of Hong Kong in 1999 and a master's degree in laws in information technology and intellectual property law from the University of Hong Kong in 2004. Mr. Chan is a member of the Law Society of Hong Kong, associate member of Chartered Institute of Arbitrators and fellow member of Hong Kong Institute of Arbitrators and has been a practising solicitor in Hong Kong for more than 16 years in general legal practice and in different areas of law. Mr. Chan has been working as a solicitor at the law firm of C.T. Chan & Co., Solicitors since 2002 and become a partner of that law firm since April 2015. Mr. Chan has experience in advising on the legal aspects of a broad range of company, commercial and corporate finance matters.

## **SENIOR MANAGEMENT**

### **Ms. JIN Liuyuan (金柳媛女士) (“Ms. Jin”)**

Ms. Jin, aged 36, has been appointed as the financial controller of the Company since 1 April 2018 and resigned on 20 October 2020. She has engaged in financial field for nearly 12 years, accumulating a wealth of financial management experience. Prior to joining the Group, Ms. Jin worked as auditor in PricewaterhouseCoopers Zhong Tian LLP from October 2010 to May 2015. She joined the C&D Real Estate Corporation Limited in 2015 and served as the assistant to general manager and vice general manager of the finance department of C&D Real Estate Corporation Limited. She currently serves as the financial controller of Haixi area of C&D Real Estate Corporation Limited.

Ms. Jin is a postgraduate with a master's degree, a certified public accountant (“CPA”) in the PRC, an intermediate accountant, and is qualified to engage in the legal industry.

### **Mr. CHEN Shinan (陳詩楠先生) (“Mr. Chen”)**

Mr. Chen, aged 33, has been appointed as the financial controller of the Company since 20 October 2020. He has engaged in financial field for nearly 6 years, accumulating a wealth of financial management experience. Prior to joining the Group, Mr. Chen worked as auditor in Deloitte Touche Tohmatsu Certified Public Accountants LLP from October 2015 to November 2017. He joined C&D Real Estate Corporation Limited in 2017 and served as the manager of the finance department of C&D Real Estate Corporation Limited. He currently serves as the vice general manager (executive) of the finance department of C&D Real Estate Corporation Limited.

Mr. Chen is a postgraduate with a master's degree, a CPA in the PRC, and an intermediate accountant.

### **Ms. PAN Yanxia (潘燕霞女士) (“Ms. Pan”)**

Ms. Pan, aged 37, has been appointed as the internal audit controller of the Company since 1 April 2018. She has engaged in financial and auditing field for nearly 13 years, accumulating a wealth of financial and auditing management experience. Ms. Pan worked in Ernst & Young Hua Ming LLP for seven years. Prior to joining C&D Real Estate Corporation Limited, she has been a vice-director of corporate finance in a private company. She joined C&D Real Estate Corporation Limited in 2016 and served as the assistant to general manager of the auditing department of C&D Real Estate Corporation Limited, the vice-general manager of the auditing & supervision department of C&D Real Estate Corporation Limited and general manager of finance centre of C&D Real Estate Corporation Limited. She currently serves as the general manager of the audit centre of C&D Real Estate Corporation Limited. Ms. Pan is responsible for the internal audit of the Group.

Ms. Pan, with a bachelor's degree, is a CPA in the PRC, and a certified internal audit (CIA).

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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## COMPANY SECRETARY

### **Miss LEUNG Ching Ching (梁晶晶小姐) (“Miss Leung”)**

Miss Leung, aged 40, has been appointed as the company secretary of the Company since 1 November 2017. Miss Leung is a senior manager of the Corporate Services Division of Tricor Services Limited. She has over 17 years of experience in company secretarial industry, and provided services to clients ranging from private companies to public companies listed on the Main Board of the Stock Exchange. Other than the Company, Miss Leung is currently also named company secretary/joint company secretaries to four other Hong Kong listed companies. Miss Leung is a Chartered Secretary and a Fellow of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute. Miss Leung graduated from The Chinese University of Hong Kong and admitted to the Degree of Bachelor of Social Science. She also received a Master of Arts in Professional Accounting and Information System from City University of Hong Kong.

# DIRECTORS' REPORT

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The Directors are pleased to present to the shareholders (the "Shareholders") of the Company the annual report and the audited consolidated financial statements of the Group for the Year.

## PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The principal activities and other particulars of its subsidiaries are set out in note 22 to the consolidated financial statements.

Further discussion and analysis of the business review required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the "Management Discussion and Analysis" set out on pages 8 to 31 of this annual report and the "Environmental, Social and Governance Report" set out on pages 74 to 132 of this annual report. The relevant discussion in the "Management Discussion and Analysis" and the "Environmental, Social and Governance Report" sections forms part of this directors' report.

## RESULTS

The results of the Group for the Year and the state of affairs of the Company and of the Group as at 31 December 2020 are set out in the consolidated financial statements and their accompanying notes on pages 131 to 271 of this annual report.

## FINAL DIVIDEND

The Board recommended not to declare a final dividend for the Year at this time (2019: final dividend of HK\$0.82 per Share). The Company will consider to evaluate the payment of an interim dividend during the publication of the interim results for the six months ending 30 June 2021. The Company's long-term dividend policy remains unchanged.

## DIVIDEND POLICY

The Company has adopted a dividend policy in December 2018. In recommending on declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. The Company does not have any pre-determined dividend payout ratio. The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the articles of association of the Company (the "Articles of Association") and all applicable laws and regulations and other factors.

The Board shall also take into account the factors of the Group when considering the declaration and payment of dividends, including financial results, cash flow situation, business conditions and strategies, future operations and income, capital requirements and budgets, interests of the Shareholders, and restrictions on payment of dividends and any other factors that the Board may consider relevant. Depending on the financial conditions of the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period. Any final dividend for a financial year will be subject to the Shareholders' approval. The Board will review this dividend policy as appropriate from time to time.

# DIRECTORS' REPORT

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## ANNUAL GENERAL MEETING

The annual general meeting of the Company ("AGM") will be held on Friday, 21 May 2021.

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the Shareholders' entitlement to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Monday, 17 May 2021 to Friday, 21 May 2021 (both days inclusive). In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by 4:30 p.m. on Friday, 14 May 2021.

## FINANCIAL SUMMARY

A summary of the financial results as well as the assets and liabilities of the Group for the last five financial years is set out on page 272 of this annual report.

## SHARE CAPITAL

During the Year, the Company issued 266,846,361 Shares upon the exercise of conversion rights under the perpetual convertible bonds by Well Land International Limited in the principal amount of HK\$1,980,000,000.

Details of the movements in the share capital of the Company during the Year are set out in note 34 to the consolidated financial statements.

## TAX RELIEF AND EXEMPTION

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

## BORROWINGS

Details of the borrowings of the Group for the Year are set out in note 31 to the consolidated financial statements.

## INVENTORIES OF PROPERTIES

Details of the inventories of properties of the Group for the Year are set out in note 23 to the consolidated financial statements.

## RESERVES

Details of the movements in the reserves of the Company and the Group during the Year are set out in note 35 to the consolidated financial statements.



# DIRECTORS' REPORT

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## DISTRIBUTABLE RESERVES

As at 31 December 2020, the Company's reserves available for distribution to equity holders, comprising the share premium, capital reserve and retained earnings, amounted to approximately RMB2,861,198,000.

Under the Companies Law of the Cayman Islands, the share premium account of the Company in the amount of approximately RMB2,447,947,000 may be applied for paying distributions or dividends to the Shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands in relation to the issue of new Shares.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group for the Year are set out in note 16 to the consolidated financial statements.

## INVESTMENT PROPERTIES

Details of the movements in the investment properties of the Group for the Year are set out in note 18 to the consolidated financial statements.

## CHARITABLE DONATIONS

During the Year, the Group made charitable donations of RMB3 million (2019: Nil).

## MAJOR CUSTOMERS AND SUPPLIERS

Sales attributable to the Group's largest customer and five largest customers accounted for approximately 1.83% and 2.90% of the Group's total revenue for the Year respectively.

During the Year, the Group's largest suppliers were general contractors. The purchases made by the Group from its largest supplier and the five largest suppliers accounted for approximately 4.43% and 11.16% of the Group's total purchases for the Year respectively.

None of the Directors or any of their close associates (as defined in the Listing Rules) or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers during the Year.

# DIRECTORS' REPORT

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## BOARD OF DIRECTORS

The Directors who were in office during the Year and up to the date of this annual report are as follows:

### Executive Directors

Mr. Zhuang Yuekai (*Chairman*)<sup>N</sup>  
Ms. Zhao Chengmin  
Mr. Lin Weiguo (*Chief Executive Officer*)

### Non-executive Directors (the "NEDs")

Mr. Huang Wenzhou  
Ms. Ye Yanliu  
Mr. Wang Wenhui (*appointed on 20 April 2020*)  
Ms. Wu Xiaomin (*resigned on 30 March 2020*)

### Independent Non-executive Directors (the "INEDs")

Mr. Wong Chi Wai<sup>A/R/N</sup>  
Mr. Wong Tat Yan, Paul<sup>A/R/N</sup>  
Mr. Chan Chun Yee<sup>A/R/N</sup>

Notes:

A: Member of the Audit Committee  
R: Member of the Remuneration Committee  
N: Member of the Nomination Committee

On 30 March 2020, Ms. Wu Xiaomin resigned as NED. Ms. Wu Xiaomin has confirmed that she has no disagreement with the Board and nothing relating to the affairs of the Company needed to be brought to the attention of the Shareholders. Mr. Zhuang Yuekai has ceased to act as a member of the Remuneration Committee with effect from 15 March 2021.

In accordance with Articles 105 and 109 of the Articles of Association, Mr. Lin Weiguo, Mr. Wong Chi Wai and Mr. Wong Tat Yan, Paul will retire from office by rotation and being eligible, will offer themselves for re-election at the AGM.

## DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHICAL DETAILS

Biographical details of the Directors and the senior management of the Group are set out on pages 32 to 37 of this annual report.

## CONFIRMATION OF INDEPENDENCE OF INEDS

The Company has received from each of the INEDs, namely Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. As at the date of this annual report, the Company still considered all of them to be independent.

# DIRECTORS' REPORT

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## SERVICE CONTRACTS OF DIRECTORS

Each of the executive Directors has entered into a service agreement with the Company for a term of three years commencing from 10 February 2015 and 21 March 2019 respectively, which is renewable automatically for successive terms of one year commencing from the day immediately after the expiry of the then current term of his/her appointment, and either the executive Director or the Company may terminate the agreement by giving the other party not less than one month's notice in writing. Each of the executive Directors is entitled to a director's emolument of HK\$1,200,000 per annum (which was determined by the Board with reference to his/her experience, knowledge, qualification, duties and responsibilities within the Group and the prevailing market conditions), and such management bonus and other benefits as may be determined by and at the sole discretion of the Board (upon the recommendation of the Remuneration Committee) from time to time.

Each of the NEDs has entered into a service agreement/ letter of appointment with the Company for a term of three years commencing from 29 April 2015, 21 March 2019 and 20 April 2020 respectively, which is renewable automatically for successive terms of one year commencing from the day immediately after the expiry of the then current term of his/her appointment, and either the NED or the Company may terminate the agreement by giving the other party not less than one month's notice in writing. Each of the NEDs does not receive any director's emolument but he/she may be entitled to such discretionary bonus and/or other benefits as may be determined by and at the sole discretion of the Board (upon the recommendation of the Remuneration Committee) from time to time.

Each of the INEDs has entered into a letter of appointment with the Company for a term of one year commencing on 14 December 2012, which is renewable automatically for successive terms of one year commencing from the day immediately after the expiry of the then current term of his appointment, and either the INED or the Company may terminate the agreement by giving the other party not less than three months' notice in writing. Each of the INEDs is entitled to a director's emolument of HK\$120,000 per annum since 14 December 2012 and the emolument has been revised to HK\$150,000 per annum since 21 March 2015, the emolument has been revised to HK\$180,000 per annum since 24 March 2017, and the emolument has been further revised to HK\$200,000 per annum since 20 March 2019.

# DIRECTORS' REPORT

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS

As at 31 December 2020, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in the Listing Rules, were as follows:

### Long positions in the shares of the Company

Name of Directors	Capacity/Nature of interests	Number of issued Shares/ underlying Shares held	Approximate percentage of shareholding in issued share capital (Note 1)
Mr. Zhuang Yuekai	Founder of a discretionary trust	60,412,000 (Note 2)	5.13%
Ms. Zhao Chengmin	Founder of a discretionary trust	60,412,000 (Note 2)	5.13%
Mr. Lin Weiguo	Interest of controlled corporation	60,412,000 (Note 2)	5.13%

Notes:

1. The percentage of shareholding was calculated based on the Company's total number of 1,176,711,106 Shares in issue as at 31 December 2020.
2. These Shares were registered in the name of Diamond Firetail Limited ("Diamond Firetail"), a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Tricor Equity Trustee Limited (formerly Equity Trustee Limited) ("Tricor Equity Trustee"). Tricor Equity Trustee is a trustee of a discretionary trust and each of Mr. Zhuang Yuekai and Ms. Zhao Chengmin is one of the founders of the said discretionary trust, while Mr. Lin Weiguo is one of the protectors of the said discretionary trust. Therefore, Mr. Zhuang Yuekai, Ms. Zhao Chengmin and Mr. Lin Weiguo are deemed to be interested in the Shares held by Diamond Firetail by virtue of the SFO.

# DIRECTORS' REPORT

## Long positions in the shares of the Company's associated corporations

Name of Directors	Name of our associated corporation	Capacity/ Nature of interest	Number of issued shares/ underlying shares held	Approximate percentage of shareholding in issued share capital (Note 1)
Mr. Zhuang Yuekai	C&D Property	Founder of a discretionary trust	60,412,000 (Note 2)	5.13%
Ms. Zhao Chengmin	C&D Property	Founder of a discretionary trust	60,412,000 (Note 2)	5.13%
Mr. Lin Weiguo	C&D Property	Interest of controlled corporation	60,412,000 (Note 2)	5.13%

Notes:

1. The percentage of shareholding was calculated based on C&D Property's total number of 1,176,711,106 ordinary shares in issue as at 31 December 2020.
2. These ordinary shares of C&D Property were registered in the name of Diamond Firetail, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Tricor Equity Trustee. Tricor Equity Trustee is a trustee of a discretionary trust and each of Mr. Zhuang Yuekai and Ms. Zhao Chengmin is one of the founders of the said discretionary trust, while Mr. Lin Weiguo is one of the protectors of the said discretionary trust. Therefore, Mr. Zhuang Yuekai, Ms. Zhao Chengmin and Mr. Lin Weiguo are deemed to be interested in the ordinary shares of C&D Property held by Diamond Firetail by virtue of the SFO.

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

# DIRECTORS' REPORT

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

As at 31 December 2020, so far as it was known to any Directors or the chief executive of the Company, the following parties (other than a Director or the chief executive of the Company) were recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as being directly or indirectly interested or deemed to be interested in 5% or more of the issued Shares and underlying Shares:

Name of substantial Shareholders	Capacity/ Nature of interests	Number of issued Shares/ underlying Shares held	Approximate percentage of shareholding in issued share capital (Note 1)
Well Land International Limited (益能國際有限公司) ("Well Land")	Beneficial owner	757,054,106	64.34%
Well Honour International Limited (益鴻國際有限公司) ("Well Honour")	Interest of controlled corporation	757,054,106 (Note 2)	64.34%
C&D Real Estate Corporation Limited (建發房地產集團有限公司) ("C&D Real Estate")	Interest of controlled corporations	757,054,106 (Note 2)	64.34%
Xiamen C&D Inc. (廈門建發股份有限公司)	Interest of controlled corporations	757,054,106 (Note 2)	64.34%
Xiamen C&D Corporation Limited (廈門建發集團有限公司) ("Xiamen C&D")	Interest of controlled corporations	757,054,106 (Note 2)	64.34%
Diamond Firetail	Beneficial owner	60,412,000	5.13%
Tricor Equity Trustee	Interest of controlled corporation	60,412,000 (Note 3)	5.13%
Ms. Cao Xinyu	Interest of controlled corporation	60,412,000 (Note 3)	5.13%
Ms. Liu Jing	Interest of controlled corporation	60,412,000 (Note 3)	5.13%

Notes:

- The percentage of shareholding was calculated based on the Company's total number of 1,176,711,106 Shares in issue as at 31 December 2020.
- Well Land is a wholly-owned subsidiary of Well Honour. Well Honour is a wholly-owned subsidiary of C&D Real Estate. C&D Real Estate is owned as to 54.65% and 45.35% by Xiamen C&D Inc., the shares of which are listed on the Shanghai Stock Exchange (stock code: 600153) and Xiamen C&D, a state-owned group of companies under the supervision of Xiamen State-owned Assets Supervision and Administration Commission of Xiamen Municipal People's Government respectively. Xiamen C&D is interested in Xiamen C&D Inc. as to 47.85%. Therefore, Well Honour, C&D Real Estate, Xiamen C&D Inc. and Xiamen C&D are deemed to be interested in the Shares held by Well Land by virtue of the SFO.

# DIRECTORS' REPORT

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3. These Shares were registered in the name of Diamond Firetail, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Tricor Equity Trustee. Tricor Equity Trustee is a trustee of a discretionary trust and each of Mr. Zhuang Yuekai and Ms. Zhao Chengmin is one of the founders of the said discretionary trust. Ms. Cao Xinyu, Ms. Liu Jing and Mr. Lin Weiguo are protectors of the said discretionary trust. Therefore, Tricor Equity Trustee, Ms. Cao Xinyu and Ms. Liu Jing are deemed to be interested in the Shares held by Diamond Firetail by virtue of the SFO. The interests of Mr. Zhuang Yuekai, Ms. Zhao Chengmin and Mr. Lin Weiguo are shown in the paragraph headed "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and Associated Corporations" above.

## PERMITTED INDEMNITY PROVISION

Subject to the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) and the Companies Law of the Cayman Islands, every Director is entitled under the Articles of Association to be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he or she may sustain or incur in or about the execution or discharge of his or her duties and/or the exercise of his or her powers and/or otherwise in relation to or in connection with his or her duties, powers or office. To the extent permitted by law, the Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against directors of companies in the Group during the Year and up to the date of this annual report.

## ARRANGEMENTS FOR DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Save as provided under the Share Option Scheme, at no time during the Year was the Company or any of its subsidiaries a party to any arrangement to enable a Director to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any other body corporate.

## DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save for those connected transactions and continuing connected transactions set out on pages 47 to 55 of this annual report, there was no transaction, arrangement or contract of significance in relation to the Company's business, to which the Company or any of the Company's subsidiaries was a party, subsisting at the end of the Year or at any time during the Year, and in which a Director or an entity connected with a Director had, whether directly or indirectly, a material interest, nor was there any other transaction, arrangement or contract of significance in relation to the Company's business between the Company or any of the Company's subsidiaries and a controlling shareholder or any of its subsidiaries.

## DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the Year and up to the date of this annual report, none of the Directors were considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group and any other conflicts of interest.

## MANAGEMENT CONTRACT

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

# DIRECTORS' REPORT

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## RELATED PARTY TRANSACTIONS

Details of the material related party transactions undertaken in the ordinary course of business by the Group during the Year are set out in note 42 to the consolidated financial statements, and save as disclosed in the paragraphs headed "Connected Transactions" and "Continuing Connected Transactions" below, none of them constituted and there were no transactions which constituted a connected transaction (as defined under the Listing Rules) of the Company and was subject to reporting requirement during the Year and as at 31 December 2020.

## LITIGATIONS

There were no material litigations and obligations of the Group during the Year.

## CONNECTED TRANSACTIONS

On 28 September 2020, Xiamen Yi Yue Property Company Limited\* (廈門益悅置業有限公司) ("Yi Yue") and Xiamen Zhaoyirong Property Development Company Limited\* (廈門兆翊蓉房地產開發有限公司) ("Xiamen Zhaoyirong"), indirect wholly-owned subsidiaries of the Company, entered into the following agreements: (1) the equity transfer agreements (the "Chengdu Zhaoxinlin Equity Transfer Agreements") with C&D Real Estate Group Chengdu Company Limited\* (建發房地產集團成都有限公司) ("C&D Chengdu"), pursuant to which C&D Chengdu agreed to sell and Yi Yue and Xiamen Zhaoyirong agreed to purchase 95% and 5% equity interests in Chengdu Zhaoxinlin Real Estate Development Company Limited\* (成都兆欣麟房地產開發有限公司) ("Chengdu Zhaoxinlin") respectively. The aggregate cash consideration under the Chengdu Zhaoxinlin Equity Transfer Agreements shall be RMB50,001,583.36, of which Yi Yue and Xiamen Zhaoyirong shall contribute RMB47,501,504.19 and RMB2,500,079.17 respectively. Yi Yue and Xiamen Zhaoyirong shall also repay the shareholder's loan (principal and interest) in the amount of RMB958,643,770.69 (subject to adjustment) previously advanced by C&D Chengdu to Chengdu Zhaoxinlin in accordance with the proportion of their respective equity interests in Chengdu Zhaoxinlin to be held by Yi Yue and Xiamen Zhaoyirong; (2) the equity transfer agreements (the "Xiamen Huilong Equity Transfer Agreements") with C&D Real Estate and Xiamen Liyuan Investment Company Limited\* (廈門利源投資有限公司) ("Xiamen Liyuan"), pursuant to which (a) C&D Real Estate agreed to sell and Yi Yue agreed to purchase 95% equity interests in Xiamen Huilong Real Estate Development Company Limited\* (廈門匯瓏房地產開發有限公司) ("Xiamen Huilong") and (b) Xiamen Liyuan agreed to sell and Xiamen Zhaoyirong agreed to purchase 5% equity interests in Xiamen Huilong. The aggregate cash consideration under the Xiamen Huilong Equity Transfer Agreements shall be nil. Yi Yue and Xiamen Zhaoyirong shall repay the shareholder's loan (principal and interest) in the amount of RMB2,588,484,971.47 (subject to adjustment) previously advanced by C&D Real Estate to Xiamen Huilong in accordance with the proportion of their respective equity interests in Xiamen Huilong to be held by Yi Yue and Xiamen Zhaoyirong; and (3) the equity transfer agreements (the "Xiamen Jingchenglong Equity Transfer Agreements") with C&D Real Estate and Xiamen Liyuan, pursuant to which (a) C&D Real Estate agreed to sell and Yi Yue agreed to purchase 95% equity interests in Xiamen Jingchenglong Real Estate Development Company Limited\* (廈門景呈瓏房地產開發有限公司) ("Xiamen Jingchenglong") and (b) Xiamen Liyuan agreed to sell and Xiamen Zhaoyirong agreed to purchase 5% equity interests in Xiamen Jingchenglong. The aggregate cash consideration under the Xiamen Jingchenglong Equity Transfer Agreements shall be nil. Yi Yue and Xiamen Zhaoyirong shall repay the shareholder's loan (principal and interest) in the amount of RMB1,150,434,283.06 (subject to adjustment) previously advanced by C&D Real Estate to Xiamen Jingchenglong in accordance with the proportion of their respective equity interests in Xiamen Jingchenglong to be held by Yi Yue and Xiamen



# DIRECTORS' REPORT

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Zhaoyirong. As a result of the abovementioned transactions, Yi Yue and Xiamen Zhaoyirong hold 95% and 5% equity interests in each of Chengdu Zhaoxinlin, Xiamen Huilong and Xiamen Jingchenglong respectively. As C&D Chengdu and Xiamen Liyuan are wholly-owned subsidiaries of C&D Real Estate and C&D Real Estate is the controlling shareholder of the Company, C&D Chengdu, Xiamen Liyuan and C&D Real Estate are connected persons of the Company. As such, the transactions contemplated under the Chengdu Zhaoxinlin Equity Transfer Agreements, the Xiamen Huilong Equity Transfer Agreements and the Xiamen Jingchenglong Equity Transfer Agreements constitute connected transactions under Chapter 14A of the Listing Rules. At the extraordinary general meeting of the Company held on 15 January 2021, the proposed resolutions approving the transactions contemplated under the Chengdu Zhaoxinlin Equity Transfer Agreements, the Xiamen Huilong Equity Transfer Agreements and the Xiamen Jingchenglong Equity Transfer Agreements were passed by the independent shareholders of the Company by way of poll.

## CONTINUING CONNECTED TRANSACTIONS

### 1. Continuing connected transactions in relation to the lease of properties

On 14 March 2016, Shanghai C&D Zhaoyu Asset Management Company Limited\* (上海建發兆昱資產管理有限公司) ("Shanghai Zhaoyu"), a subsidiary of the Company, entered into a lease (the "Huayuan Lease") in respect of the Xinjiangwan Huayuan\* (新江灣華苑) project (the "Huayuan Project") and a lease (the "Jiayuan Lease") in respect of the Xinjiangwan Jiayuan\* (新江灣嘉苑) project (the "Jiayuan Project") with Shanghai Zhongyue Real Estate Development Company Limited\* (上海中悅房地產開發有限公司) ("Shanghai Zhongyue") and Shanghai Shanxidi Real Estate Development Company Limited\* (上海山溪地房地產開發有限公司) ("Shanghai Shanxidi") respectively, pursuant to which Shanghai Zhongyue and Shanghai Shanxidi agreed to respectively lease certain properties in the Huayuan Project and the Jiayuan Project to Shanghai Zhaoyu.

The term of the Jiayuan Lease is 60 months commencing from 15 March 2016 to 14 March 2021, while the term of the Huayuan Lease is 60 months commencing from 1 July 2016 to 30 June 2021. An independent financial advisor has been appointed by the Company to opine on the term of the two leases, each of which is more than three years and to confirm that it is a normal business practice for agreements of this type to be of such duration.

The rent payable under each of the Jiayuan Lease and the Huayuan Lease shall be calculated daily at RMB0.28 per sq.m., RMB0.3 per sq.m., RMB0.32 per sq.m., RMB0.34 per sq.m., RMB0.36 per sq.m. and RMB0.36 per sq.m., for the years ended 31 December 2016, 2017, 2018, 2019 and 2020 and for the year ending 31 December 2021 respectively, which is determined based on arm's length basis by reference to the prevailing market rates of the rental charge of properties in Shanghai.

# DIRECTORS' REPORT

The respective annual caps of the transactions contemplated under the Jiayuan Lease and the Huayuan Lease were as follows:

<b>Financial year</b>	<b>Annual caps under the Jiayuan Lease</b>	<b>Annual caps under the Huayuan Lease</b>
Year ended 31 December 2016	RMB2,160,000	RMB1,810,000
Year ended 31 December 2017	RMB2,850,000	RMB3,720,000
Year ended 31 December 2018	RMB3,040,000	RMB3,980,000
Year ended 31 December 2019	RMB3,230,000	RMB4,230,000
Year ended 31 December 2020	RMB3,430,000	RMB4,500,000
Year ending 31 December 2021	RMB700,000	RMB2,290,000

Each of Shanghai Shanxidi and Shanghai Zhongyue is a subsidiary of C&D Real Estate and therefore is a connected person of the Company.

Pursuant to Rule 14A.81 of the Listing Rules, the transactions contemplated under the Jiayuan Lease and the Huayuan Lease are required to be aggregated and treated as if they were one transaction. After aggregation, as all the applicable percentage ratios in respect of the highest annual cap of the two leases exceed 0.1% but are less than 5% on an annual basis, the transactions contemplated under the two leases are subject to the reporting, announcement and annual review requirements but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Please refer to the Company's announcement dated 14 March 2016 for further details of the above continuing connected transactions.

During the Year, the rent payable to Shanghai Zhongyue under the Huayuan Lease amounted to approximately RMB3,776,000 and the rent payable to Shanghai Shanxidi under the Jiayuan Lease amounted to approximately RMB2,875,000.

## **2. Continuing connected transaction in relation to the lease of properties**

On 18 July 2017, Shanghai Zhaoyu entered into a lease (the "Yangpu Lease") with Shanghai Zhaoyu Investment Development Company Limited\* (上海兆御投資發展有限公司) ("Shanghai Zhaoyu Investment Development"), pursuant to which Shanghai Zhaoyu Investment Development agreed to lease certain properties located in Yangpu District\* (楊浦區), Shanghai to Shanghai Zhaoyu.

The term of the Yangpu Lease is 10 years commencing from 1 July 2017 to 30 June 2027. An independent financial advisor has been appointed by the Company to opine on the term of the Yangpu Lease, which is more than three years and to confirm that it is a normal business practice for agreements of this type to be of such duration.

# DIRECTORS' REPORT

The rent payable under the Yangpu Lease shall be calculated on a daily basis. For the two years from 1 July 2017 to 30 June 2019, the rent shall be calculated daily at RMB1.00 per sq.m.; for the year from 1 July 2019 to 30 June 2020, the rent shall be calculated daily at RMB2.00 per sq.m.; for the two years from 1 July 2020 to 30 June 2022, the rent shall be calculated daily at RMB2.10 per sq.m.; for the two years from 1 July 2022 to 30 June 2024, the rent shall be calculated daily at RMB2.21 per sq.m.; for the two years from 1 July 2024 to 30 June 2026, the rent shall be calculated daily at RMB2.32 per sq.m.; and for the year from 1 July 2026 to 30 June 2027, the rent shall be calculated daily at RMB2.44 per sq.m. The rate was determined based on arm's length basis by reference to the prevailing market rates of the rental charge of properties in Shanghai. Shanghai Zhaoyu is required to pay the quarterly rent to Shanghai Zhaoyu Investment Development at the beginning of each quarter in advance.

The annual caps of the transactions contemplated under the Yangpu Lease were as follows:

<b>Financial Year</b>	<b>Annual caps under the Yangpu Lease</b>
Year ended 31 December 2017	RMB1,700,000
Year ended 31 December 2018	RMB3,500,000
Year ended 31 December 2019	RMB5,200,000
Year ended 31 December 2020	RMB7,200,000
Year ending 31 December 2021	RMB7,300,000
Year ending 31 December 2022	RMB7,500,000
Year ending 31 December 2023	RMB7,700,000
Year ending 31 December 2024	RMB7,900,000
Year ending 31 December 2025	RMB8,100,000
Year ending 31 December 2026	RMB8,300,000
Year ending 31 December 2027	RMB4,200,000

As all the applicable percentage ratios in respect of the highest annual cap of the Yangpu Lease are less than 25% and the total consideration is less than HK\$10,000,000 on an annual basis, the transaction contemplated under the Yangpu Lease is subject to the reporting, announcement and annual review requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. As Shanghai Zhaoyu Investment Development is a wholly-owned subsidiary of Xiamen C&D which is a controlling shareholder of the Company, Shanghai Zhaoyu Investment Development is considered as a connected person of the Company. The entering into of the Yangpu Lease between Shanghai Zhaoyu and Shanghai Zhaoyu Investment Development therefore constitutes continuing connected transactions under Chapter 14A of the Listing Rules. Please refer to the Company's announcement dated 18 July 2017 for further details of the above continuing connected transaction.

During the Year, the rent payable of Shanghai Zhaoyu under the Yangpu Lease amounted to approximately RMB5,191,000.

### **3. Continuing connected transaction in relation to provision of property management service**

On 13 July 2018 (after trading hours), Xiamen C&D Property Management Service Company Limited\* (廈門建發物業管理服務有限公司) ("C&D Property Service") entered into the property management service agreement (the "Property Management Service Agreement") with C&D Real Estate, pursuant to which C&D Property Service shall provide property management services to the properties and development projects of C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies.

# DIRECTORS' REPORT

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The proposed annual caps of the property management service fees to be received by C&D Property Service under the Property Management Service Agreement for each of the four years ending 31 December 2021 are RMB150,000,000, RMB150,000,000, RMB150,000,000 and RMB150,000,000 respectively. In determining the proposed annual caps, the Board has based their estimates on (1) the historical fees received by Yijiayuan (Xiamen) Property Management Company Limited\* (怡家園物業(廈門)物業管理有限公司) and Huijia (Xiamen) Property Management Company Limited\* (匯嘉(廈門)物業管理有限公司) (subsidiaries of C&D Property Service) from C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies for providing property management services; (2) the anticipated rise in labor costs, material costs, management fees, etc.; (3) the service demand of C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies for their daily operation; and (4) the relevant taxes and reasonable level of profit.

C&D Real Estate is a controlling shareholder of the Company and, therefore, a connected person of the Company. Accordingly, the entering into of the Property Management Service Agreement will constitute a continuing connected transaction under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the proposed annual caps for the transactions contemplated under the Property Management Service Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the Property Management Service Agreement are subject to the reporting, announcement and annual review requirements, but are exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Please refer to the Company's announcement dated 13 July 2018 for further details of the above continuing connected transaction.

During the Year, the property management service fees receivable from C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies under the Property Management Service Agreement approximately amounted to RMB98,248,000. On 31 December 2020, C&D Property Service ceased to be a subsidiary of the Group.

#### **4. Continuing connected transaction in relation to the provision of entrusted construction management services**

On 29 January 2019 (after trading hours), Xiamen C&D Zhaocheng Construction Operation and Management Limited\* (廈門建發兆誠建設運營管理有限公司) ("Zhaocheng Construction") entered into the framework agreement (the "Framework Agreement") with C&D Real Estate for the period from 29 January 2019 to 31 December 2021, pursuant to which Zhaocheng Construction shall provide entrusted construction management services for a variety of construction and property development projects, etc. of C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies. The contract period has commenced from 29 January 2019, and will end on 31 December 2021.

Entrusted construction management services to be provided by Zhaocheng Construction mainly include:

- (i) Entrusted construction: the overall construction services of a project, ranging from design and construction to completion and delivery of the project, to be provided during the period commencing from the acquisition of the project to its completion and settlement; and
- (ii) Entrusted operating construction: the overall management and sale services in respect of the development and construction of a project, ranging from plot design, operation, sale, completion and delivery of the project, to be provided during the period commencing from the acquisition of the project to its completion and settlement.

## DIRECTORS' REPORT

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Entrusted construction management service fees for each of the abovementioned service categories include:

- (i) the basic construction management fees for entrusted construction: to be calculated as not less than 4% of the "direct development costs" (land costs, public maintenance fees and contracts managed by C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies will not be applied in the calculation of management fees) of the project. The "direct development costs" is subject to adjustment according to the actual settlement amount of all contracts under management of Zhaocheng Construction;
- (ii) the basic construction management fees for entrusted operating construction: to be calculated as not less than 5% of the "total sales" of the project. The "total sales" represent the total revenue to be obtained by C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies from the project (i.e. the amount of receivables with legal basis (including output value added tax), including the amounts received and the expected income of the relevant outstanding receivables from certain legal documents including signed sales and lease contracts and other contracts); and
- (iii) other fees: may be determined by both business parties otherwise agreed according to the actual status of the project, including but not limited to the construction incentive and the construction management bonus, etc.. The specific fees can be charged on a certain percentage of the "direct development costs", while the rate and the charging method can be determined by both business parties after negotiation.

The aforementioned entrusted construction management service fees may be adjusted according to the actual construction situation of the project upon unanimous consent by both parties after negotiation.

The proposed annual caps of the entrusted construction management service fees to be received by Zhaocheng Construction under the Framework Agreement for each of the three years ending 31 December 2021 are RMB150,000,000. In determining the proposed annual caps, the Board has considered, among other things, the following main factors: (1) the historical fees received by Zhaocheng Construction from C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies for providing entrusted construction management services; (2) the anticipated rise in labor costs, management fees, etc.; (3) the service demand of C&D Real Estate, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies arising from their daily operations; and (4) the relevant taxes and a reasonable profit margin.

C&D Real Estate is a controlling shareholder of the Company and, therefore, a connected person of the Company. Accordingly, the entering into of the Framework Agreement constitutes a continuing connected transaction under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the proposed annual caps for the transactions contemplated under the Framework Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the Framework Agreement are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules. Please refer to the Company's announcement dated 29 January 2019 for further details of the above continuing connected transaction. The transactions contemplated under the agreements entered into by Zhaocheng Construction as stated in the Company's announcements dated 1 August 2017, 31 August 2018 and 22 October 2018 respectively are included in the Framework Agreement.

# DIRECTORS' REPORT

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During the Year, the total entrusted construction management service fees receivable under the Framework Agreement amounted to approximately RMB53,020,000.

## 5. Continuing connected transaction in relation to the leasing framework agreement

On 28 April 2020 (after trading hours), the Company entered into the framework agreement (the "Leasing Framework Agreement") with Xiamen C&D, pursuant to which Xiamen C&D, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies agreed to lease certain office premises, which are held by Xiamen C&D, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies, to the Group for office use.

The rent, property management fees, utilities and energy costs shall be calculated and paid in the following manner:

1. In principle, the rent is calculated based on the gross floor area of the subject properties multiplied by the rent per unit area which shall be determined with reference to the rent of similar office premises in the vicinity and the local market rental level, subject to adjustment by the parties in accordance with the actual condition of the subject properties.
2. The Group shall pay the property management fees, public maintenance fund, utilities, air-conditioning fees in respect of the subject properties.
3. In principle, the Group shall make rental payment on a quarterly basis, and the specific payment and settlement could be arranged by negotiation between the parties to the lease.

For each of the three years ending 31 December 2022, the proposed annual caps of the rent to be received by Xiamen C&D, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies under the Leasing Framework Agreement are RMB30 million, RMB40 million and RMB50 million respectively. In determining the proposed annual caps, the Board has considered the following key factors, including but not limited to: (1) the area and rental level of the office premises held by Xiamen C&D, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies which the Group currently intends to lease; (2) the rental level of similar properties in the vicinity and the general market rental level of the office premises held by Xiamen C&D, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies which the Group currently intends to lease; (3) the historical figures of rent paid by the Group to Xiamen C&D, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies; and (4) the Group's anticipated future demand for leasing the office premises held by Xiamen C&D, its subsidiaries (but not including the Group (excluding connected subsidiaries)) and connected companies and the rental level.

Xiamen C&D is a controlling shareholder of the Company and, therefore, a connected person of the Company. Accordingly, the entering into of the Leasing Framework Agreement will constitute a continuing connected transaction under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios in respect of the proposed annual caps for the transactions contemplated under the Leasing Framework Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the Leasing Framework Agreement are subject to the reporting, announcement and annual review requirements, but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the Year, the fees payable under the Leasing Framework Agreement amounted to approximately RMB2,619,000.

# DIRECTORS' REPORT

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## 6. Continuing connected transaction in relation to the business framework agreement

On 23 December 2020, C&D Real Estate, the Company and C&D Property entered into a business framework agreement (the "Business Framework Agreement"), pursuant to which, among other things, C&D Property Group and its joint ventures shall provide certain services to (i) the Group (excluding C&D Property Group and its joint ventures) (the "Remaining Group"); and (ii) Xiamen C&D and its subsidiaries (excluding the Group and C&D Property Group) and their joint ventures and associates (the "Remaining Xiamen C&D Group"), for the period from the listing date of C&D Property (i.e. 31 December 2020) until 31 December 2022.

Under the Business Framework Agreement, C&D Property Group shall provide the following services to (i) the Remaining Xiamen C&D Group; and (ii) the Remaining Group: (a) property management services, mainly including greening, gardening and order maintenance for public areas, cleaning, security, parking management, repair and maintenance services for public facilities, etc. to unsold and sold but undelivered commodity housing and office properties; (b) community value-added and synergy services, mainly including (i) home living services; (ii) home beauty services; (iii) real estate brokerage and asset management services; (iv) value-added services for public areas; (v) elderly-care & health value-added services; and (vi) smart community services; and (c) value-added services to non-property owners, mainly including (i) consultancy services to property developers during the property development and construction phases; and (ii) reception, order maintenance, cleaning and security and maintenance services to property developers during both pre-sales and post-sales phases.

The pricing basis of the abovementioned services is as follows:

- 1 Property management services: property management fees shall be determined after arm's length negotiations by the parties after taking into account a number of factors, including: (i) the types of the properties, such as residential and non-residential, and the location of the projects such as the tier of city; (ii) the scope and quality of the services provided; (iii) the expected operational costs (including, among other things, staff costs, material costs, subcontracting costs and operational administrative expenses); (iv) the target profit margins of C&D Property; (v) profiles of the property owners and residents; (vi) the local government's guidance price on property management fees (where applicable); and (vii) the property management fees for similar services and similar types of projects in the market. Pursuant to the property management services contracts, the property management fees are calculated based on area multiplied by unit price. The specific unit price is calculated based on the prevailing market price in the location of the projects and approved by the relevant local authorities, as the case may be.
- 2 Community value-added and synergy services: the service fees shall be determined after arm's length negotiations with reference to the prevailing market prices of similar services in the open market and historical charges for each of the three years ended 31 December 2019 and the six months ended 30 June 2020.
- 3 Value-added services to non-property owners: the service fees shall be determined after arm's length negotiations based on the calculation of "cost (calculated in accordance with the actual costs incurred, such as materials and labour) + indirect management fee (calculated by tax-exclusive income x 10–15%) + taxes". The abovementioned tax will be subject to adjustment in accordance with relevant rules and regulations.

# DIRECTORS' REPORT

The proposed annual caps of the service fees payable to C&D Property Group by the Remaining Group under the Business Framework Agreement for each of the three years ended/ending 31 December 2020, 2021 and 2022 are RMB270.0 million, RMB345.0 million and RMB455.0 million, respectively. The breakdown of the proposed annual caps by types of services are as follows:

	For the year ended/ending 31 December					
	2020		2021		2022	
	RMB million	%	RMB million	%	RMB million	%
<b>Service fees payable to C&amp;D Property Group:</b>						
Property management services	6.0	2.2	9.0	2.6	12.0	2.6
Community value-added and synergy services	4.0	1.5	6.0	1.7	8.0	1.8
Value-added services to non-property owners	260.0	96.3	330.0	95.7	435.0	95.6
<b>Total</b>	270.0	100.00	345.0	100.0	455.0	100.0

As C&D Property became a connected person of the Company on the listing date of C&D Property (i.e. 31 December 2020), the transactions contemplated under the Business Framework Agreement between the Remaining Group and C&D Property Group will constitute a continuing connected transaction of the Company under Chapter 14A of the Listing Rules on 31 December 2020. As the highest applicable percentage ratio in respect of the transactions contemplated under the Business Framework Agreement between the Remaining Group and C&D Property Group exceeds 0.1% but is less than 5%, the transactions contemplated under the Business Framework Agreement between the Remaining Group and C&D Property Group are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

During the Year, the service fees payable by the Remaining Group under the Business Framework Agreement amounted to approximately RMB258,993,000, of which the service fees payable under (i) property management services; (ii) community value-added and synergy services; and (iii) value-added services to non-property owners amounted to approximately RMB5,640,000, RMB3,538,000 and RMB249,815,000, respectively.

## Review by independent non-executive Directors and the auditor of the Company

Pursuant to Rule 14A.55 of the Listing Rules, the INEDs of the Company have reviewed the abovementioned continuing connected transactions and confirmed that such transactions have been conducted:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms or better; and
- (3) according to the relevant agreements governing the relevant transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.



## DIRECTORS' REPORT

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The Company's auditor was also engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "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 Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange. Based on its work, the Company's auditor has provided the Board with a letter confirming that, with respect to the aforesaid continuing connected transactions:

- a. nothing has come to the auditor's attention that causes the auditor to believe that the continuing connected transactions have not been approved by the Company's Board of Directors;
- b. for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Group;
- c. nothing has come to the auditor's attention that causes the auditor to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- d. with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to the auditor's attention that causes the auditor to believe that the continuing connected transactions have exceeded the annual cap as set by the Company.

Save as disclosed above, a summary of material related party transactions made during the Year is disclosed in note 42 to the consolidated financial statements. To the extent that the Group's related party transactions constituted connected transactions or continuing connected transactions as defined in the Listing Rules, the Company had complied with the relevant requirements under Chapter 14A of the Listing Rules during the Year.

### EQUITY-LINKED AGREEMENTS

Other than the share option scheme adopted in 2012 (the "Share Option Scheme") as stated below, no equity-linked agreements that will or may result in the Company issuing Shares, or that require the Company to enter into any agreements that will or may result in the Company issuing Shares, were entered into by the Company during the Year or subsisted at the end of the Year.

### DEBENTURES

Yi Yue entered into a renewable term loan agreement with C&D Real Estate on 1 December 2020, details of which is disclosed in note 35 to the consolidated financial statements.

# DIRECTORS' REPORT

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## SHARE OPTION SCHEME

The Company adopted the Share Option Scheme in 2012 for the purpose of providing incentives and rewards to eligible participants who have contributed or may contribute to the success of the Group's operations. The Share Option Scheme totally complies with the requirements of Chapter 17 of the Main Board Listing Rules after the listing of the Company's Shares has been transferred from the GEM Board to the Main Board in 2014. So the Share Option Scheme is still effective after the transfer. The principal terms of the Share Option Scheme are set out below:

### Participants

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants to take up options to subscribe for the Shares in the Company:

- (a) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of the Company, any of the subsidiaries or any entity ("Invested Entity") in which any member of the Group holds an equity interest;
- (b) any non-executive directors (including independent non-executive directors) of the Company, any of the subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of any member of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (g) any advisor (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; or
- (h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

### Maximum number of Shares under the Share Option Scheme

The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the share capital of the Company in issue from time to time. The total number of the Shares which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option scheme of the Group) to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue from 14 December 2012 (the GEM listing date), that is 30,000,000 Shares, representing approximately 2.55% of the total issued Shares as at the date of this annual report.

# DIRECTORS' REPORT

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## Maximum entitlement of each participant

The total number of Shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (the "Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by the Shareholders in general meeting of the Company.

Any grant of options under the Share Option Scheme to a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates must be approved by INEDs (excluding INED who or whose associates is the proposed grantee of the options). In addition, any grant of options to a substantial shareholder or an INED or any of their respective associates in aggregate over 0.1% of the Shares in issue or with an aggregate value, based on the closing price of the Shares at the date of each offer, in excess of HK\$5 million, in the 12-month period up to and including the date of such grant, must be approved by the Shareholders in general meeting of the Company.

## Time of acceptance and exercise of option

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option to be accompanied by the payment of consideration of HK\$1, being acceptance of the grant of an option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence from the date of the offer for the grant of options is made, but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof.

## Subscription price for the Shares and consideration for the option

The subscription price for the Shares under the Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the date of the offer for the grant, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of a Share.

## Remaining life of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on 14 December 2012, being the adoption date of the Share Option Scheme.

No share options were granted, exercised or cancelled by the Company or lapsed under the Share Option Scheme during the Year and there were no outstanding share options under the Share Option Scheme as at 1 January and 31 December 2020.

## RETIREMENT BENEFIT SCHEMES/PENSION SCHEME

Retirement benefits to employees are provided through defined contribution plans.

The retirement benefits costs charged in the income statement represent the contributions payable in respect of the current year to the retirement benefits scheme managed by respective local social security bureau in accordance with government regulations in different jurisdictions. The forfeited contributions (by us on behalf of employees who leave the scheme prior to vesting fully in such contributions) will not be used by us to reduce the existing level of contributions. Please refer to note 2.19 to the consolidated financial statements for the Year for more information.

# DIRECTORS' REPORT

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

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the Year.

## CORPORATE GOVERNANCE

Particulars of the Company's corporate governance practices are set out in the Corporate Governance Report on pages 61 to 73 of this annual report.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient public float (i.e. at least 25% of the issued Shares were held by the public) as required by Rule 8.08 of the Listing Rules (as appropriate).

## ADDITIONAL DISCLOSURES

### Registration of lease agreements in the PRC

As disclosed in the prospectus of the Company dated 30 November 2012 (the "Prospectus"), some lease agreements in respect of certain investment properties in the PRC held or leased by the Group, which are required to be registered under the PRC laws, were not registered nor registrable.

As at 31 December 2020, there were still 54 lease agreements pending to be registered due to the fact that the merchants shall bring their ID cards and go to the competent Real Estate Bureau together with relevant staff of the Group to complete the registration. However, the merchants did not actively assist the Company in completing such registration.

The Company will keep monitoring the registration status of these lease agreements with the aim of completing their registration as early as practicable.

### Property ownership certificate of Wan Guo Plaza\* (萬國廣場) (formerly known as Yu Feng High Street)

As disclosed in the Prospectus, following the refurbishment and renovation of Wan Guo Plaza\* (萬國廣場) (formerly known as Yu Feng High Street), the property ownership certificate was issued on 11 May 2012 in respect of the refurbished Wan Guo Plaza and covered a GFA of 7,484 sq.m. It was later transpired that there was a shortfall in GFA of approximately 770 sq.m., which was yet to be covered under the property ownership certificate. The Group has delegated a senior management staff to keep liaising with the relevant PRC authorities and following up on the application procedure for a new property ownership certificate of Wan Guo Plaza.

As at 31 December 2020, the application process for the new property ownership certificate was still ongoing. Given that the application for a new property ownership certificate under the above special circumstance is not one which is usually taken out before the relevant PRC authorities, the Group expects that the processing time would be longer than is normally required. There was no indication from the PRC authorities as to how long such process would take. The Group will maintain its communication with the relevant PRC authorities closely so as to obtain the up-to-date status of the application progress until the new property ownership certificate covering the shortfall in GFA is issued.

# DIRECTORS' REPORT

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## REVIEW BY AUDIT COMMITTEE

The Audit Committee (comprising all three INEDs, namely Mr. Wong Chi Wai (committee chairman), Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee) has reviewed with the management the audited consolidated financial statements of the Company for the Year.

## INDEPENDENT AUDITOR

The Group's consolidated financial statements for the Year have been audited by Grant Thornton Hong Kong Limited which will retire and, being eligible, offer itself for re-appointment at the AGM. Having approved by the Board upon the Audit Committee's recommendation, a resolution to re-appoint Grant Thornton Hong Kong Limited and to authorise the Directors to fix its remuneration will be proposed at the AGM.

On behalf of the Board

**ZHUANG Yuekai**

*Chairman and executive Director*

Hong Kong, 26 March 2021

# CORPORATE GOVERNANCE REPORT

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The Board is pleased to present this corporate governance report for the Year.

## CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards. It believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Listing Rules.

The Board is of the view that throughout the Year, the Company has complied with all the code provisions as set out in the CG Code.

The Company has in place a corporate governance framework and has established a set of policies and procedures based on the CG Code. Such policies and procedures provide the infrastructure for enhancing the Board's ability to implement governance and exercise proper oversight on business conduct and affairs of the Company.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules for dealings in securities of the Company by the Directors and relevant employees who are likely to be in possession of unpublished inside information of the Company.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the Year.

No incident of non-compliance of the Model Code by the relevant employees was noted by the Company during the Year.

## BOARD OF DIRECTORS

The Company is headed by an effective Board which oversees the Group's businesses, strategic decisions and performance and takes decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

## BOARD COMPOSITION

During the Year and up to the date of this annual report, the Board comprises the following Directors:

### Executive Directors

Mr. Zhuang Yuekai (*Chairman*)

Ms. Zhao Chengmin

Mr. Lin Weiguo (*Chief Executive Officer*)

# CORPORATE GOVERNANCE REPORT

## Non-executive Directors

Mr. Huang Wenzhou  
Ms. Ye Yanliu  
Mr. Wang Wenhui (*appointed on 20 April 2020*)  
Ms. Wu Xiaomin (*resigned on 30 March 2020*)

## Independent Non-executive Directors

Mr. Wong Chi Wai  
Mr. Wong Tat Yan, Paul  
Mr. Chan Chun Yee

Ms. Wu Xiaomin resigned as a non-executive Director on 30 March 2020 and Mr. Wang Wenhui was appointed as a non-executive Director on 20 April 2020.

The biographical information of the Directors are set out in the section headed “Biographical Details of Directors and Senior Management” on pages 32 to 37 of this annual report.

None of the members of the Board is related to one another.

## BOARD MEETINGS AND DIRECTORS' ATTENDANCE RECORDS

Regular Board meetings should be held at least four times a year involving active participation, either in person or through electronic means of communication, of a majority of Directors.

Apart from regular Board meetings, the Chairman also held meeting with the independent non-executive Directors without the presence of other directors for compliance with the code provision A.2.7.

During the Year, four Board meetings, one annual general meeting and one extraordinary general meeting (the “EGM”) were held. Details of the attendance of the Directors are as follows:

Name of Directors	Attendance of Board Meeting	Attendance of annual general meeting	Attendance of EGM
Mr. Zhuang Yuekai	4/4	1/1	1/1
Ms. Zhao Chengmin	4/4	1/1	1/1
Mr. Lin Weiguo	4/4	1/1	1/1
Ms. Wu Xiaomin <sup>(1)</sup>	1/1	0/0	0/1
Mr. Huang Wenzhou	4/4	0/1	0/1
Ms. Ye Yanliu	4/4	0/1	0/1
Mr. Wang Wenhui <sup>(2)</sup>	3/3	0/1	0/0
Mr. Wong Chi Wai	4/4	1/1	1/1
Mr. Wong Tat Yan, Paul	4/4	1/1	1/1
Mr. Chan Chun Yee	4/4	1/1	1/1

# CORPORATE GOVERNANCE REPORT

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- (1) Ms. Wu Xiaomin resigned as a non-executive Director on 30 March 2020.
- (2) Mr. Wang Wenhui was appointed as a non-executive Director on 20 April 2020.

## **Chairman and Chief Executive Officer**

The position of chairman of the Board (“Chairman”) is held by Mr. Zhuang Yuekai. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. Mr. Lin Weiguo is the chief executive officer of the Company who is responsible for the Company’s business development and daily management and operations.

## **Independent Non-executive Directors**

During the Year, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors are independent.

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

The non-executive Directors are appointed for a specific term of three years from their respective date of appointment, subject to renewal after the expiry of the then current term and retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association.

Each of the independent non-executive Directors has been appointed for an initial term of one year commencing on 14 December 2012, which is renewable automatically for successive terms of one year each from the day immediately after the expiry of the then current term, subject to retirement by rotation and re-election at the annual general meeting in accordance with the Articles of Association.

The Articles of Association provides that all Directors appointed to fill a casual vacancy shall be subject to election by shareholders of the Company at the first general meeting after appointment.

Under the Articles of Association, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election. Moreover, the Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional to the Board. Any Director so appointed shall hold office only until the next following general meeting of the Company. Accordingly, Mr. Lin Weiguo, Mr. Wong Chi Wai and Mr. Wong Tat Yan, Paul will retire from office by rotation at the AGM, and being eligible, have offered themselves for re-election. Save as disclosed under “Service Contracts of Directors” of this annual report, none of the Directors who is proposed for re-election or any other Directors has a service contract that is not determinable by the Company within one year without payment of compensation (other than statutory compensation).



# CORPORATE GOVERNANCE REPORT

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## **Responsibilities, Accountabilities and Contributions of the Board and Management**

The Board should assume responsibility for leadership and control of the Company; and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

## **Continuous Professional Development of Directors**

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development ("CPD") to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading materials on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

# CORPORATE GOVERNANCE REPORT

The record of CPD relating to director's duties and regulatory and business development that have been received by the Directors for the year ended 31 December 2020 are summarized as follows:

Name of Directors	Types of Training <sup>Note</sup>
<b>Executive Directors</b>	
Mr. Zhuang Yuekai ( <i>Chairman</i> )	B
Ms. Zhao Chengmin	B
Mr. Lin Weiguo ( <i>Chief Executive Officer</i> )	B
<b>Non-executive Directors</b>	
Ms. Wu Xiaomin <sup>(1)</sup>	N/A
Mr. Huang Wenzhou	B
Ms. Ye Yanliu	B
Mr. Wang Wenhui <sup>(2)</sup>	A/B
<b>Independent Non-executive Directors</b>	
Mr. Wong Chi Wai	A/B
Mr. Wong Tat Yan, Paul	A/B
Mr. Chan Chun Yee	A/B

(1) Ms. Wu Xiaomin resigned as a non-executive Director on 30 March 2020.

(2) Mr. Wang Wenhui was appointed as a non-executive Director on 20 April 2020.

Note:

Types of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

## BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Audit Committee, Remuneration Committee and Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Corporate Information" on page 2.

# CORPORATE GOVERNANCE REPORT

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## Audit Committee

The Audit Committee consists of three independent non-executive Directors, namely Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee. Mr. Wong Chi Wai is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the Year, the Audit Committee held two meetings to review the annual financial results and report in respect of the year ended 31 December 2019, the interim results and report for the six months ended 30 June 2020, and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditors and engagement of non-audit services and relevant scope of works and, connected transactions and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditors twice without the presence of the executive Directors.

The attendance records of the members of the Audit Committee are as follows:

<b>Name of Members of the Audit Committee</b>	<b>Attendance</b>
Mr. Wong Chi Wai ( <i>Chairman</i> )	2/2
Mr. Wong Tat Yan, Paul	2/2
Mr. Chan Chun Yee	2/2

## Remuneration Committee

The Remuneration Committee currently consists of three independent non-executive Directors, namely Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee. Mr. Wong Tat Yan, Paul is the chairman of the Remuneration Committee. Mr. Zhuang Yuekai, an executive Director, has ceased to act as a member of the Remuneration Committee with effect from 15 March 2021.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

During the Year, the Remuneration Committee held one meeting to review and make recommendation to the Board on the remuneration policy and structure of the Company and the remuneration packages of the executive Directors and senior management and other related matters.

# CORPORATE GOVERNANCE REPORT

The attendance records of the members of the Remuneration Committee are as follows:

<b>Name of Members of the Remuneration Committee</b>	<b>Attendance</b>
Mr. Wong Tat Yan, Paul ( <i>Chairman</i> )	1/1
Mr. Zhuang Yuekai ( <i>Note</i> )	1/1
Mr. Wong Chi Wai	1/1
Mr. Chan Chun Yee	1/1

*Note:* Mr. Zhuang Yuekai has ceased to act as a member of the Remuneration Committee with effect from 15 March 2021.

Details of the remuneration of the Directors and the senior management of the Company by band are set out in the note 15 to the Financial Statements for the year ended 31 December 2020.

## **Nomination Committee**

The Nomination Committee consists of four members, namely Mr. Zhuang Yuekai, executive Director, Mr. Wong Chi Wai, Mr. Wong Tat Yan, Paul and Mr. Chan Chun Yee, independent non-executive Directors. Mr. Zhuang Yuekai is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code. The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the Year, the Nomination Committee held one meeting to review the structure, size and composition of the Board and the independence of the independent non-executive Directors and to consider the qualifications of the retiring Directors standing for election at the AGM. The Nomination Committee considered that an appropriate balance of diversity perspectives of the Board is maintained and has not set any measurable objective implementing the Board diversity policy.

The attendance records of the members of the Nomination Committee are as follows:

<b>Name of Members of the Nomination Committee</b>	<b>Attendance</b>
Mr. Zhuang Yuekai ( <i>Chairman</i> )	1/1
Mr. Chan Chun Yee	1/1
Mr. Wong Chi Wai	1/1
Mr. Wong Tat Yan, Paul	1/1

# CORPORATE GOVERNANCE REPORT

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## **Board Diversity Policy**

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Board will consider setting measurable objectives to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

At present, the Nomination Committee considered that the Board is sufficiently diverse and the Board has not set any measurable objectives.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

## **Director Nomination Policy**

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

# CORPORATE GOVERNANCE REPORT

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The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings as below:

(i) Appointment of New Director

- The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new Director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.
- If the process yields one or more desirable candidates, the Nomination Committee and/or the Board should rank them by order of preference based on the needs of the Company and reference check of each candidate (where applicable).
- The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship, as applicable.
- For any person that is nominated by a Shareholder for election as a Director at the general meeting of the Company, the Nomination Committee and/or the Board should evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship.

Where appropriate, the Nomination Committee and/or the Board should make recommendation to Shareholders in respect of the proposed election of director at the general meeting.

(ii) Re-election of Director at General Meeting

- The Nomination Committee and/or the Board should review the overall contribution and service to the Company of the retiring Director and the level of participation and performance on the Board.
- The Nomination Committee and/or the Board should also review and determine whether the retiring Director continues to meet the criteria as set out above.
- The Nomination Committee and/or the Board should then make recommendation to Shareholders in respect of the proposed re-election of Director at the general meeting.

Where the Board proposes a resolution to appoint or re-elect a candidate as Director at the general meeting, the relevant information of the candidate will be disclosed in the circular to Shareholders and/or explanatory statement accompanying the notice of the relevant general meeting in accordance with the Listing Rules and/or applicable laws and regulations.

# CORPORATE GOVERNANCE REPORT

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The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

During the Year, Ms. Wu Xiaomin resigned as a non-executive Director, while Mr. Wang Wenhui was appointed as a non-executive Director.

## Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the Year, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and Written Employee Guidelines, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such 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 Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including risk identification, risk analysis, risk response, risk monitoring and risk reporting processes.

The objectives of the Company's risk management systems are to ensure that the Company operates an effective risk management system, to introduce the established risk management policy into the daily operations of the Company's business units, to cultivate and encourage awareness of risk management within the Group and to measure different risks, to monitor and control risks effectively and to ensure effective mitigation of risks, and the reduction of impact of risks.

The Company encourages employees to adopt a proactive risk management approach to further strengthen the Group's risk awareness culture. The risk management system is incorporated into the business processes of our business units within the Group in order to mitigate the impact of risks with effective risk management policies. Evaluation has been conducted at least annually to confirm that risk management procedures and control policies are properly complied with. The Company also has engaged external professional firm for performing independent review of the adequacy and effectiveness of the risk management and internal control systems.

The Company has an internal audit function to focus on the adequacy and effectiveness of its risk management and internal control systems.

# CORPORATE GOVERNANCE REPORT

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The management assessed the likelihood of risk occurrence, provided treatment plans, and monitored the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems. The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2020.

The Board, as supported by the Audit Committee as well as the management, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2020, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has developed its disclosure policy which provides a general guide to the Company's directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

## DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2020.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 133 to 136.

## AUDITOR'S REMUNERATION

The remuneration paid and payable to the Company's external auditor in respect of non-audit services and audit services for the year ended 31 December 2020 amounted to approximately HK\$3,290,000 and HK\$1,490,000 respectively.

An analysis of the remuneration paid and payable to the external auditor of the Company, Grant Thornton Hong Kong Limited, in respect of audit services and non-audit services for the year ended 31 December 2020 is set out below:

<b>Service Category</b>	<b>Fees Paid/Payable</b>
Audit Services	Nil/HK\$1,400,000
Non-audit Services	
— risk management review and internal control review services (Paid to Grant Thornton Advisory Services Limited)	HK\$100,000/HK\$90,000
— professional services for acquisition	HK\$460,000/Nil
— professional service for the spin-off and listing of C&D Property Group	HK\$2,250,000/Nil
— internal control review services for the spin-off and listing of C&D Property Group (Paid to Grant Thornton Advisory Services Limited)	HK\$480,000/Nil
	HK\$3,290,000/HK\$1,490,000



# CORPORATE GOVERNANCE REPORT

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## COMPANY SECRETARY

Miss Leung Ching Ching has been appointed as the Company's company secretary. Miss Leung Ching Ching is a senior manager of the Corporate Services Division of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Mr. Lu Jinwen, the deputy general manager of the Company has been designated as the primary contact person at the Company which would work and communicate with Miss Leung Ching Ching on the Company's corporate governance and secretarial and administrative matters.

For the year ended 31 December 2020, Miss Leung Ching Ching has undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules.

## SHAREHOLDERS' RIGHTS

To safeguard Shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

### Convening an Extraordinary General Meeting

Shareholders are encouraged to attend all general meetings of the Company. According to Article 64 of the Articles of Association, shareholders holding not less than 10% of the paid up capital of the Company having the right of voting at general meetings can request to convene an EGM by depositing a requisition in writing to the Directors or the Company Secretary for such purpose. The written requisition shall be deposited to the Company's office located at Office No. 3517, 35th Floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong.

### Putting Forward Proposals at General Meetings

There are no provisions allowing shareholders to put forward new resolutions at the general meetings under the Cayman Islands Companies Law (2013 Revision) or the Articles of Association. However, Shareholders who wish to put forward proposal at general meetings may make a requisition to convene an EGM following the procedures set out above.

### Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

### Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Office No. 3517, 35th Floor, Wu Chung House, 213 Queen's Road East, Wanchai, Hong Kong  
(For the attention of the Board of Directors)  
Fax: (852) 2525 7890  
Tel: (852) 2525 7922

# CORPORATE GOVERNANCE REPORT

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For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

## **Procedures for Shareholders to propose a person for election as a Director**

The following procedures are subject to the Articles of Association and the applicable legislation and regulations.

If a Shareholder, who is duly qualified to attend and vote at the general meeting convened to deal with appointment/election of director(s), wishes to propose a person (other than the member himself/herself) for election as a director at that meeting, he/she/it can deposit a written notice at either of the following addresses:

*Head office and principal place of business of the Company in Hong Kong*

Office No. 3517  
35th Floor  
Wu Chung House  
213 Queen's Road East  
Wanchai, Hong Kong

*Hong Kong branch share registrar and transfer office of the Company*

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

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

## **COMMUNICATION WITH SHAREHOLDERS AND INVESTORS**

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company is endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

During the Year, the Company has not made any changes to the Articles of Association. An up to date version of the Articles of Association is also available on the Company's website and the Stock Exchange's website.

### **Policies relating to Shareholders**

The Company has in place a Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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## I. ABOUT THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 1. Introduction of the Report

C&D International Investment Group Limited (the “Company”, together with its subsidiaries, the “Group” or “C&D International Group” or “we”) is pleased to release its 2020 Environmental, Social and Governance Report (the “Report”) to disclose its vision and practice of sustainable development to convey the Group’s sustainable development practices and performance during the reporting period to stakeholders and the community.

### 2. Scope of the Report

The Report covers the business of property development, real estate industry chain investment services and investment in emerging industries of the Group from 1 January 2020 to 31 December 2020.

### 3. Preparation basis of the Report

The Report was prepared by the Group in accordance with Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) issued by The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), to provide a comprehensive presentation of the highlights and achievement of the C&D International Group in terms of environment, social and governance (“ESG”) in 2020. The content index of the ESG Reporting Guide is detailed in below for users’ quick reference.

### 4. Source of reporting data

The information disclosed in the Report is derived from the Group’s formal documents, reports or relevant public information. All information used in the Report comes from relevant functional departments of the Company and its selected subsidiaries. Unless otherwise stated, the financial data in the Report has been presented in RMB.

### 5. Publication of the Report

The Report is available in both Chinese and English, and is distributed in electronic form. If there is any discrepancy between the English and Chinese versions of the Report, the Chinese version shall prevail. Electronic version of the Report can be accessed on the official website of the Group ([www.cndintl.com](http://www.cndintl.com)) or website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

## II. CONCEPT AND GOVERNANCE OF SUSTAINABLE DEVELOPMENT

The Group adheres to the corporate mission of “exploiting new values and enabling more people to live a quality life”, and actively fulfills environmental and social responsibilities. We implement our core value of “Enterprising and Win-win cooperation” and listen sincerely to the appeals and expectations of stakeholders. We realise goals of business development and continue to intensify our idea of sustainable development. We monitor potential impact of our business development on the environment and society in a timely manner, and strive to promote a balanced development among the economic, environmental and social benefits.

The board (the “Board”) of directors of the Company is responsible for reviewing and approving its annual ESG report and is fully responsible for the ESG strategies and reporting of the Group. The Board acknowledges and discusses the ESG related work progress at Board meetings and general meetings of the Company, and gives further instructions on related matters according to the specific circumstances. The Group continues to strengthen its ESG risk management, and monitors ESG related risks based on the current risk management and internal control systems to ensure stable and sustainable development. For more details on the Group’s risk management and internal control, please refer to the information disclosed in the section headed Corporate Governance Report of the 2020 Annual Report of C&D International Investment Group Limited.

In 2020, the Group further clarified the composition and responsibilities of decision makers and executors of various levels in respect of ESG-related management tasks. The Group continued to integrate the concept of ESG management into daily management of each functional department in order to improve performance of ESG management continuously. It also ensured the effectiveness of ESG management through regular reporting of ESG-related risk management, ESG-related work plans and relevant implementation to the Company’s directors and senior management for their acknowledgement.

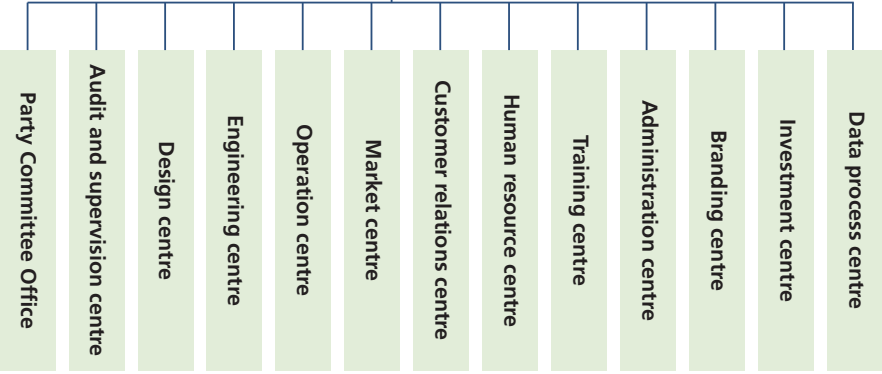
### Decision makers

Review and determining ESG-related risks;  
 Ensure to set up appropriate and effective management and internal control systems for ESG-related risk;  
 Approve annual ESG report.



### Executors

The ESG working group comprising relevant staff from various functional departments is responsible for:  
 Implementing management and internal control systems for ESG-related risk;  
 Reviewing and recognising annual ESG materiality issues;  
 Collecting data on key performance indicators;  
 Preparing and reviewing annual ESG report and providing assistance on external disclosure.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## III. PARTICIPATION OF STAKEHOLDERS

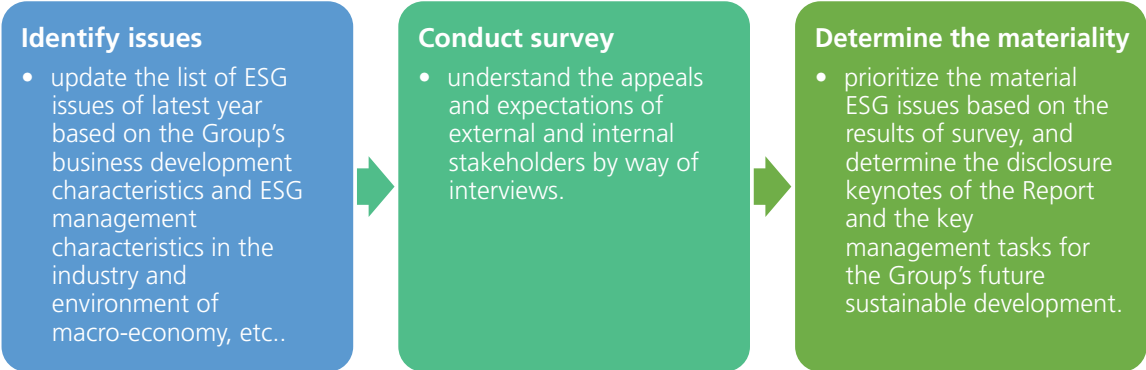
Communication with stakeholders plays an important role in the Group's sustainable development management. We understand and respond to expectations and appeals of stakeholders in a timely manner through diversified communication channels; we convey constantly the Group's idea of sustainable development to stakeholders, with an aim to work together with all stakeholders to achieve joint development and mutual benefits.

Stakeholders	Major communication channel	Expectations and Appeals	Communication and Response
Shareholders and investors	General meetings Referral and introduction sessions Communication with investors by phone/mail Push notification of official website	Investment returns Interests protection Corporate transparency Risk control	Enhance profitability Convene general meetings Disclosure of day-to-day information Optimize internal control and risk management
Government and regulators	Submission of regulatory information to relevant departments	Operation in compliance with the laws Response to the national call Support local development	Pay taxes in full on time, implement anti-corruption management Actively implement relevant policies Actively assume social responsibilities
Employees	Worker congress meetings Employee care activities Employee suggestion box Employee satisfaction surveys	Career development platform Remuneration and benefits Occupational health and safety Listening to the voice of employees	Optimize career promotion mechanism Competitive salary and benefits Implement management system for health and safety Equal communication and complaint mechanism
Customers	Nationwide customer service hotline Service satisfaction surveys Official WeChat account Community activities	Product quality and price/performance ratio Customer service quality Customer information security Customer rights protection	Implement the "Diamond" brand concept Comprehensive and considerate services Improve the relevant system for confidentiality of customer information Marketing compliance
Suppliers and partners	Visits to suppliers Evaluation on supplier qualifications Supplier conference	Integrity cooperation Experience sharing Win-win cooperation Business ethics and reputation	Create supplier management system Promote daily communication Carry out project cooperation Perform contracts under the laws and perform assessment of suppliers
Society and the public	Official website Official WeChat account	Actively fight against the pandemic Support social welfare Protect natural environment Promote social advancement	Establish anti-pandemic mechanism Take part in charity Adhere to green operations Share development achievements

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## IV. MATERIALITY ASSESSMENT OF ESG ISSUES

C&D International Group determines the priority of material ESG issues in accordance with understanding on importance of each ESG issues to the stakeholders gained through ways such as face-to-face interviews as well as the importance of ESG issues to our business development and to stakeholders' concerns, so as to determine the disclosure keynotes for the Report, and hence actively respond to expectations and demands of all stakeholders. The materiality assessment of ESG issues for the Year covers the following steps:



Set out below are the materiality assessment results of ESG issues in 2020:

Priority	Name of Issue	Aspect
1	Product quality control	●
2	Service quality and customer satisfaction	●
3	Safe and civilized construction	●
4	Response to public crisis	●
5	Employee training and development	●
6	Compliance management and integrity construction	●
7	Customer information security and privacy protection	●
8	Assessment and supervision of suppliers	●
9	Energy saving, emission reduction and green operation	●
10	Occupational health and safety	●
11	Rights and care for employees	●
12	Green construction	●
13	Intellectual property protection	●
14	Compliant marketing and promotion	●
15	Community development and communication	●
16	Waste disposal and recycling	●
17	Response to climate change	●
18	Charity and social services	●

Diagram description

- Product responsibility
- Supply chain management
- Construction of integrity
- Employee management
- Environmental management
- Community involvement

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The assessment results of material ESG issues in 2020 are basically the same as of those in last year, while quality management of products, service quality and customer satisfaction and safe and civilised construction remain the major concerns of all stakeholders. Meanwhile, incorporating the environment under the COVID-19 pandemic and in respect of the intensifying impact of global climate change on the global society, the Group added two issues, response to public crisis and response to climate change and will demonstrate in the Report the Group's progress of work during the year ended 31 December 2020 (the "Year") in relation to the new issues. Based on this assessment result, C&D International Group will continue to improve the Group's ESG management level and to further fulfill the Group's environment, social and governance responsibilities.

## V. CRAFTSMANSHIP AND QUALITY

C&D International Group always integrates the spirit of craftsmanship into quality construction and devotes its sincere heart into service. After years of accumulation and sedimentation of efforts, the Group has incorporated traditional cultural elements into urban life to build quality homes for its customers. The Group reasonably controls development progress and actively utilizes new technologies and techniques to ensure construction quality and safety and at the same time to promote steady development of projects. Also, the Group has always placed service quality as one of the keys to sustainable corporate development, thus, the Group is committed to providing customers with "Diamond" living environment.

### 1. Innovative product design

After years of specialized research and sedimentation, C&D International Group has intensified development characteristics combining user-friendliness, urbanization and Chinese-style architecture and created major two product lines, "Emperor Chinese (王府中式)" and "Zen Chinese (禪意中式)", in which, "Emperor Chinese (王府中式)" has undergone various iterations and developed into "1+3 product series (1+3產品系)", comprising 1 flagship brand, the essence, and 3 major brands, the city, the visionary, the nature. Meanwhile, the Group launched a brand new series, the "Zen Chinese (禪意中式)" in 2020, with Chinese-styled craftsmanship incorporating for Zen concepts "emptiness, imagery, simplicity, and plainness (空、象、簡、樸)", to present residents an oriental atmosphere of freedom and pleasure and to shape Chinese-styled products in the new era.

During the Year, the Group won a total of 10 architectural design awards. For details, please refer to "Awards for architectural design" in "Appendix 1: Honors of the Year".

*"Emperor Chinese (王府中式)"*



**The essence: represented by Xiamen Jianfa • Xiyue\* (廈門建發•璽樾)**

Each project represents the highest standard of the Group among the locals and is designed as the ultimate home for the city's high-end population.



**The city: represented by Changsha Jianfa • Yangzhu\* (長沙建發•央著)**

As a high-end series of new Chinese-styled products, it is located in the heart of the city and represents the Group's specialized high-end improvement projects.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



**The visionary: represented by  
Jianfa • Heming\* (建發•和鳴)**

Spotting on the emerging areas with optimal development potential in the city, the Group create Chinese-styled residence with the best quality and price ratio for potential buyers in the city.

*“Zen Chinese (禪意中式)”*



**The visionary: represented by  
Changtai Jianfa • Shanwaishan\* (長泰建發•山外山)**

Relying on the scarce natural resources of the city, we created a perfect blend of natural landscape and human residence, striving to create the most relaxing residence for every hardworking citizens.



**Emptiness: represented by  
Nanjing Jianfa • Jiuxifu\* (南京建發•玖熙府)**

Emphasizing leaving white and blank space in the design to induce free imagination.



**Imagery: represented by  
Nanning Jianfa • Shuangxi\* (南寧建發•雙璽)**

Shaping abstract shapes and patterns with craftsmanship while leaving image of crafts of the nature, merging artifact and void.



**Simplicity: represented by  
Suzhou Jianfa • Yuejiangnan\* (蘇州建發•悅江南)**

Preserving the proportions and charm of traditional Chinese symbolic architecture, and reshaping and refining with modern and minimalist approaches to create exquisite simplicity and sense of roots and origins.



**Plainness: represented by  
Changsha Jianfa • Jiangshanyue\* (長沙建發•江山悅)**

In the selection and use of materials, more importance is attached to the realization of the natural texture of the material, creating sense of originating with simple and plain shapes and materials.

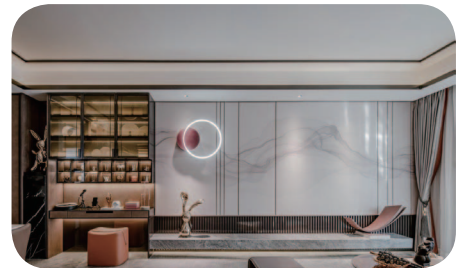


# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

C&D International Group always considers the needs of customers as the initial goal of product development. Through community visits, online questionnaires and other forms of research, we understand the differentiated needs of customers of different age groups, and improve product design in terms of community environment, home environment, property service upgrade and social services, with an aim to provide products satisfying actual needs of customers.

During the Year, with the spread of the COVID-19 epidemic, customers have become increasingly concerned about the health performance of residential products. In this regard, the Group collected, analyzed and summarized the views of the needs and suggestions in respect of enhancing health of communities and residences of various groups of people, including property owners, potential customers, internal and external professional technicians. In March 2020, we launched the C&D “Healthy Home” Healthy Living System (建發「健入家境」健康人居體系). The system involves two aspects, namely products and services, to establish a health enhancement solution called “Pure Garden and Bright House, Beautiful Neighborhood and Ritual Friendship (淨園明舍·芳鄰禮友)”.





- “Pure Garden (淨園)”: Create a healthy and pleasant community environment from four aspects: park planning, facilities and equipment, garden planning and community support;
- “Bright House (明舍)”: Create a comfortable and safe home through house plan and facilities and equipment;
- “Beautiful Neighborhood (芳鄰)”: Provide property owners with solid and reliable community services and securities through property service upgrades;
- “Ritual Friendship (禮友)”: Provide more comprehensive social service access to property owners with the Group’s internal resources.



Healthy living products represented by Jianfa•Shangyuyuan  
(formerly as Land Parcel No. 2019A-017 in Changshu)\* (建發•尚虞院(原常熟2019A-017地塊)) and  
Zhangzhou Jianfa•Yangyu\* (漳州建發•央譽)

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group further deepened the research and development, construction and promotion of community support system, and upgraded themed space of indoor and outdoor children’s activities, reading spaces, adult fitness spaces and elderly activity spaces, which are in greater demand by customers. We regulated the site layouts, design features and separation standards to create community support system which better suits modern residence concepts. As at 31 December 2020, the Group’s community support system projects reached coverage of approximately 45%, and the promotion and implementation of the Group’s community support system projects will continue in subsequent years.

			
<p><b>Seedland (種子樂園):</b></p> <p>A place of dream and adventure for children with all wonders and secrets for your children to explore.</p>	<p><b>Tea house/ study room:</b></p> <p>Sincere socializing and heartfelt life brought by this living room of your community/district, a place for gatherings with friends and families. Sharing books and enjoying tea with friends to enjoy your life.</p>	<p><b>Adult gym:</b></p> <p>The key to keep good physical condition is to take a step forward and burn calories. The community exercise system for energetic fitness for all-age, all-space will make you fond of exercise and keep full of energy.</p>	<p><b>Elderly fitness zone</b></p> <p>We are concerned about the health of the elderly and provide them with suitable exercise areas to improve their quality of life.</p>

Major upgrade aspects of community support system in 2020

In addition, the Group attached great importance to the smart construction of the community and revised and implemented the “Smart Work Guidance Manual (智能化工作指導手冊)” during the Year to further standardize the smart designs, smart home and smart construction tenders and promote the smart level of the projects. We further enhanced the research and development and promotion of smart hardware, using Internet of Things technology to realize smart control of public facilities such as lighting, ventilation and access control systems, and have conducted pilot applications in a number of sample units of new projects.

	
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Demonstration of smart home

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Meanwhile, the Group commenced upgrade and retrofit of smart access control products for the existing projects and promoted the functions of short-range Bluetooth, remote unlocking, card swipe, visitor QR code and linked lift control in various projects to further enrich the access options for property owners and visitors and enhance the security and convenience of access control.

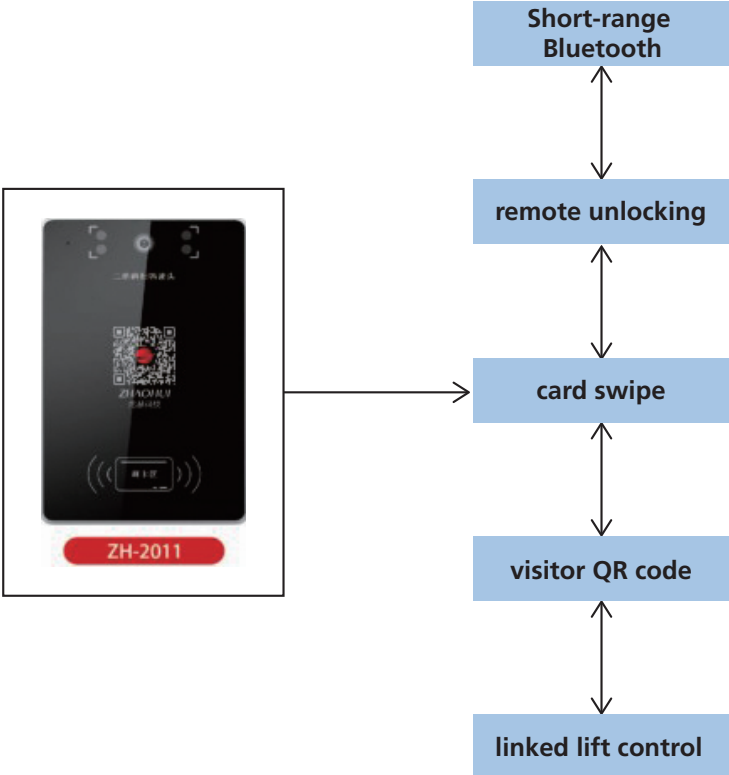


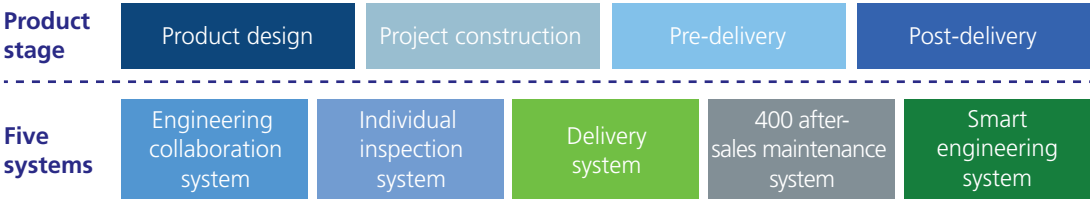
Illustration for the operation of remote card swipe, visitor QR code and linked lift control

## 2. Focus on Product Quality

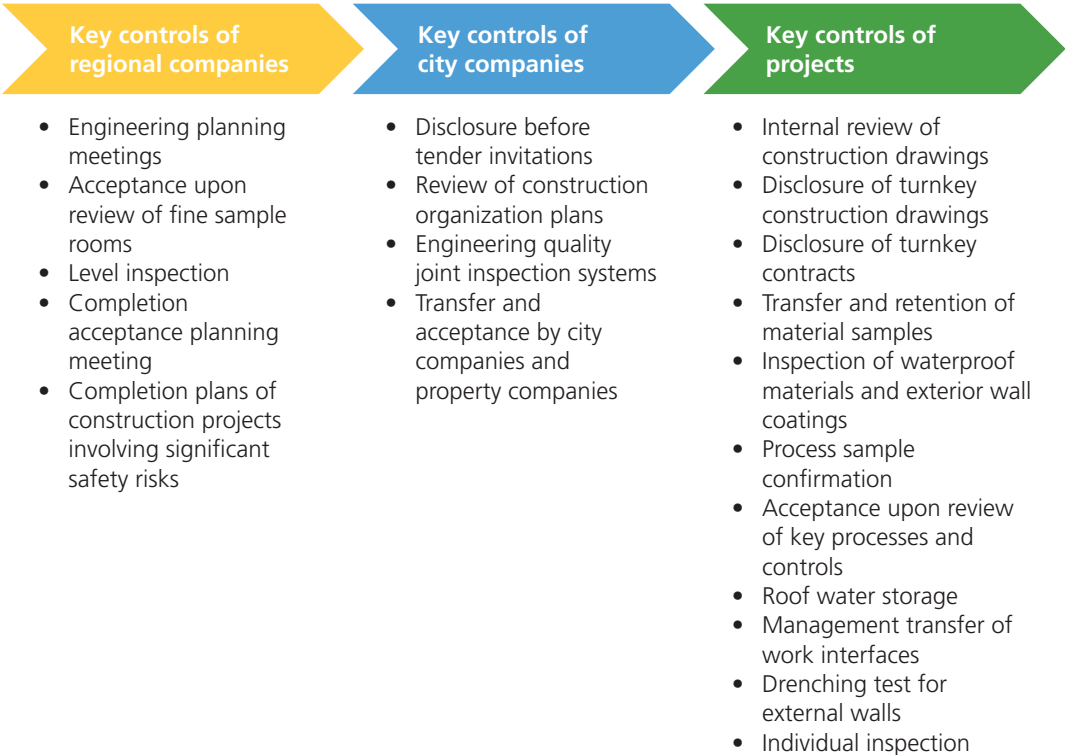
The Group strictly abided by the “Construction Law of the People’s Republic of China” and other laws and regulations to strictly control and supervise construction quality and safety. In 2020, to strengthen quality management, C&D International Group further refined its internal system and established the Implementation Manual for Construction Management to clarify and refine the quality standard of projects in all stages, standardize quality management on construction, engineering professional training, engineering management and control informationization, and reporting of major engineering accidents, etc..

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

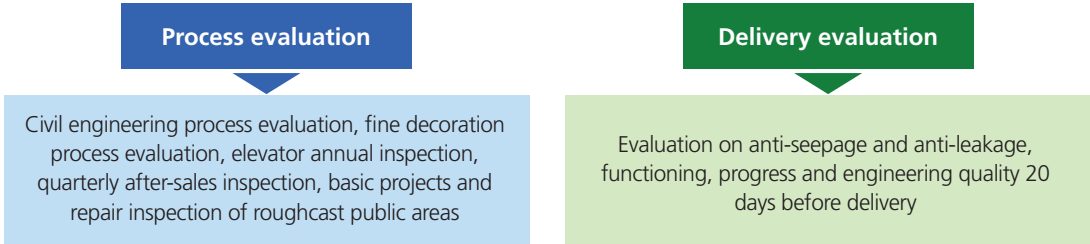
The Group has established and continuously improved the whole-process quality control mechanism from preliminary product design to post-delivery after-sales services, mainly including:



**20 Key management actions**



**Two evaluation systems**



**Four dimensions for quality control**



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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During the Year, C&D International Group issued and implemented the “Standard Process Book of Residential Engineering (2020 Edition) (住宅工程標準工藝圖集(2020版))” to further refine standards and guidelines on reducing quality risks in respect of seepage and leakage, hollow cracking and finished product protection, etc., providing effective guidance on quality risk management and control of projects. In particular, in response to the seepage and leakage prevention problems caused by extreme weather such as typhoons and rainstorms, the Group has issued the “Design and Construction Requirements for Anti-leakage of Residential Buildings (住宅防滲漏設計及施工要求彙編)” and the “Design Technology Regulations (設計技術規定)” to specify the requirements on waterproof structure practices, drainage measures and standards for doors and windows, so as to improve the capability to cope with extreme weather such as typhoon and rainstorm through prevention and preclusion.

In addition, the Group continued to explore innovative construction tools and techniques, encouraged the application of new construction systems such as aluminium mould climbing frame, and made full use of the advantages of aluminium mould climbing frame system in project progress and quality safety control to further improve project quality. As of the end of the Year, 35% of the projects under construction of the Group have adopted the aluminum mould climbing frame system.

At the same time, the Group accelerated the research and application of Building Information Modelling (“BIM”) technology, and applied BIM technology in the design processes such as the general layout of land projects, basement and bulk fine decoration to give full play to its advantages in improving project quality, improving construction speed and reducing construction errors.

### 3. Secure Construction Safety

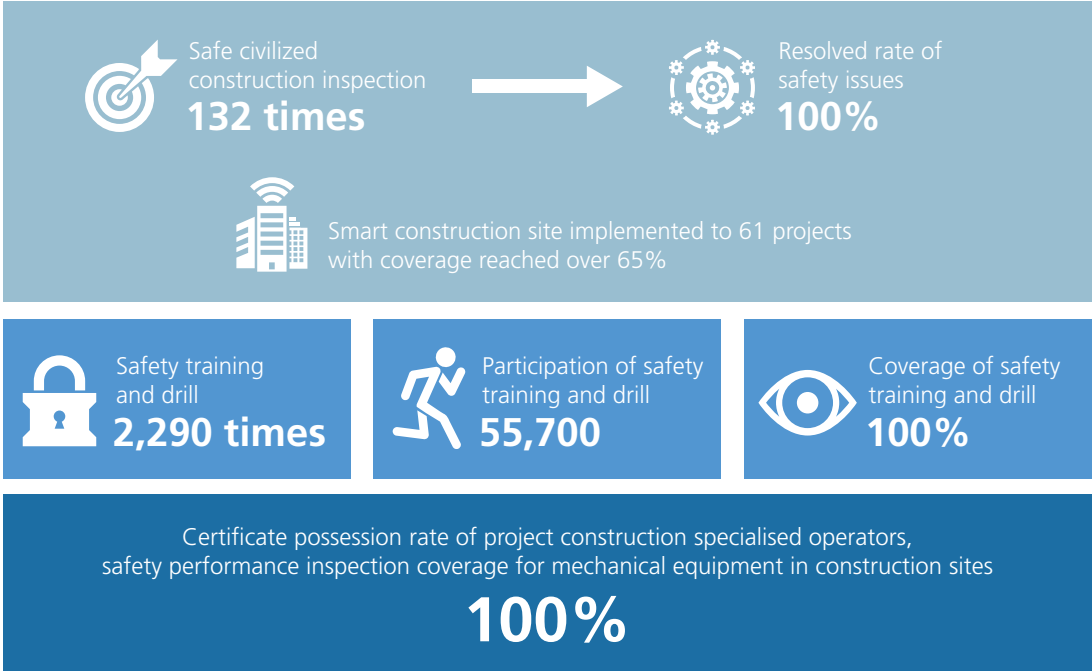
The Group strictly abided by the Law of the People’s Republic of China on Work Safety and other laws and regulations, and amended and issued “Safe and Civilized Construction Standards (2020 edition)” in 2020 to further clarify the Group’s work safety management measures, management requirement and assessment system. A three-level safety management and control system, covering “Safety Production Management Committee — Safety Leading Group at Regional Level — Safety Working Group at City Level”, is in place to establish safety management goals from five aspects, work safety control, firefighting assessment, road traffic accidents, safe construction and occupational health and occupational disease prevention and control. To achieve the safety management goals, each project department acquired a site safety supervisor, who was responsible for the implementation of disclosure of work safety technology and prevention measures. We also established a comprehensive safety inspection system to conduct self-inspection and third-party inspection for each section of the project, to facilitate double check on the safety management of the construction site.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group continued to promote the smart construction sites, and strengthened the real-time monitoring of construction sites and staff safety protection. Specific measures mainly include:

Safety classroom	Hawkeye camera	Staff management system	Non-compliance identification	Safety hazard snapshot
Enhance the project base-level management staff and operators' awareness of work safety through information registration and training and education for non-compliant staff, to standardize work safety behaviour.	Real-time monitor of construction site and personnel status, and track and record occurrence of safety emergencies and relevant rectification to improve handling of safety emergencies.	Entering personnel shall pass the human and certification screening machine (人證一體機) to have face, identity information and specialised operation position ID collected, to implement personnel management by real name system.	The camera automatically identifies and records non-compliant staff, and sends SMS messages to notify the non-compliant staff to complete compliance education in the safety classroom by required timing.	Promote use of mobile App by entire staff to record the safety hazards in construction sites in a timely manner and refer to general contractors for timely rectification.

In 2020, the Group's major management performance of safe civilized construction included but not limited to:



During the three years from 2018 to 2020, both of the number of work-related fatalities of the Group and the lost days due to work injury were zero.

## 4. Excellent service quality

The Group strictly abided by the State Property Management Rules and other laws and regulations, and has implemented internal policies such as “Guidance for Quality Check Operation” and established over 80 system documentations for process including quality control, order maintenance and construction operation, striving to enhance continuously the standardization, professionalization and smart nature of property services and care for each property owners. By continuously improving the service awareness and service quality of our property service staff, the satisfaction rating of property owners on the Group’s property management services has been increasing for five consecutive years, reaching a high score of 93% in 2020.

Each of C&D Property Management Service Company Limited\* (建發物業管理服務有限公司) (“C&D Property”), Yijiyuan (Xiamen) Property Management Company Limited\* (怡家園(廈門)物業管理有限公司) (“Yijiyuan Property”) and Huijia (Xiamen) Property Management Company Limited\* (匯嘉(廈門)物業管理有限公司) (“Huijia Property”) has obtained the national Level One Property Management Qualification\* (物業管理一級資質), and has obtained three management system certifications including the ISO 9001 Quality Control System Certification, ISO 14001 Environmental Management System Certification and ISO 45001 Occupational Health And Safety Management System Certification. In 2020, the Group’s property management service companies received various awards for their quality services. For details, please refer to “Awards for Property Services” in “Appendix 1: Honors of the Year”.

Under the general environment of the COVID-19 epidemic, the Group quickly responded to the requirements of epidemic prevention and control and officially issued the “Notice on Prevention and Control of Novel Coronavirus Infection (關於做好預防新型冠狀病毒傳染防控工作的通知)” on 20 January 2020 to launch readily the epidemic prevention and control measures in 219 projects under management and certain sales centres across 26 cities in the PRC. To protect the physical and mental health of property owners and residents, we actively deployed the following tasks:



### **Establish a standardized daily prevention and control mechanism and implement strict prevention and control measures**

- Multi-party joint investigation and establishment of epidemic emergency handling mechanism;
- All employees wear masks and have their body temperatures checked before work;
- Strictly enforce disinfection standards to ensure public area hygiene and safety;
- Implement closed management and strict control against visitors, and measure body temperature of property owners, residents and visitors all-day.



**Provide thoughtful services to property owners and residents to provide back support for their health**

- Provide free services such as contactless delivery, vegetable distribution and regular garbage disposal services;
- Jointly provide 4,000 sets of fresh vegetables and 100,000 wipes of wet tissues for property owners and residents with quality vegetable suppliers;
- Send daily community disinfection information and epidemic prevention tips to the property owners' and residents' WeChat group and housekeepers' friend circles (管家朋友圈).



**Facilitate efficient epidemic prevention scientifically through smart measures**

- Implement grid-based epidemic management to realise real-time monitoring of epidemic development in the community surrounding to make pre-judgment and early warning;
- The mobile application "Huishenghuo\* (慧生活)" enables a new service function of contactless "e-pass (電子通行證)", which allows entry and exit registration and temperature check with one click;
- Install infrared heat-sensing equipment at the office gate to avoid crowding.

In addition, the Group continued to strengthen management on community security and orders and has implemented "Nine Precautions" for security precaution:

Personnel aspect	Technical aspect	Emergency management
<ul style="list-style-type: none"> <li>• Inspection and screening at door gates</li> <li>• Visitor registration</li> <li>• 24-hour patrolling</li> <li>• Tracking down suspicious people</li> </ul>	<ul style="list-style-type: none"> <li>• Access control system</li> <li>• Closed-circuit monitoring system</li> <li>• Security alarm system</li> </ul>	<ul style="list-style-type: none"> <li>• Reminder of safety matters</li> <li>• Security emergency plan</li> </ul>

Among the measures, for the potential safety risks such as building seepage and leakage and building safety caused by extreme weather, the Group has formulated and implemented the extreme weather safety emergency plans and conducted drills for the emergency plans. In view of typhoon and floods, the Group requires each project to complete verification of preparation of typhoon and flood prevention resources before May every year, and at the same time conducts safety inspection and safety promotion to property owners before the typhoon landing, so as to avoid property damage and personnel injury and loss as much as possible.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In respect of service quality, the Group established a new Chinese-styled service brand “Gifting (禮呈)” with distinctive features in 2020, to extend our service idea of combining professionalism and smart services to effectively enhance the living experience of property owners and residents in the following three major areas:

**Pleasant spacing (德馨空間)**

- Inducing property owners and residents to organise offline cultural activities to improve the utilization rate of the public space in the community through functional division of public space in the community.

**Living rituals (生活儀式)**

- Establishing the service brand with content of 6 traditional festivals, 7 growth rituals and 24 festive interest circles to induce interaction between property services and life of property owners and residents.

**Smart Life**

**Smart services**

- Newly renovated 11 unmanned car parks, and accumulated access to 78 primary platforms.
- Through the Youzan micromall (有贊微商城), an online shopping platform “C&D Property Zhenxuan\* (建發物業臻選)” was launched by C&D Property to post products such as Yangcheng Lake hairy crabs and Mid-Autumn festival mooncakes to meet customers’ needs of placing online orders independently.

**Smart Management**

- In 2020, Huijia Property added 38 projects to implement online inspections and “Cloud Agent” (雲坐席).
- Online inspections and “Cloud Agent” (雲坐席) were implemented in 170 projects.
- The Internet of Things (IOT) cloud platform was piloted in communities, using IOT-related technologies to realize the transformation from staff inspection to system inspection to promote cost reduction and efficiency improvement.



Smart car park



Smart property management system

Also, to further enrich the community life, C&D International Group shortened distance between property owners and residents by organizing various community cultural activities to encourage property owners and residents to enjoy their life.

### Case: online cultural performance

In May and June 2020, adhering to the concept of “Chinese Youth” and the idea of “Succession of culture, education in fun (文化傳承·寓教於樂)”, C&D International Group organized property owners and residents to participate in online cultural performance, and selected the top 3 awards based on the results of online voting and expert assessment. The activity covered eight regions of the Group and collected more than 400 entries in total.



“Chinese Youth (國風少年)” cultural event

### Case: Bo Bing game at the Mid-Autumn Festival

During the Mid-Autumn Festival in 2020, the Group held Bo Bing game for property owners under the theme of “Full Moon in Mid-Autumn Festival, Family Reunion (月滿中秋·闔家團圓)” in the communities of 21 projects. The event enriched the community cultural life of the property owners and residents and effectively spread the folk culture of the Minnan region.



Community activity of Bo Bing game at the Mid-Autumn Festival

## 5. Customer Rights Protection

The Group strictly abided by laws and regulations including the Law of the People’s Republic of China on Protection of Consumer Rights and Interest, Network Security Law of the People’s Republic of China and the Advertising Law of the People’s Republic of China and complied consistently on requirement in respect of aspects such as customer rights, consumer information security and privacy protection. The Group has further enhanced its capability of compliance marketing management to effectively protect customers’ legal rights from being infringed and to continuously improve customers’ satisfaction.

## Customer Satisfaction and Complaint Handling

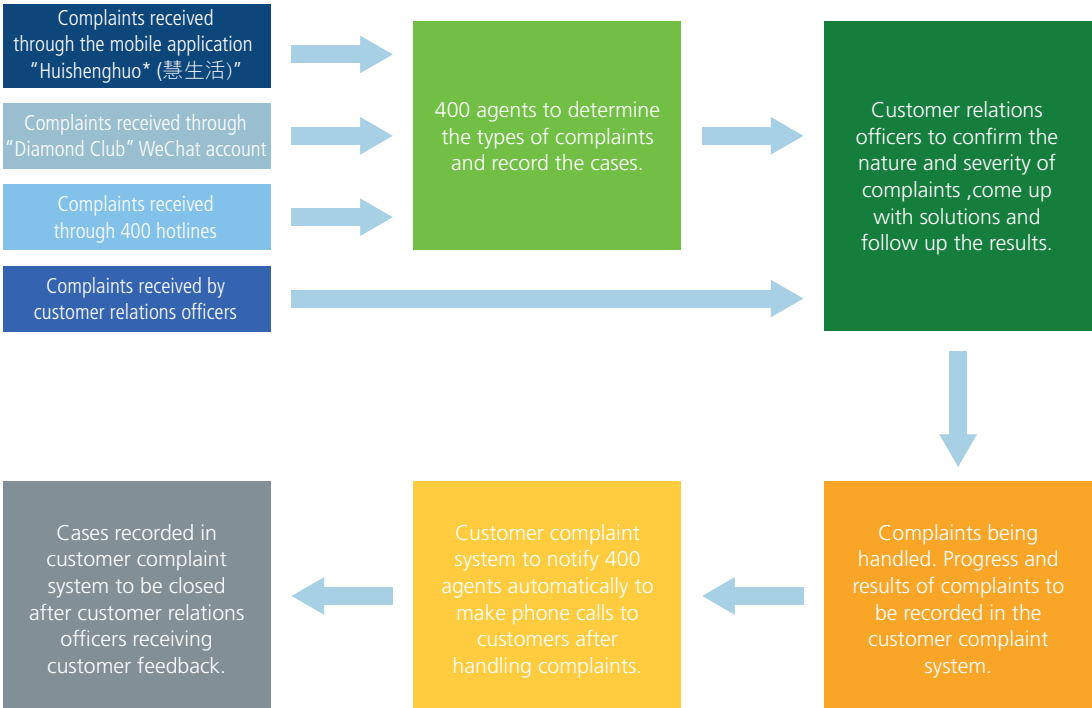
In 2020, to further improve quality standards and reduce risks of customer complaints, C&D International Group commenced optimization in respect of six areas as follows:



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Year, the Group continued to engage third-party organizations to conduct dynamic and continuous customer satisfaction surveys throughout the year, and conducted monthly rolling or semi-annual surveys according to the delivery status to property owners, to listen to the voices of customers in terms of overall satisfaction, loyalty, housing quality and property services, covering 8,272 property owners. Based on the survey results, the Group will formulate timely improvement plans in response to customers’ opinions and suggestions to meet their needs. In particular, the Group achieved a customer satisfaction rate of 93% in 2020, continuing to be among the top in the industry.

The Group has established various online and offline complaint channels such as the mobile application “Huishenghuo\* (慧生活)”, “Diamond Club” WeChat account, 400 national service hotlines and customer relations officers, to record and accept into our system after determination of complain categories by 400 agents. With “Manual for Handling Customer Complaints (客戶投訴處理指導手冊)”, we standardised time limits to resolve complain and review requirement ; quantify and analyse categories of complaints and relevant solutions. We also organised internal trainings and sharings in a timely manner and conduct promotion in manners such as posters occasionally. The details of processing procedure when receiving customer complaints are as follows:



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Year, statuses of customer complaints received and handled by the Group’s 400 national service hotlines are set out as below:



### Information and Privacy Protection

The Group attached great importance on information and privacy protection and has established and implemented requirements of the Administrative Measures on Informatization, to ensure standardized management of information security through clarifying specific security management process and measures on aspects including management of personnel security, authority security, network security, computer security, documentation security and information release security.

Employees were required to sign the confidentiality contract with the Company when they joined the Group. The contract prohibited employees from leaking information about the Company’s internal operation plan, strategies, customer information, etc. to others. The Group also strictly kept customer files and requires dedicated management, all sales and purchase contracts must be passed to the file manager after signing, and access to the files shall be upon strict approval by relevant leaders. In case of violation of the Group’s information security and privacy protection requirement, we will punish the non-compliant units and individuals according to the specific situation. In serious cases, we will terminate the labor relations and pursue the financial compensation and legal responsibilities.

### Integrity Promotion and Marketing

The Group strictly implemented the requirements of internal systems such as the “Market Management System (市場管理制度)” in accordance with the relevant government requirements and business rationality, and establishes a hierarchical marketing business decision-making group to standardize the approval process and decision-making mechanism for important matters in the marketing work.

The Group strictly implemented the Administrative Measures on Brand and other related rules. The Group strictly evaluated the legality and authenticity of information and materials used for advertising, marketing promotion and publicity to avoid release of deceptive and misleading information to consumers in order to protect customers’ right to know, fair trading rights and other legitimate rights and interests.

In order to ensure responsible marketing, collaboration with the Group's marketing suppliers of value over RMB100,000 must sign a letter of commitment to integrity and compliance (誠信守法承諾書); the sales site must display the complaint hotline, sales price and discount to facilitate open and honest marketing; the Group's Compliance Department conducted monthly evaluation of relevant responsible officers, and the region branch was responsible for the supervision and inspection of enforcement to ensure each project strictly implements the compliance requirements. At the same time, the Group engaged third-party companies to conduct sales site risk screening, covering six modules, namely, unfavorable factors inside and outside the red line, contracts, sales descriptions, promotional materials, sandbox models, sample units and demonstration areas. A total of 58 projects were visited during the Year and the Group also organized compliance audits to examine the compliance sales of projects, covering a total of 12 projects in five regions as of the end of the year. In addition, the Group continued to strengthen the training and promotion of compliance marketing, conducting 7 training sessions on the system and procedures throughout the year and requiring the staff of the marketing line to pass relevant examinations.

## **6. Intellectual Property Rights Protection**

The Group has a special chapter on intellectual property management set out in Administrative Measures on Legal Affairs, in which the brand department is responsible for the registration of trademarks and enterprise names, and the information department is responsible for the registration of patents, proprietary technologies and domain names, so as to confirm intellectual property rights through registration in a timely manner, and the legal department is dedicated to providing legal support for the protection of registered intellectual property rights.

To avoid infringement of intellectual property rights of third parties, each operating units are required to strictly monitor the copyright ownership of materials used (including and not limited to graphics, word contents, fonts, music, videos and brand IP, etc.) in daily operations and publicity. The use of materials without copyright or unknown ownership is prohibited and the Group emphasizes the use of contractual texts with intellectual property liability clauses in order to avoid infringement of rights. All units in the Group also set up software licensing fund, and software licensing fees were incorporated in our annual budgets.

## VI. OPERATION WITH INTEGRITY TO ACHIEVE WIN-WIN COOPERATION

The Group is committed to create an open and fair internal environment and fulfill its responsibilities and obligations to operate with integrity, and establish an honest and trustworthy cooperation platform to lay a solid foundation for compliant operations. Also, we will further consolidate mutual trust and benefit with our partners to enhance stable and healthy corporate development.

### 1. Anti-corruption and promoting integrity

The Group strictly adhered to the relevant laws and regulations including the Supervision Law of the People’s Republic of China. Employees were required to comply with various rules and regulations of the Company and the requirement for integrity and self-discipline. We further strengthened education on integrity and actively create a working atmosphere of integrity.

The Group has gradually deepened the Group’s internal awareness of construction of party and government with integrity by launching integrity promotion activities and organizing training on anti-corruption and anti-bribery construction, and further improved the control measures on anti-corruption, anti-money laundering and anti-bribery to improve supervision and management.

#### Case: Seminar on Integrity and Self-discipline

In order to implement strict governance of the Party and further strengthen the construction of the Party and government with integrity, the Group launched a special seminar on integrity and self-discipline on 1 September 2020, which was attended by more than 400 major cadres at all levels. The seminar was given by the deputy director of the Xiamen Discipline Inspection Commission’s Publicity Department (廈門市紀委宣傳部), with the topic of “Performing duties in accordance with the law, using power impartially — actively staying away from violation of laws at work (依法履職·秉公用權 — 主動遠離職務違法犯罪)”. The seminar analyzed in-depth the harms resulting from violation of laws at work by covering areas including basic situation of anti-corruption investigation, the political precision of anti-corruption in different fields, and the preventive suggestion for violation of laws at work, in addition to actual cases, and has produced effect of prevention and control.



Seminar on Integrity and Self-discipline

## Case: Watching videos on integrity education

From mid-August to the end of September 2020, the Party branch of the Group gathered key personnels including Party members, cadres, backbones, financial and marketing personnel to seriously watch the three educational films on integrity, namely “The Price of Desire (欲望的代價)”, “State Enterprise Surnamed Public, Not Private (國企姓公不姓私)” and “From ‘Politely Refusing’ and ‘Smiling’ to ‘Claiming’ (從「婉拒」「笑納」到索取)” to study the lessons from bribery cases and take the cases as warning to improve the awareness of integrity.



Watching videos on integrity education

In addition, the Group sent “Tips on Integrity” on the WeChat platform to strengthen the integrity education for the cadres and employees. Also, the Group reiterated the requirements and prohibitions such as “8 Requirements” and “10 Prohibitions” during various festive holidays, requiring all leading cadres and employees to have enjoy holidays and keep abreast with integrity.

Units of the Group also actively organized revelation education activities in different forms. For example, Suzhou and Zhaoxin Zhaocheng branches organized Party classes on integrity education topics such as “Adhere to the bottom line, do not cross the red line (堅守底線·不越紅線)” and organized visits to government integrity education bases; city investment company (城投公司) branch held a special seminar on “How to implement integrity risk prevention and control in community transformation (如何在片區改造中落實廉政風險防控)”; Zhaoxin Zhaocheng and Longyan branches organized cadres to watch educational videos on integrity, namely “Greed leads them astray in life (貪欲引他們誤入人生歧途)” and “No return to the road of corruption — metamorphosis (貪路無歸 — 蛻變)” respectively, to enhance the awareness of integrity at work.

The Group has set up anonymous reporting mailboxes and other whistleblowing measures. The identity of complainants and contents of complaints are kept in confidence and the informed scope of reported incidents are strictly controlled. The Group will investigate and properly handle the reports received after distinguishing the nature and severity of the incidents in accordance with requirements in internal systems.

In 2020, there were no legal cases regarding corruption brought against the Group or its employees.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2. Supply Chain Management

The Group strictly abided by the laws and regulations including the Tendering and Bidding Law of the People’s Republic of China and implemented internal policies such as Administrative Measures on Tenders and Bids to provide suppliers a fair platform for competition and to fulfill social responsibility jointly, with an aim to achieve win-win cooperation.

Ways for selection of suppliers by C&D International Group included public tender, invitation to tender, quotation and direct entrusted projects. In order to ensure the fairness and openness of the tender, tender management committees at group, regional and city levels have been set up. The specific tender process was as follow:



To further standardize management of the supply chain, the Group added a third-party raid tasks this Year to carry out unannounced inspections on suppliers from various dimensions such as construction quality, protective measures for finished products, safe and civilized construction. After the inspection, we ranked the results internally, and focused on the problems found during the inspection process, then incorporated with inspection report by third parties and required rectification by suppliers in a timely manner.

While ensuring fair and equitable tender, the Group also paid attention to the fulfillment of environmental and social responsibility in all aspects of supplier entry and assessment, and actively promoted the Group’s ESG management ideas to suppliers to facilitate sustainable development of the supply chain. It also requires that:

- 

Supply chain with integrity and transparency: cooperation with suppliers of value over RMB100,000 must sign a letter of commitment to integrity and compliance, procurement staff shall not receive any rebates and handling fees.
- 

Strictly control on quality of materials: the project shall conduct sampling and inspection of incoming materials. Unqualified materials shall be rejected and suppliers shall be subject to penalty.
- 

Dedicated funds for exclusive use: The project adopts a supervisory co-managed account to strictly control the flow of each project progress payment, so that workers’ wages and material payments are dedicated with exclusive funds.
- 

Compliance construction: The project shall purchase life insurance and all project risks insurance for freelancers and third party personnel in the construction work and construction site.
- 

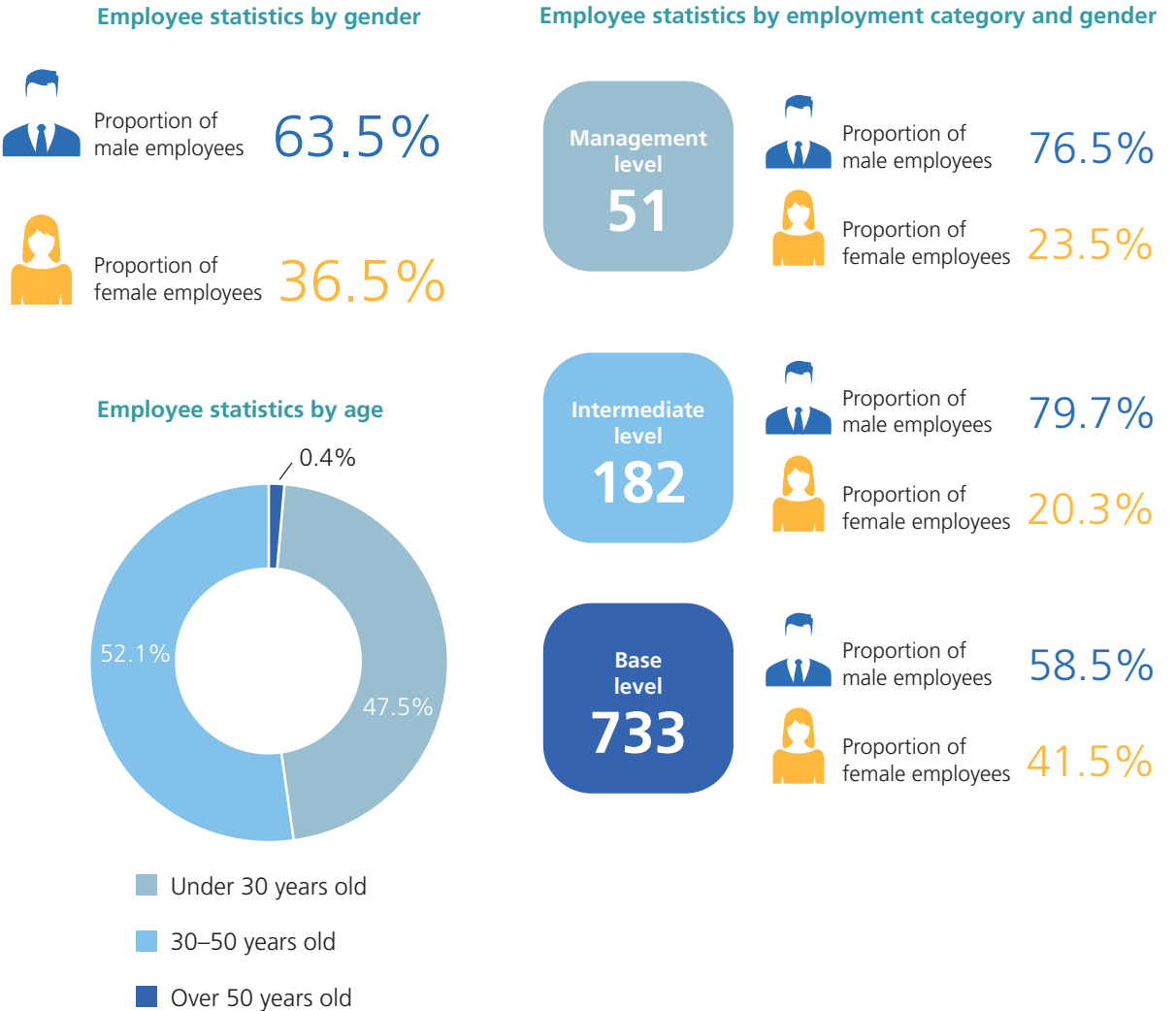
Quality, safety and environmental protection: The supplier shall provide solutions for management of on-site safety, civilized construction and environment as well as product certifications and test reports.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## VII. NURTURE TALENTS WITH SINCERITY

C&D International Group upheld its people-oriented development philosophy, strictly complied with laws and regulations including the Labour Law of the People’s Republic of China and the Labour Contract Law of the People’s Republic of China. It continuously strengthened the construction of human resources management system, and implemented and improved the training system as well as the appraisal and promotion mechanism. The Group is committed to conduct proactive communication with employees, to take care with their physical and mental health and offer a broader platform for their career development.

As at 31 December 2020, the Group had a total of 966 full-time employees, among which, 248 were from Haixi (including Xiamen, Zhangzhou, Quanzhou, Longyan and Putian), 22 were from South-eastern China (including Fuzhou, Nanping, Sanming and Ningde), 337 were from Eastern China (including Suzhou, Shanghai, Wuxi, Hefei, Nanjing and Hangzhou), 202 were from Southern China (including Guangzhou, Zhuhai, Shenzhen, Nanning and Guiyang) and 157 were from Central China (including Changsha and Wuhan). Details of employees by gender, employment category and age group are as follows:



## 1. Compliant Employment Management

The Group abided by the requirements regarding recruitment and employment, employee dismissal and turnover management, labour contract management, salary and benefit management, performance management, overtime work management and employment diversity and fairness as set out in the “Management System on Human Resources Management (人力資源管理制度)” and “Guidance Manual for Human Resources Management (人力資源管理指導手冊)”, with a view to ensure smooth commencement of employment and ensure employees having equal opportunities and not being discriminated against in terms of employment and promotion.

The Group adhered to the employment principles of “suitable positions for qualified employees” and “recruiting talents and avoiding recruitment of persons with specific family relationships with employees of the company”. The Group conducted talent selection through campus recruitment, open recruitment and internal competition to realize requirements on avoiding families and relatives of employees, “suitable positions for qualified employees” and requirement on approval for key positions, and ensure compliance with laws and regulations of the recruitment to maintain equality and fairness. We strictly required no information on gender, ethnicity and physical health required for posts disclosed in the recruitment advertisement to avoid employment discrimination.

Employment contracts or agreements were entered into by the Group and employees on mutual voluntary basis, which fully specified the necessary information including working location, working time, remuneration for services and overtime work rules to avoid forced labour. Identification documents, academic certificates and other documents and information of applicants should undergo strict inspection. Approval from cadres of all levels shall be obtained before employees assume office to avoid any irregularities such as employment of child labour. If a candidate was found to have inaccurate identity information, omission of report of age or forced laboring, the Group will conduct corresponding investigation and implement internal rectification. In 2020, the Group did not identify any employment of child or forced labour.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group practically protected rights of employees to receive remuneration for their services. Employees are entitled to fixed salaries based on job features and prevailing market levels as well as performance-related salaries and bonuses based on their actual performance to ensure employees' remuneration match with their capability and performance. Meanwhile, the Group ensured full payment of social security and provident fund in full for all employees and provided a number of benefits such as paid annual leave, rent subsidies, transportation subsidies, heat stroke prevention and cooling fees to practically improve employees' happiness and belongingness.

The Group kept abreast of employees' views and regularly tracked their needs and orientation. Department heads and human resources officers shall communicate with employees who have intentions to resign to understand their causes and strive to provide effective solutions. If the employee is confirmed to resign, the Group will assist the employee to complete termination procedures such as job handover and transfer of household register in accordance with the internal Administrative Measures on Human Resources Management. A certificate of release (termination) of labor contract shall be issued, and official released notice, filing and transfer of social security funds shall be completed according to laws when the employee duly resigned.

## 2. Training and Development

The Group attached great importance to building its talent pool and strictly implemented requirement of internal system such as the Administrative Measures on Training, so as to continuously improve its training mechanism and assisting platform to provide solid support for employees to enhance their professional skills and management competencies.

Details of training received by our employees in 2020 were as follows:

Gender	Employee category	Percentage of employees trained (%)	Average hours of trainings received per person (hour per person)
Male	Base level	99.06%	12.5
	Intermediate level	97.21%	36.2
	Management level	97.14%	64.4
Female	Base level	98.60%	12.0
	Intermediate level	96.71%	32.6
	Management level	100.00%	60.1

In 2020, the Group continued to implement its internal talent pool chain "3-1-5-2", which included 3 skills (i.e. leadership, professionalism and general skills), 1 program (i.e. new staff program), 5 systems (i.e. curriculum system, tutor/mentor system, training operation system, qualification and evaluation system and intellectual operation system) and 2 platforms (i.e. learning and examination platform and training base), to create its talent nurturing system.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The implementation of key training programs under the Group’s internal talent pool chain during the Year is set out as below:

## Leadership

*3 system training programs were held with attendance of 256*



Focusing on the systematic cultivation and enhancement of the middle and senior cadres, the Group has systematically organized three training programs on Huawei Cross-sector Learning (華為跨界學習), city manager and project manager for the Group’s middle and senior management. Each program has clear objectives, focused contents and combined internal and external aspects to effectively enhance the operation management, team management and professional capabilities of cadres at all levels.

## Professionalism

*3 system training programs on marketing, design and customer relations were held with attendance of 131*



Relevant trainings were commenced for nurturing and improving key personnel specialized in different professional sequences and sectors. In 2020, we focused on the property development industry and carried out systematic training programs on marketing, engineering and design.

## General skills

*Over 50 people participated in the training with accumulated training hours of over 300 hours, involving over 60 in-house training courses*



Relevant trainings commenced in relation to internal trainers and tutors. In 2020, we focused on the curriculum development and teaching skills of internal trainers, and targeted to deliver the Group’s engineering, design and marketing sequences for internal trainers to learn in “Hundred Teachers’ Lecture (百師講堂)”.

## New staff program

### Training programs for new staff from open recruitment

Over 286 people participated in the training with accumulated training hours of over 4,250 hours



With the goal of “accelerating the integration of new employees and enhancing their understanding and application of the Group’s corporate culture and operation standards”, we pinpointed in practical operation and cultural integration of new staff, focusing on corporate culture, key systems and processes, standardization, red lines and key issues of work inspection, etc.. Through lectures from senior management, face-to-face communication, professional seminars and cultural tours, we facilitated the integration and adaptation of new employees to their jobs.

### Leadership program for management trainees (管培生旗建計劃)

A total of 358 people participated in the training with accumulated training hours of over 4,805 hours



In order to accelerate the training of the Group’s management trainees and to cultivate group of young integrated backbone staff with business management potential, the training content focuses on role change, work skills and professional skills enhancement to accelerate the growth and development of trainees at all stages. The training was completed through a combination of intensive lectures, team development and other measures.

## Case: Professional Tutorial — “Sales and Service Essence” Training

“Professional Tutorial” was one of the key program on professionalism cultivation under the internal talent pool chain “3-1-5-2” implemented by the Group during the Year.

On 15 June 2020, the Group’s training centre organized the third Professional Tutorial of the Year and invited senior management of Ping An Insurance to conduct cross-sector program on “Sales and Service Essence”. Tips on sales services and methods and skills to maintain customer relations were introduced through sharing of various actual cases, effectively enhancing the professional competencies of trainees in sales services.

The program was attended by 182 employees from market centre and sales business line of Southern Fujian of the Group. The content of the program was recognised by the trainees with a satisfaction score of 4.85 (full score of 5).



A scene in the “Sales and Service Essence” Training

During the Year, the Group continued to promote construction of online learning platform and gradually improve various functions of “Zhangjianshi (掌建識)” learning platform, including program centre, professional section, question database, learning map and topics circle, with a view to provide convenient learning channel for employees. In 2020, the activation rate of entire accounts in the platform was 94% and active account rate was 99%. The accumulated online hours of employees was 132,000 hours, with average online time per person of 35.8 hours and access of 180 times in average per person. During the Year, we added more than 400 courses and over 628 offline training classes and we had 326 star lecturers and 391 lecturers in reserve.



Interface of “Zhangjianshi” learning platform

Meanwhile, we commenced the “Hundred Teachers’ Lecture (百師講堂)” program during the Year, with an aim to develop 100 internal programs and 100 internal trainer programs. Through the process such as employee demand survey, sorting out course topics, employee voting and joint evaluation with functional departments, a total of 80 business topics were selected and 122 internal tutors were recruited so as to continuously enhance the development of internal online courses and construction of internal trainers.

In addition, the Group initiated the construction of specialized question database on the online platform, established a question database area, and opened up channels for all employees to practice, give feedback and ask questions to provide an effective inspection tool for employees to consolidate their training knowledge.

### 3. Appraisals and Promotion

The Group conducted performance appraisal through a combination of process appraisal and annual appraisal in accordance with the relevant requirements in the “Human Resources Management System”, and the results of the performance appraisal served as an important basis for evaluation and appreciation, position appointment, salary adjustment and subsequent training. In 2020, the Group launched the construction of an online platform for performance appraisal, the functions of which included performance index database management, target analysis and plan formulation, appraisal rules setting, employee self-evaluation and senior appraisal, performance results and feedback inquiry and other modules to further promote the informatization of online assessment work.

The Group sorted out backup managers with cultivation potential at various levels and in various professional fields through performance appraisal and inventory of orientation personnel, and the Group’s human resources center and the employing unit will jointly pay attention to their development and evaluate them through various forms such as performance appraisal, training and debate, and internal competition appraisal to explore talents and provide them with development opportunities.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

As for the promotion of employees, the Group implemented a post appointment system, which in principle made appointment once a year, and provided promotion opportunities for employees by combining their performance in the previous year and the needs of the Company, and specified the promotion list during the annual appointment. The Group has set up a dual career development system of “management” and “professional” to provide employees with suitable career development paths. At the same time, the Group adopted a self-recommendation mechanism for internal competition and required each unit to support employees to participate in internal competition, and conducts investigation on the candidates according to the principle of “main focus on job suitability and development potential”, so as to provide a fast promotion platform for outstanding talents.

### 4. Health and Care

C&D International Group strictly complied with the requirements of the laws and regulations including the “Law of the People’s Republic of China on the Prevention and Control of Occupational Diseases”, and constantly paid attention to employees’ physical and mental health, striving to create a comfortable and safe working environment for our employees.

In 2020, facing the sudden hit of novel coronavirus epidemic, the Group greatly concerned safety of employees. We quickly formed the epidemic prevention working group on 28 January 2020 and urgently initiated epidemic prevention tasks such as commencement of meetings, job deployment, purchasing resources and collection of employees’ information, to provide strong support to protect employees’ health. To ensure the safe and orderly resumption of work at all units, the Group’s epidemic prevention actions mainly included:

<b>Remote office</b>	We actively encouraged employees to work remotely during early stage of the epidemic, using online video meeting and online approval to ensure smooth process of work
<b>Protective equipment</b>	We prepared sufficient preventive equipment such as alcohol, no-rinse hand sanitizer and masks for employees
<b>Temperature check and disinfection</b>	We strictly performed temperature check and registration for accessing staff; strictly conducted cleaning and disinfection in workplace to fully eliminate any potential hazards
<b>Safe Dining</b>	After resumption of work, we arranged delivery of three meals to employees. After the epidemic is under control, we gradually resumed dining in the canteen and set up dividers and queuing interval reminders to avoid gathering for meals
<b>Convenient services</b>	We provided employees with convenient living services, such as haircut services, to reduce their unnecessary outings
<b>Epidemic prevention promotion</b>	We actively carried out various kinds of epidemic prevention promotion, such as tips on preventing novel coronavirus, reminders on wearing masks, etc. to enhance employees’ awareness of epidemic prevention



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



Epidemic prevention measures in office area

Meanwhile, the Group continued to concern workplace safety and constantly enhanced safety awareness of employees.

**Workplace construction**

The office building of the Group's headquarter is designed in accordance with relevant safe design requirements with double refuge storey to protect staff safety

**Safety emergency measures**

The Group regularly conducts safety hazard inspection and organizes fire drills for offices and projects, and ensures that fire extinguishers, fire hoses and other safety and emergency equipment are in place

**Safety promotion**

The Group regularly launches safety training, for example, training on cardiopulmonary resuscitation, to enhance employees' ability to respond to emergencies.

## Case: Safety risk classification and control and potential hazard screening and solving training series

During the Year, the Group organized a series of training on safety risk classification and control and potential hazard screening and solving. The training series covered safety laws and regulations, safety production responsibility, safety behavior and safety system. The training is dedicated to enhancing the professional level of safety management of safety officers and related management staff. Throughout the Year, total of 47 people participated in the training, and 21 people obtained initial certificate of safety management system (安全管理體系初審證書), 26 people obtained the review certificate (複審證書).



Safety risk classification and control and potential hazard screening and solving training series

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In 2020, the Group launched enriching online and offline employee caring activities to further strengthen the team cohesiveness and ability to work, as well as enhance employees' happiness. Major Activities included:

- Construction of family culture: We organized and launched "Online Cooking Competition (線上廚藝大賽)" and "Happy Family Day", inviting families of employees to demonstrate their talent and enjoy parent-child times to facilitate harmonious family relationships among employees.

### Case: Online Cooking Competition (線上廚藝大賽)

In order to have a better work-life balance for our employees, the Group launched an online cooking competition from 18 to 20 March 2020. Participants participated in the competition by recording cooking videos and pictures of their dishes. The event encourages employees to get back to life after a busy day at work and to cook for themselves and their families to promote family harmony. The competition also prepared fine home appliances for the winners as reward.



Poster about online cooking competition (線上廚藝大賽)

- The "Happy to be Fit (喜聞樂健)" fitness and snapshot event: Starting from June 2020, the Group organized the "Happy to be Fit" fitness and snapshot event to attract employees to participate in sports activities through jogging activities and forming sports interest groups. City companies across the PRC responded to the Group's call, and organized various forms of fitness activities to encourage employees to keep physically fit. By the end of the Year, more than 200 employees participated in fitness and snapshot events, with more than 2,000 snapshots accumulated.

### Case: "Five Rings Jogging Team (五環跑團)" daily jogging activity

In response to the Group's "Happy to be Fit (喜聞樂健)" fitness and snapshot event, the Group's human resources administration center, training center, administration center, Party Committee Office and other departments formed the "Five Rings Jogging Team (五環跑團)" and organized daily jogging activities, which effectively strengthened physical fitness and relieved stress of employees while further enhancing cross-team synergy and cohesion.



"Five Rings Jogging Team (五環跑團)" daily jogging activity

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Arts and cultural activities: The Group encouraged employees to form seven interest groups for vocal music, painting and calligraphy, dance, performance, literature, language and film and television and organized online painting and calligraphy competitions, art group band performances and other arts and cultural activities to further explore employees’ talents and provide a stage for employees to show their talents.

### Case: Art group performance

On 19 June 2020, the Group’s staff dance art group presented a climactic dance performance at JFC Pinshang Center — Zhadui Festival (JFC品尚中心•扎堆節), showing professional and energetic dance to audience to demonstrate the bright, enthusiastic and positive spirit of staff of C&D International Group.



Performance of dance art group

- Employee welfare activities: The Group launched the “Workplace Welfare Club (工牌福利社)” to provide employees with preferential benefits such as business, hotel and nursing home. At the same time, the Group organized various forms of team building activities, aiming to enhance team cohesion and strength, and improve employees’ sense of belonging.

### Case: Team development activity for staff in the Group’s headquarter

In order to promote the integration and exchange of staff teams in the Group’s headquarter, on 22 August and 5 September 2020, the Group organized of two development events of Master Archer fun experience and floorball contest with the theme of “Integration and Communication” for two times with participant of over 110 people. The activity allowed employees to fully release their passion in team sports and effectively enhanced the team cohesion and communication ability.



Team development activity for staff in the Group’s headquarter

**5. Communication and exchange**

In order to build a united and progressive team and create a harmonious and relaxing working atmosphere, C&D International Group has built a platform for corporate staff communication through various forms of corporate culture construction and continuously improved the simple and fair communication mechanism in internal management.

The channels of communication for employees of the Group mainly included:

Communication driven by corporate culture	Constructing a daily communication feedback mechanism
<ul style="list-style-type: none"> <li>• Publications: “Hit it off well right from the beginning • Story”, “New Force (新勢力)”;</li> <li>• WeChat: WeChat push notification of “City Issue (城事)” topics, “Yue Life” WeChat Official Account;</li> <li>• Yue Life-Radio (悦生活•聽建電台): Seniors Talk (學長學姐說);</li> <li>• Culture wall and cultural exhibition board;</li> <li>• Corporate culture training for new staff.</li> </ul>	<ul style="list-style-type: none"> <li>• Organise seminar regularly and exchange platform for assessment and evaluation;</li> <li>• Establish suggestion box for operating management and innovation;</li> <li>• Organise 360 degree assessment of management cadres and interview with employees to facilitate communication between management and employees;</li> <li>• Commence regular investigation on employee ideological and organise employee satisfaction survey to improve management in accordance with employees’ feedback.</li> </ul>

## Case: Publishing internal publications

In 2020, the Group published two internal publications, “Hit it off well right from the beginning • Story” and “New Force (新勢力)”. Those publications illustrated vivid stories of the Group’s people and development history, depicting the Group’s struggle and progress to the readers.

Among which, “New Force (新勢力)” incorporated the needs of manpower recruitment and set up two sections, “Evolution” and “Fashion Circle” to invite fast-growing young employees to share their growth experiences and insights, showcasing the talents of the Group’s outstanding youth.



“New Force (新勢力)”



“Hit it off well right from the beginning • Story”

“Hit it off well right from the beginning • Story” has emphasis on the “Assemble (集結號)” section, which demonstrated the stories of various departments from different aspects such as unity, dedication, integrity and progression; it also set a “Voice Recorder (留聲機)” section, showing conversations with veteran employees with 20 year experience about the Company’s development stories and sharing about their growth experiences.

## Case: Annual employee satisfaction survey

During the Year, the Group continued to conduct anonymous survey of satisfaction for all employees to provide channels for employees to give feedbacks and suggestions and to understand status and existing issues of internal management comprehensively. A total of 3,346 employees participated in the survey, the actual participation rate reached 99.4%. After conducting the survey, the Group collated and analyzed major issues, opinions and suggestions reflected in the evaluation and sent feedback to officer of relevant functional departments, urging them to implement improvements in the areas of employee compensation and benefits, training and development, appraisal and promotion, and so on. The Group’s human resources center also followed up on the improvement results to enhance the happiness of employees.




# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## VIII. ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION

The Group strictly enforced the laws and regulations including the “Environment Protection Law of the People’s Republic of China”, continuously optimized the efficiency of energy resources in the daily office and operation process, and actively carried out research and promotion of green buildings. The Group also paid constant attention to the impact of climate change risks on its business and actively fulfilled its environmental responsibilities.

### 1. Green office operation

To strengthen control of resource and energy consumption in daily office operation, the Group’s administration center and related departments closely monitored the consumption of energy and resources (such as water and electricity), and enhanced statistics and management of energy consumption data to lay a data foundation for the formulation of reasonable energy saving and emission reduction targets. During the Year, the green measures adopted by the Group in its office operation mainly included:

			
<p><b>Waste management</b></p> <ul style="list-style-type: none"> <li>• Reducing paper document issuance by actively using OA system;</li> <li>• Facilitating waste classification in offices;</li> <li>• Setting up specified recycle bin for lunchboxes and used masks during the epidemic.</li> </ul>	<p><b>Water and electricity saving</b></p> <ul style="list-style-type: none"> <li>• Requiring employees to switch off office electrical equipment immediately after work;</li> <li>• Posting a label of “Save Water”.</li> </ul>	<p><b>Green travel</b></p> <ul style="list-style-type: none"> <li>• Encouraging employees to travel by public transportation;</li> <li>• Standardising the official vehicle application process and strictly controlling the use of official vehicles;</li> <li>• Initiating charitable activities for energy-saving and emission reduction.</li> </ul>	<p><b>Green marketing</b></p> <ul style="list-style-type: none"> <li>• Reducing use of paper marketing materials;</li> <li>• Exploring and developing permanent sales office to realize reuse of equipment in order to reduce waste of resources.</li> </ul>

The water used in the Group’s operations came mainly from the municipal network and the Group had no problem in obtaining appropriate water source during the Year.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2. Green Community

The Group has formulated and implemented internal systems such as “Engineering Technology (2020) No.2 Control Standards of Energy Conservation in Public Area”, setting out clear energy saving and consumption reduction management rules for projects’ indoor public area lighting, underground garage lighting, landscape park lighting and generator room energy saving control. The Group utilized measures such as lighting control in underground garages with separate circuits and rationalized control of running times of various types of equipment and facilities to promote the implementation of energy-saving regulations in projects’ public areas. At the same time, the Group has set the annual energy saving and consumption reduction targets for property operation:

<p><b>Implement energy saving standards in public areas for 100% of projects</b></p>	<ul style="list-style-type: none"> <li>The projects shall strictly implement the energy saving control standards issued by the Group and implement energy saving and consumption reduction management.</li> </ul>
<p><b>Achieve year-on-year decrease of 5% in expenditure for annual energy consumption</b></p>	<ul style="list-style-type: none"> <li>The Group’s overall energy expenditure for property operations must decrease by 5% as compared to 2019.</li> </ul>
<p><b>Complete energy-saving initiatives in 2020</b></p>	<ul style="list-style-type: none"> <li>The projects shall develop energy saving and consumption reduction plan according to the energy saving and consumption reduction target, and implement energy saving and consumption reduction measures according to the plan.</li> </ul>
<p><b>100% online rate of energy consumption platform</b></p>	<ul style="list-style-type: none"> <li>The projects shall complete the construction of the energy consumption platform, with functions of online meter reading and early warning of irregular usage to provide data support for the projects to save energy and reduce consumption.</li> </ul>
<p><b>90% improvement in the timeliness of the development of public apportionment for newly delivered projects</b></p>	<ul style="list-style-type: none"> <li>Clarify project energy management responsibilities and costs and standards for handling public shared energy consumption data to reduce the Group’s utility costs.</li> </ul>
<p><b>Early-stage intervention projects with a 90% adoption rate for the installation suggestion of three-meter out-of-home prepayment system (三表出戶預付費系統)</b></p>	<ul style="list-style-type: none"> <li>New projects are equipped with a out-of-home prepayment system for gas, electricity and water meters at the design stage in principle of paying first and using later, which strengthens the cost control of energy resources usage.</li> </ul>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In order to achieve the annual energy saving and consumption reduction target for property operations, the Group extended the service life of machinery and equipment and reduced energy consumption in daily operations by conducting optimization, renovation and regular inspection and maintenance on air-conditioning, lighting and elevator systems as well as establishing energy consumption platforms. The specific energy saving measures adopted by the Group and their performance included but not limited to:

Renovation for energy saving and consumption reduction	Management for energy saving and consumption reduction
<ul style="list-style-type: none"> <li>Replaced LED lighting fixtures for offices and underground car parks, including a total of 23,073 LED lighting fixtures in Xiamen Jianfa International Building, saving cumulatively 383,408 KW of power in total as compared with consumption before the replacement;</li> <li>The central air-conditioning water-cooled unit was retrofitted to inverter type, saving a total of 1,726,783KW as compared to consumption before the retrofit.</li> </ul>	<ul style="list-style-type: none"> <li>Reasonable specified on and off timing and temperature mode of air conditioning and add remote control switch to monitor air conditioning operation at all times;</li> <li>Adopted energy consumption control mode for multiple circuits and multiple scenes in the underground garage by implementing recommendation in construction drawings of early intervention to avoid waste of energy;</li> <li>Implemented energy consumption control standards in public areas, strengthened the inspection of air conditioning, lighting and other switches in public areas, and turned off unnecessary equipment in a timely manner.</li> </ul>

In addition, C&D International Group actively responded to the government’s call to consistently implement internal systems such as the “Solid Waste Management Standard (固廢管理規範)”, and in early 2020, aggregating with common issues in promotion of waste classification in previous years, “Guidelines on Waste Classification (垃圾分類工作指引)” was issued to instruct actions to be taken at each key stage before, during and after waste classification. Meanwhile, the Group’s property service staff actively promoted the knowledge of waste classification to property owners and encouraged them to participate in the work of waste classification. During the Year, the participation rate in waste classification of property owners in projects under the Group’s management in Xiamen, Fuzhou, Nanping, Suzhou, Shanghai and other cities reached over 90%, and has been highly commended by government departments for many times.



## Case: Waste classification promotion in Fuzhou Jianfa Guobinfu

To strengthen the promotion of waste classification, the staff of C&D Property visited the property owners door-to-door to promote the knowledge of waste classification and distribute garbage bags to enhance the owners' awareness of waste classification. Through the promotion, property owners highly cooperated with the various measures of waste classification and threw garbage strictly following the time and place scheduled. The waste classification effort in this project was highly appreciated by government department.



Disposal Station for waste classification in Fuzhou Jianfa Guobinfu

### 3. Green Construction

The Group strictly enforced the requirements of laws and regulations such as the "Regulations on Environmental Protection Management of Construction Projects", and implemented internal systems such as the "Safe and Civilized Construction Standards", striving to reduce the impact of construction projects on the local ecological environment and natural resources.

The construction process of the Group's projects may generate a small amount of noise, dust, sewage and construction waste, which do not have a significant impact on the environment and natural resources. The Group is also continuously exploring green construction measures to further reduce impact of the construction process on the environment through the following means:

#### Dust control

- Optimise external wall structure to realise plaster-free structure and reduce generation of dust;
- Promote dust monitoring system and atomizing spraying to reduce dust effectively.

#### Noise control

- Conduct noise reduction for construction facilities to ensure construction noise does not exceed local noise standards;
- Establish a management and inspection system for construction sites and prohibit construction during night time.

#### Sewage treatment

- Design of rainwater and sewage diversion system and domestic sewage shall be pumped to be sedimented by oil and reach certain standard before entering sewage pipe;
- Rainwater is used to clean vehicles and roads and for watering the green after collection.

#### Promoting the application of aluminum mold climbing frame

- Reduce the use of steel scaffolding to reduce wear and tear of consumables.
- Encourage the use of reusable aluminum materials.

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Meanwhile, in response to national and local calls, the Group has formulated and implemented the “Guidelines on Prefabricated Building Processes (装配式流程指引)” to provide guidance on the application of prefabricated building technologies in the three stages of preliminary design, process regulation and construction control, so as to maximize the advantages of prefabricated building in terms of material saving and environmental protection. The Group’s projects mainly used horizontal prefabricated components such as prefabricated staircase panels and vertical prefabricated components are used in certain projects. In 2020, the Group had more than 30 projects using prefabricated building technology, and the GFA using prefabricated building technology has reached over 2.5 million sq.m., with a prefabrication rate of up to 40%.

## 4. Green Buildings

The Group actively implements national and local standards such as “Green Building Evaluation Standard GB50378-2019” and “Green Design Code for Civil Buildings (民用建築綠色設計規範)” and progressively promotes the research and implementation of green buildings. In 2020, 9 projects of C&D International Group received green building rating certification.

To further implement the green building rating standards and promote green building practices, we have put forward requirements for green building design in respect of five major areas as follows:

<p><b>Safe and durable</b></p> <ul style="list-style-type: none"><li>• Design and strictly enforce safety provisions;</li><li>• Optimize the useful life of materials and equipment.</li></ul>	<p><b>Healthy and comfortable</b></p> <ul style="list-style-type: none"><li>• Use green products and green building materials as key target concerns;</li><li>• Conduct tests on indoor pollutants and respirable particulates;</li><li>• Optimize indoor space and outdoor woodland construction to improve “light comfort (光舒適度)”.</li></ul>	<p><b>Livable environment</b></p> <ul style="list-style-type: none"><li>• Develop sponge city, using sponge facilities such as “sunken greenbelt” and “rain garden” to control the rainwater runoff on the site, block the surface source pollution and reduce the intensity of urban heat island.</li></ul>
<p><b>Convenience of life</b></p> <ul style="list-style-type: none"><li>• Set up barrier-free access for the elderly, children and disabled;</li><li>• Establish community ancillary such as fitness space and children’s entertainment space.</li></ul>	<p><b>Resource conservation</b></p> <ul style="list-style-type: none"><li>• Use energy consumption platform to facilitate energy-saving diagnosis and optimization in the operation phase;</li><li>• Set up rainwater reuse system to replace tap water for green irrigation, road watering, etc.;</li><li>• Reasonably adopt prefabricated building techniques and use BIM technology to enhance construction efficiency and reduce costs.</li></ul>	

## Case: Two-star green building identification certificate of Wuxi Jianfa Jiuliwan\* (無錫建發•玖里灣) Phase 4 project

Wuxi Jianfa Jiuliwan\* (無錫建發•玖里灣) Phase 4 project obtained the two-star green building identification certificate (GB50378–2014) in July 2020. Its major green building features included:

### Optimized layout of the site

- Optimize building and landscape layouts
- Improve the wind flow of the site to ensure good natural ventilation of building

### Improved indoor environment

- Use insulating materials to avoid frost
- Provide more exterior windows to avoid glare



Aerial view of the project



Design of single building in the project

### Integrated use of water resources

- Use municipal tap water as main source for domestic use
- Collect rainwater for green irrigation and road watering

### Use of renewable energy

- Fully utilize solar energy in each household to annually save natural gas of 52,366.67 cubic meters

### Adoption of energy-efficient equipment

- Use invertible pumps and fans
- Choose energy-saving elevators and lights and fans with collective control function

In addition, the Group always adhered to the concept of sustainable development and respected the surrounding ecological environment and cultural heritage in the process of project design and development, and developed the project rationally.

## 5. Response to climate change

In recent years, the global community has become increasingly concerned about climate change, with a number of countries pledging to achieve “near-zero emissions” in the next few years. On 22 September 2020, President Xi Jinping expressed the will to strive carbon dioxide emissions in the PRC to reach peak value by 2030 and to carbon achieve neutrality by 2060 at the general debate of the 75th United Nations General Assembly, with an aim to curb climate change and its potential impacts.

As a corporate citizen, C&D International Group always pays attention to the risks and impacts of climate change in relation to the Group’s business development and operation process, and proactively adopts various climate change mitigation and adaptation measures to reduce the potential impact of climate change on the Group’s sustainable development. During the Year, the climate change mitigation and adaptation measures taken by the Group included but not limited to:

<b>Enhance construction design standards</b>	<ul style="list-style-type: none"> <li>• Develop “Design Technical Requirements (設計技術規定)”, “Compendium of Residential Seepage and Leakage Prevention Design and Construction Requirements (住宅防滲漏設計及施工要求匯編)” and other internal design regulations in respect of extreme weather and enhance building waterproof and windproof standards.</li> </ul>
<b>Strengthen green building research and promotion</b>	<ul style="list-style-type: none"> <li>• Actively explore new green technologies, new techniques and new materials to mitigate the possible impact of climate change on new projects.</li> </ul>
<b>Strengthen control of safe and civilized construction</b>	<ul style="list-style-type: none"> <li>• Arrange reasonable construction schedule and strengthen construction safety control and inspection to avoid safety incidents due to heat stroke of workers, extreme cold weather injury, or typhoons and floods.</li> </ul>
<b>Establish emergency response mechanism for extreme weather</b>	<ul style="list-style-type: none"> <li>• Establish a typhoon and flood prevention inspection team and develop emergency plan for extreme weather and a comprehensive defense process, and conduct regular emergency drills.</li> </ul>
<b>Green office and operation</b>	<ul style="list-style-type: none"> <li>• Strengthen the management of energy saving and emission reduction in daily office operation and enhance internal and external stakeholders’ awareness of environmental protection.</li> </ul>

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## 6. Environmental Key Performance Indicators (KPI)

The 2020 Environmental Key Performance Indicators calculated by the Group in accordance with the ESG Reporting Guide are shown in table below:

No.	Environmental Key Performance Indicators	Unit	Consumption/ emission
A1.1	Sulfur dioxide	Kilogram	0.28
	Nitrogen oxides	Kilogram	156.49
	Particulate matter	Kilogram	14.82
A1.2	Greenhouse gas emissions (Scope 1)	Tonnes	60.86
	Greenhouse gas emissions (Scope 2)	Tonnes	3,430.23
	Total greenhouse gas emissions (Scope 1 and 2)	Tonnes	3,491.09
A1.3	Hazardous wastes	Tonnes	0.42
A1.4	Non-hazardous wastes	Tonnes	8.20
A2.1	Petrol	Litre	18,650.20
	Liquefied petroleum gas	Kilogram	3,434
	Electricity consumption	Kilowatt hour	4,263,270.65
	Direct energy consumption	Kilowatt hour	209,633.83
	Indirect energy consumption	Kilowatt hour	4,263,270.65
	Total energy consumption (Direct energy consumption + Indirect energy consumption)	Kilowatt hour	4,472,904.48
	Energy intensity	Kilowatt hour/revenue of RMB(ten thousand)	2.39
—	Office paper consumption	Kilogram	23,303.60
A2.2	Water consumption	Cubic metre	146,224.77
	Water consumption intensity	Cubic metre/revenue of RMB(ten thousand)	0.08

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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## *Notes to 2020 Environmental Data:*

- (1) Time scope of the data: 1 January 2020 to 31 December 2020.
- (2) Scope of data: this report discloses the energy and resources consumption of the Group's 6 projects of Suzhou Zhaoxiang, Fujian Zhaohe, Zhangjiagang Jianfeng, Zhangjiagang Jianxiang, Xiamen Zhaoconglong and Xiamen Zhaoqilong in terms of office areas, sales offices and non-outsourced staff canteens; compared with 2019, this report added the environmental data of three projects (Zhangjiagang Jianxiang, Xiamen Zhaoconglong and Xiamen Zhaoqilong) for the Year and excluded the environmental data of Zhangzhou Fanhua and Suzhou Zhaokun projects (which have been basically completed and delivered in December 2019). During the Year, the Group further rationalized its environmental management responsibilities and delegated third party contractors to be responsible for the use of energy and resources during the construction process of the projects, therefore, the use of energy and resources during the construction process of the project was not included in the Group's environmental data disclosure.
- (3) Non-hazardous wastes were mainly office wastes. Hazardous wastes were mainly waste electronic products, waste cells, waste ink cartridges and toner cartridges. Emission was the result of the use of vehicles. Greenhouse gas emissions (Scope 1) were mainly due to energy consumption such as fuel from non-outsourced staff canteens and moving vehicles. Greenhouse gas emissions (Scope 2) were generated from purchased electricity.
- (4) Emission factors of greenhouse gas of purchased electricity are based on the Ministry of Ecology and Environment's "China Regional Power Grid Baseline Emission Factor for Emission Reduction Project for 2017". Other emission factors are based on the "ESG Reporting Guide" of the Hong Kong Stock Exchange.
- (5) The types of energy consumed by the Group included liquefied petroleum gas used by non-outsourced staff canteens, purchased electricity and petrol used by vehicles; Energy consumption coefficient refers to the national GBT2589-2008 General Principles of Comprehensive Energy Consumption Calculation (GBT2589-2008綜合能耗計算通則).
- (6) Energy intensity = Total energy consumption/operating revenue; water intensity = water consumption/operating revenue; of which, scope of statistics of operating revenue is in line with the scope of environmental data collection.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## IX. KEEPING THE ORIGINAL ASPIRATION AND GIVING BACK TO THE SOCIETY

C&D International Group is dedicated to the community and has always incorporated a sense of social responsibility into its daily operations. During the Year, the Group continued to participate in public welfare activities for environmental protection, charity, traditional crafts and cultural succession, actively giving back to the community and creating benefits for the public.

### 1. Green Activities

C&D International Group actively responded to the green development strategy of PRC and insisted on organizing various forms of green public welfare activities to call on commitment to environmental protection responsibilities of internal and external stakeholders. During the Year, we continued to promote waste classification as a key theme of green public welfare activities, and invited property owners to participate in various forms of activities.

On 22 August 2020, Shanhuhai project in Zhongyang Wan District, Xiamen launched the activity of “Implementing Waste Classification and Building an Advanced Community”. During the event, property staff and volunteers effectively promoted waste classification by distributing leaflets about waste classification knowledge and garbage bags, explaining waste classification knowledge and answering owners’ questions on site. The project also organized a game of “Waste Classification Gridding (垃圾分类跳格子)” for owners to learn waste classification tips and raise their awareness and participation in waste classification. About 200 property owners and residents in total participated in this activity.



Game of “Waste Classification Gridding (垃圾分类跳格子)”

## 2. Charity

This Year, the Group continuously participated in the relief work initiated by C&D Real Estate Charity Fund (the "Fund"), for providing assistance to families with difficulties and underprivileged students, helping those with difficulties to get through hard times and underprivileged students to complete their studies.

In January 2020, the Group participated in the donation activity of charity fund "Nuanxin Zhukun (暖心助困)" in Xindian Town, Xiamen City, and distributed consolation money of RMB244,000 in total to 244 people with difficulties, helping them to have a warm spring festival.



Charity activity of "Nuanxin Zhukun (暖心助困)"

In June 2020, the Group participated in the visiting event of "Yurun Qingmiao (雨润青苗)" charity project organized by the Fund in Xindian Town, Xiang'an District, Xiamen City, and donated RMB250,000 to 100 underprivileged secondary and primary school students to improve their life and study conditions.

In August 2020, the Group participated in the 2020 Charity Donation Ceremony for "Let Dreams Ahead (让梦前行)" held by the Fund, granting RMB 1.121 million to 91 underprivileged high school candidates and 115 poor university students to help them complete studies.



Charity Donation Ceremony for "Let Dreams Ahead (让梦前行)"



### 3. Community welfare

C&D International Group has always been concerned about the community. It focuses on the details of life and introduces intimate public welfare services to the community based on actual needs of the community, with an aim to create a loving, warm and happy home. In 2020, the Group called for the establishment of new community service corners in each community to organize various forms of public welfare activities to provide “face-to-face, heart-to-heart, and practical” services to the property owners and residents for their convenience.

#### Case: Celebration of Chung Yeung Festival and volunteer medical consultation in Jianfa Yibai Elderly Centre

On 25 October 2020, Jianfa Yibai Elderly Centre held celebration activity of Chung Yeung Festival and cooperated with Hong Ai Hospital (弘愛醫院) to provide volunteer medical consultation, which provided medical consultation, health knowledge and advice to the elderly in the community, so that they can enjoy warming medical services “at home”.



Volunteer medical consultation in Jianfa Yibai Elderly Centre

#### Case: Free knife sharpening service in Chengdu Qianshui Wan community

In Chengdu Qianshui Wan community, C&D Property invited knife sharpeners to sharpen knives for free at doorstep of the community property service center for property owners every Saturday morning. The event has been extended for weeks, striving to serve more property owners and residents and provide them with practical and caring services.



Free knife sharpening service in the community

## Case: Community caring service in Zhangzhou Shengdiyage community

In Zhangzhou Shengdiyage community, C&D Property provided convenient community services for property owners and residents by organizing free carpet cleaning, volunteer medical consultation and tailoring activities, effectively enhancing the sense of community belonging, and building a platform for communication among property owners.



volunteer medical consultation



Tailoring activities

### 4. Protecting traditional crafts and culture

In our construction design and garden construction, the Group incorporates local cultural elements to protect craftsmanship spirit and to promote and inherit traditional handicrafts. At the same time, we use elements of old poems in combination with famous poems and calligraphy and painting, to further spread traditional Chinese culture.

In Jianfa & Jiulongcang • Yangxi\* (建發&九龍倉•央璽) Project of Guangzhou, the Group incorporated cultures of Lingnan and used the festoon sculpted head (垂帶雕飾狀收頭) in design of staircases, with symbolic meaning of "progressive step, wealth and longevity (步步高升、富貴長壽)". Cloisters of the project made reference to craftsmanship of Yu Yin Ancestral Garden (余蔭山房), a famous Lingnan-styled garden, using abstract landscape for door arches, applying its spirits and ideology supplementing with shapes in the landscapes. The scenery focused on static, which is a strong Lingnan feature.



Staircase with festoon sculpted head (垂帶雕飾狀收頭) in Jianfa & Jiulongcang • Yangxi\* (建發&九龍倉•央璽) Project of Guangzhou



Illustration of cloister in Jianfa & Jiulongcang • Yangxi\* (建發&九龍倉•央璽) Project of Guangzhou

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In Zhangzhou Jianfa • Wenchangfu\* (漳州建發•文昌府) project, We have comprehensively integrated the architectural characteristics of Hakka Tulou and made design with similar shape and proportion to Tianluokeng Tulou. In addition, we have incorporated streetscape of traditional garden into the form of Tulou, so as to inherit and protect the architectural style with local characteristics.



The original model of Hakka Tulou concept



Actual view in Zhangzhou Jianfa • Wenchangfu\* (漳州建發•文昌府)

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## APPENDIX 1: HONORS OF THE YEAR

### Awards for architectural design

In 2020, the Group was granted the following awards and recognition in terms of architectural design and property services:

Serial no.	Award-winning project & Award	Awarding unit
1	Fuzhou Jianfa • Yangzhu* (福州建發•央著): Aesthetics Vogue Award	DJSER  DJSER.com (地建師 DJSER.com)
2	Wuxi Jianfa • Hexi* (無錫建發•和璽): 2019-2020 A' Design Award	Host of A' Design Award
3	Wuxi Jianfa • Hexi* (無錫建發•和璽): International Residential Architecture Awards 2020	The Architecture Community
4	Wuxi Jianfa • Hexi* (無錫建發•和璽): 2020 Gold Nugget Awards	PCBC
5	Zhangjiagang Jianfa • Yangyu* (張家港建發•泱譽): Second Prize in Real Estate Landscape (地產園林金獎)	Yuanye Awards Competition Committee (園冶杯組委會), Asian Landscape Architecture Society
6	Zhangjiagang Jianfa • Shangyuyuan* (張家港建發•尚虞院): 2020 Jingdian Renju General Award (經典人居綜合獎)	Soujianzhu, Jingdian Renju (經典人居)
7	Jianshanyue project display area: Kinpan Awards General Award (金盤獎綜合獎)	Kinpan.com
8	Guangzhou Jianfa & Jiulongcang • Yangxi* (廣州建發&九龍倉•央璽) Lighting and Design (照明設計專項): Aesthetics Vogue Award	Aesthetics Vogue Award Committee  Shanghai Xunmei Technology Limited (上海尋美科技有限公司)
9	Guangzhou Jianfa & Jiulongcang • Yangxi* (廣州建發&九龍倉•央璽) Humanistic Luxury Residence (人文氣質豪宅) : Aesthetics Vogue Award	Aesthetics Vogue Award Committee  Shanghai Xunmei Technology Limited (上海尋美科技有限公司)
10	Zhuhai Jianfa • Yangjing (formerly as Jianfa • Yangjingyuan)* (珠海建發•央璟(原建發•央璟園)): CREDAWARD China Real Estate & Design Award	CREDAWARD Real Estate & Design Award

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## Awards for Property Services

Serial no.	Award-winning unit	Honors	Awarding unit
1	C&D Property	36th in 2020 China Top 100 Real Estate Services Enterprises (2020中國物業服務百強企業第36位)	China Index Academy
2		2020 Top 100 Blue-Chip Property Enterprises (2020藍籌物業百強企業)	The Economic Observer
3		2020 Blue-Chip Property Regional Leading Value Companies (2020藍籌物業區域領先價值企業)	
4		37th in TOP 500 Property Service Enterprises in terms of General Strength (2020物業服務企業綜合實力500強第37位)	China Property Management Research Institute* (中物研協), Shanghai E-House Real Estate R&D Institution* (上海易居房地產研究院), China Real Estate Appraisal Centre* (中國房地產測評中心)
5	Yijiyuan (Chengdu)	2020 Chengdu Yijiyuan Dangjian leading community to build model property of quality development (2020成都怡家園黨建引領社區共建高量發展榜樣物業)	Chengdu Huaxi Urban News, Huaxi Community Media (成都華西都市報華西社區傳媒)
6		2020 Chengdu Tianfuluzhou Dangjian leading community to fight against the novel coronavirus epidemic as model service community(May)(2020成都天府鷺洲黨建引領社區共建抗擊新冠肺炎疫情榜樣服務小區(5月))	Chengdu Huaxi Urban News, Huaxi Community Media (成都華西都市報華西社區傳媒)
7		Model unit of civilized construction of property service industry in Sichuan (四川物業服務行業文明創建模範單位)	Huaxi City News (華西都市報)
8	Yijiyuan (Longyan)	Advanced Epidemic Prevention Property Enterprises in Longyan City (龍岩市先進抗疫物業企業)	Longyan Xinluo District Urban Management (龍岩市新羅區城市管理局)
9	Yijiyuan (Funing)	Five Star Enterprises (五星級企業)	Fuzhou City Housing Protection and Real Estate Authority (福州市住房保障和房產管理局)
10	Huijia Property	Large taxpayer in 2019 (2019年度納稅特大大戶)	People's Government of Siming District, Siming District Committee (中國思明區委思明區人民政府)

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## APPENDIX 2: CONTENT INDEX OF THE ESG REPORTING GUIDE

ESG Indicators		Disclosure	Corresponding Chapters
A1 General Disclosure	Information on the policies, compliance with relevant laws and regulations that have a significant impact on the issuer relating to waste air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
A1.1	Types of emissions and respective emissions data.	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
A1.2	Greenhouse gas emissions in total (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
A1.5	Description of measures to mitigate emissions and results achieved.	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
A2 General Disclosure	Policies on efficient use of resources including energy, water and other raw materials.	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
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).	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION

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ESG Indicators		Disclosure	Corresponding Chapters
A2.3	Description of energy use efficiency initiatives and results achieved.	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved.	Disclosed	ECOLOGICAL HARMONY AND ENVIRONMENTAL PROTECTION
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	N/A	The Group's business does not involve use of packaging materials.
A3 General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Disclosed	NURTURE TALENTS WITH SINCERITY
A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them.	Disclosed	NURTURE TALENTS WITH SINCERITY
B1 General Disclosure	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, antidiscrimination, and other benefits and welfare.	Disclosed	NURTURE TALENTS WITH SINCERITY
B1.1	Total workforce by gender, employment type, age group and geographical region.	Disclosed	NURTURE TALENTS WITH SINCERITY
B1.2	Employee turnover rate by gender, age group and geographical region.	Not yet disclosed, considering to be disclosed in subsequent years	–
B2 General Disclosure	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.	Disclosed	CRAFTMANSHIP AND QUALITY
B2.1	Number and rate of work-related fatalities.	Disclosed	CRAFTMANSHIP AND QUALITY
B2.2	Lost days due to work injury.	Disclosed	CRAFTMANSHIP AND QUALITY
B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Disclosed	CRAFTMANSHIP AND QUALITY

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ESG Indicators		Disclosure	Corresponding Chapters
B3 General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Disclosed	NURTURE TALENTS WITH SINCERITY
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Disclosed	NURTURE TALENTS WITH SINCERITY
B3.2	The average training hours completed per employee by gender and employee category.	Disclosed	NURTURE TALENTS WITH SINCERITY
B4 General Disclosure	Information on the policies, and compliance with relevant laws and regulations that have a significant impact on the issuer, relating to preventing child and forced labor.	Disclosed	NURTURE TALENTS WITH SINCERITY
B4.1	Description of measures to review employment practices to avoid child and forced labor.	Disclosed	NURTURE TALENTS WITH SINCERITY
B4.2	Description of steps taken to eliminate such practices when discovered.	Disclosed	NURTURE TALENTS WITH SINCERITY
B5 General Disclosure	Policies on managing environmental and social risks of the supply chain.	Disclosed	OPERATION WITH INTEGRITY TO ACHIEVE WIN-WIN COOPERATION
B5.1	Number of suppliers by geographical region.	Not yet disclosed, considering to be disclosed in subsequent years	–
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Disclosed	OPERATION WITH INTEGRITY TO ACHIEVE WIN-WIN COOPERATION
B6 General Disclosure	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, labeling and privacy matters relating to products and services provided and methods of redress.	Disclosed	CRAFTMANSHIP AND QUALITY
B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	–
B6.2	Number of products and service related complaints received and how they are dealt with.	Partially disclosed	CRAFTMANSHIP AND QUALITY
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Disclosed	CRAFTMANSHIP AND QUALITY
B6.4	Description of quality assurance process and recall procedures.	Disclosed	CRAFTMANSHIP AND QUALITY
B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Disclosed	CRAFTMANSHIP AND QUALITY



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators		Disclosure	Corresponding Chapters
B7 General Disclosure	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.	Disclosed	OPERATION WITH INTEGRITY TO ACHIEVE WIN-WIN COOPERATION
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.	Disclosed	OPERATION WITH INTEGRITY TO ACHIEVE WIN-WIN COOPERATION
B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Disclosed	OPERATION WITH INTEGRITY TO ACHIEVE WIN-WIN COOPERATION
B8 General Disclosure	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.	Disclosed	KEEPING THE ORIGINAL ASPIRATION AND GIVING BACK TO THE SOCIETY
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labor needs, health, culture, sport).	Disclosed	KEEPING THE ORIGINAL ASPIRATION AND GIVING BACK TO THE SOCIETY
B8.2	Resources contributed (e.g. money or time) to the focus areas.	Disclosed	KEEPING THE ORIGINAL ASPIRATION AND GIVING BACK TO THE SOCIETY

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## APPENDIX 3: LIST OF COMPLIANCE WITH MAIN LAWS, REGULATIONS AND INTERNAL POLICIES

ESG Indicators	Scopes	Compliance with laws and regulations	Internal policies followed by C&D International Group
A1 Emissions	Information on the policies, compliance with relevant laws and regulations that have a significant impact on the issuer relating to waste air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	<p>“Environmental Protection Law of the People’s Republic of China”</p> <p>“Law of the People’s Republic of China on Prevention and Control of Environmental Noise Pollution”</p> <p>“Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution”</p> <p>“Law of the People’s Republic of China on the Prevention and Control of Water Pollution”</p>	<p>“Notice on the Implementation of Energy-Saving Reconstruction of Jianfa Building”</p> <p>“Administrative Measures on Daily Safety, Energy Saving and Environmental Sanitation of Xiamen Jianfa International Building”</p> <p>“Administrative Measures on Water and Electricity Consumption of Yijiayuan”</p>
A2 Use of resources	Policies on efficient use of resources including energy, water and other raw materials.	<p>“Marine Environmental Protection Law of the People’s Republic of China”</p> <p>“Administrative Regulations of the People’s Republic of China on the Prevention of Pollution and Damage of Marine Environment by Terrigenous Pollutant”</p>	<p>“Control Standards of Energy Conservation in Public Area”</p>
A3 Environment and natural resources	Policies on minimizing the issuer’s significant impact on the environment and natural resources.	<p>“Law of the People’s Republic of China on Prevention and Control of Solid Waste Pollution”</p> <p>“National Hazardous Waste Inventory”</p> <p>“Administrative Measures for Hazardous Waste Transfer”</p> <p>“The 13th Five-Year Plan” for Greenhouse Gas Emission Control”</p> <p>“Regulations on the Administration of Construction Project Environmental Protection” (Revised in 2017)</p>	

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Scopes	Compliance with laws and regulations	Internal policies followed by C&D International Group
B1 Employment	Total workforce by gender, employment type, age group and geographical region.	"Labor Law of the People's Republic of China"	"Administrative Regulations on Work Safety"
B2 Health and Safety	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.	"Labor Contract Law of the People's Republic of China" "Employment Promotion Law of the People's Republic of China" "Social Insurance Law of the People's Republic of China" "Provisions on Minimum Wages" "Law of the People's Republic of China on Occupational Disease Prevention" "Production Safety Law of the People's Republic of China"	"Administrative Measures on Human Resources Management" "Administrative Measures on Training" "Safe and Civilized Construction Standards" "Fine Decoration Safety and Civilized Construction Standards" "Administrative Measures on Performance Evaluation of Yijiyuan Property"
B3 Development and Training	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	"Fire Protection Law of the People's Republic of China" "Emergency Response Law of the People's Republic of China"	"Administrative Measures on Position Grade Setting and Staff Recruitment of C&D Property Group" "Internal Trainer Management System of Yijiyuan Property (for Trial Implementation)"
B4 Labor Standards	Information on the policies, and compliance with relevant laws and regulations that have a significant impact on the issuer, relating to preventing child and forced labor.	"Regulations on the Safety Management of Dangerous Chemicals" "Regulations on the Reporting, Investigation and Disposition of Work Safety Accidents" "Provisional Regulations on the Investigation and Treatment of Hidden Dangers of Production Safety Accident" "Regulation of the People's Republic of China on Work-Related Injury Insurance" "Interim Provisions on the Supervision and Administration of Occupational Health at Work Sites" "Occupational Disease Classification and Catalog"	"Regulations on Employee Political Review and Safety Training" "Safe and Civilized Construction Standards(2020edition)" "Implementation Manual for Construction Management(2020 edition)"
B5 Supply Chain Management	Policies on managing environmental and social risks of the supply chain.	"Law of the People's Republic of China on Tenders and Bids" "Government Procurement Law of the People's Republic of China"	"Administrative Measures on Tenders and Bids" "Administrative Measures on Cost Control"

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Scopes	Compliance with laws and regulations	Internal policies followed by C&D International Group
B6 Product Responsibility	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, labeling and privacy matters relating to products and services provided and methods of redress.	<p>"Law of the People's Republic of China on the Protection of Consumer Rights and Interests"</p> <p>"Tort Law of the People's Republic of China"</p> <p>"Cybersecurity Law of the People's Republic of China"</p> <p>"Advertising Law of the People's Republic of China"</p> <p>"Regulations on Property Management" (revised 2018)</p> <p>"Construction Law of the People's Republic of China"</p>	<p>"Quality Inspection Standard of Yijiyuan Property"</p> <p>"Property Quality Inspection Standard"</p> <p>"Standards for Secret Visits by Third-party Mystery Customers"</p> <p>"Sales Instruction Manual"</p> <p>"Administrative Measures on Information"</p> <p>"Administrative Measures on Construction"</p> <p>"Administrative Measures on Market"</p> <p>"Administrative Measures on Tenders and Bids"</p> <p>"Implementation Manual on Marketing Affair and Price"</p> <p>"Administrative Measures on Customer Relations"</p> <p>"Implementation Manual for Construction Management (2020 edition)"</p> <p>"Administrative Measures on Brand"</p> <p>"Penalty System for Safety Supervision of C&amp;D Property Group"</p> <p>"Major Incident Reporting System of C&amp;D Property Group"</p> <p>"Administrative Measures on Brand of C&amp;D Property Group"</p> <p>"Administrative Measures on Engineering Equipment Safety Operation Team (for Trial Implementation)"</p> <p>"Administrative Measures on Safety Production Assessment of C&amp;D Public Construction Property Management Co., Ltd."</p> <p>"Administrative Measures on Event Safety of C&amp;D Public Construction Property Management Co, Ltd."</p> <p>"Safety Production Management rules of C&amp;D Public Construction Property Management Co, Ltd."</p> <p>"Major Incident Reporting rules of C&amp;D Public Construction Property Management Co, Ltd."</p>

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG Indicators	Scopes	Compliance with laws and regulations	Internal policies followed by C&D International Group
B7 Anti-corruption	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.	<p>"Anti-Unfair Competition Law of the People's Republic of China"</p> <p>"Interim Provisions on Banning Commercial Bribery"</p> <p>"Anti-Monopoly Law of the People's Republic of China"</p> <p>"Supervision Law of the People's Republic of China"</p> <p>"Supplementary Provisions on the Army's Implementation of the Regulation of the Communist Party of China on Disciplinary Actions"</p>	<p>"Provisions on Integrity and Self-discipline of Employees of Xiamen C&amp;D Corporation Limited*"</p> <p>"Responsibility rule for Integrity Construction of Party Building and Party Conduct of Xiamen C&amp;D Corporation Limited*"</p> <p>"Notice on Implementing the Matters Related to the Spirit of the Municipal Government's Work Conference on Integrity of Xiamen C&amp;D Corporation Limited*"</p> <p>"Petition Work Practice Manual of Xiamen C&amp;D Corporation Limited*"</p> <p>"Practice Manual for Party Disciplinary Actions of Xiamen C&amp;D Corporation Limited*"</p>
B8 Community Investment	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.	–	<p>"Xiamen Charity Federation Administrative Measure for Relief Funds of C&amp;D Group"</p> <p>"Administrative Measures on External Donation of Xiamen C&amp;D Corporation Limited*"</p>

# INDEPENDENT AUDITOR'S REPORT

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**To the members of C&D International Investment Group Limited  
(incorporated in the Cayman Islands with limited liability)**

## **OPINION**

We have audited the consolidated financial statements of C&D International Investment Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 137 to 271, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

## **BASIS FOR OPINION**

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

# INDEPENDENT AUDITOR'S REPORT

## KEY AUDIT MATTERS

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matters was 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 this matter.

### **Valuation of inventories of properties**

Refer to notes 2.10, 4.1 and 23 to the consolidated financial statements.

#### **The Key Audit Matter**

#### **How the matter was addressed in our audit**

As at 31 December 2020, the Group had inventories of properties amounting to approximately RMB118,882,058,000, net of provision for inventories of RMB299,006,000, representing approximately 64.8% of the total assets of the Group. These properties are carried at the lower of cost and net realisable value. Significant management judgement is required in determining the estimated net realisable values of these properties with reference to the latest selling prices of the properties and the budgeted costs to be incurred until completion and sale.

Accordingly, the valuation of inventories of properties is considered to be a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with the judgement associated with determining the net realisable value.

Our procedures in relation to management's valuation of inventories of properties included:

- assessed the reasonableness of the assumption basis for impairment assessment and tested the calculation for the impairment assessment performed by management;
- compared the carrying amounts of the properties under development taking into account the estimated amounts to completion with the related net realisable value;
- reconciled the estimated costs to completion to the budgets approved by management and examined, on a sample basis, the signed construction contracts or compared the anticipated completion costs to the actual costs of similar type of completed properties of the Group; and
- compared the estimated selling price to the prevailing market price of the comparable properties with similar size, usage and location.

## OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2020 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

# INDEPENDENT AUDITOR'S REPORT

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## RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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 HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

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



# INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

### **Grant Thornton Hong Kong Limited**

*Certified Public Accountants*

Level 12

28 Hennessy Road

Wanchai

Hong Kong

26 March 2021

**Lin Ching Yee Daniel**

Practising Certificate No.: P02771

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000 (restated)
<b>Continuing operations</b>			
Revenue	5	42,744,478	17,319,264
Cost of sales		(35,404,210)	(12,837,078)
<b>Gross profit</b>			
Other net gain	7	414,068	297,599
Loss on changes in fair value of investment properties	18	(15,294)	(6,309)
Administrative expenses		(389,149)	(68,589)
Selling expenses		(1,783,072)	(1,057,174)
Provision for expected credit losses allowance	9	(18,557)	(29,123)
Finance costs	8	(655,763)	(361,334)
Share of results of associates	19	77,084	155,253
Share of results of joint ventures	20	(6,719)	6,470
<b>Profit before income tax from continuing operations</b>			
Income tax expense	10	(2,211,702)	(1,402,263)
<b>Profit for the year from continuing operations</b>			
<b>Discontinued operation</b>			
Profit/(loss) for the year from a discontinued operation	11	16,675	(19,145)
<b>Profit for the year</b>			
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Currency translation differences		32,651	38,248
<b>Total comprehensive income for the year</b>			
<b>Profit for the year attributable to:</b>			
— Equity holders of the Company		2,321,625	1,717,993
— Non-controlling interests		446,214	279,578
<b>Total comprehensive income for the year attributable to:</b>			
— Equity holders of the Company		2,354,507	1,756,255
— Non-controlling interests		445,983	279,564
<b>Total comprehensive income for the year</b>			
<b>2,800,490</b>			
<b>2,035,819</b>			

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 RMB	2019 RMB (restated)
<b>Earnings per share for profit attributable to the equity holders of the Company</b>			
Basic earnings per share	13		
— For profit for the year		<b>RMB1.92</b>	RMB1.99
— For profit from continuing operations		<b>RMB1.90</b>	RMB2.02
Diluted earnings per share	13		
— For profit for the year		<b>RMB1.92</b>	RMB1.48
— For profit from continuing operations		<b>RMB1.90</b>	RMB1.50

The notes on pages 146 to 271 are an integral part of these consolidated financial statements. Details of dividends payable to equity holders of the Company attributable to the profit for the year are set out on note 12.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	16	116,020	108,872
Right-of-use assets	17	227,842	210,845
Investment properties	18	1,328,060	1,255,730
Interests in associates	19	5,927,351	6,436,704
Interests in joint ventures	20	668,417	44,175
Other financial assets	21	377,840	125,690
Deposits for land acquisitions	26	64,166	64,166
Deferred tax assets	32	2,591,854	1,400,495
		<b>11,301,550</b>	9,646,677
<b>Current assets</b>			
Inventories of properties and other contract costs	23		
— Properties under development		113,191,414	72,758,410
— Properties held for sale		5,690,644	3,150,724
— Other contract costs		599,440	258,728
Trade and other receivables	24	5,475,040	6,604,465
Amounts due from non-controlling interests	29	12,591,609	8,474,646
Other financial assets	21	25,840	448,990
Deposits for land acquisitions	26	5,915,970	2,195,933
Prepaid taxes		639,181	487,979
Cash at banks and on hand	27	27,992,866	11,562,270
		<b>172,122,004</b>	105,942,145
<b>Total assets</b>		<b>183,423,554</b>	115,588,822
<b>Current liabilities</b>			
Trade and other payables	28	16,122,619	8,099,577
Contract liabilities	25	66,115,894	36,423,681
Amounts due to related companies	29	3,936,789	2,553,834
Amounts due to non-controlling interests	29	3,011,547	2,915,151
Interest-bearing borrowings	31	3,272,636	3,263,480
Income tax liabilities		3,229,140	1,883,024
Lease liabilities	33	28,325	28,355
Receipts under securitisation arrangements	30	—	2,498,155
		<b>95,716,950</b>	57,665,257
<b>Net current assets</b>		<b>76,405,054</b>	48,276,888
<b>Total assets less current liabilities</b>		<b>87,706,604</b>	57,923,565

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
<b>Non-current liabilities</b>			
Loans from intermediate holding company	29	24,421,624	23,082,304
Lease liabilities	33	138,327	109,739
Receipts under securitisation arrangements	30	1,993,583	902,774
Interest-bearing borrowings	31	23,520,939	13,979,542
Deferred tax liabilities	32	280,562	239,264
		<b>50,355,035</b>	38,313,623
<b>Total liabilities</b>		<b>146,071,985</b>	95,978,880
<b>Net assets</b>		<b>37,351,569</b>	19,609,942
<b>EQUITY</b>			
Share capital	34	100,636	76,921
Reserves	35	8,214,729	7,221,228
<b>Equity attributable to the equity holders of the Company</b>		<b>8,315,365</b>	7,298,149
<b>Equity attributable to the subscriber of the perpetual loan</b>		<b>9,500,000</b>	–
<b>Equity attributable to owners of the parent</b>		<b>17,815,365</b>	7,298,149
Non-controlling interests		19,536,204	12,311,793
<b>Total equity</b>		<b>37,351,569</b>	19,609,942

**ZHAO Chengmin**  
Director

**LIN Weiguo**  
Director

The notes on pages 146 to 271 are an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000 (restated)
<b>Cash flows from operating activities</b>			
Profit before income tax			
— From continuing operations		<b>4,962,866</b>	3,418,979
— From a discontinued operation	11	<b>49,774</b>	6,687
		<b>5,012,640</b>	3,425,666
Adjustments for:			
Depreciation of property, plant and equipment	16	<b>27,068</b>	25,522
Depreciation of right-of-use assets	17	<b>44,432</b>	32,579
Loss on changes in fair value of investment properties	18	<b>15,294</b>	6,309
Gain on changes in fair value of financial assets measured at FVTPL	45.7	<b>(42,460)</b>	(18,640)
Gain on disposal of investment properties	7	<b>(33,800)</b>	(7,806)
Gain on disposal of an associate		<b>(3,010)</b>	(3,213)
Written off of property, plant and equipment (Reversal of provision for)/Provision for ECL allowance on loans to associates	16 9	<b>1,915</b> <b>(2,222)</b>	3,985 4,098
Provision for ECL allowance on trade and other receivables		<b>16,868</b>	17,238
Provision for ECL allowance on amounts due from non-controlling interests	9	<b>4,226</b>	8,378
Provision for/(Reversal of provision for) inventories of properties and other contract costs	9	<b>272,706</b>	(22,035)
Interest expense		<b>725,752</b>	417,082
Interest income		<b>(258,303)</b>	(238,399)
Share of results of associates		<b>(75,740)</b>	(152,996)
Share of results of joint ventures	20	<b>6,719</b>	(6,470)
Gain on deemed disposal of a subsidiary	41	<b>(10,960)</b>	—
Operating profit before working capital changes		<b>5,701,125</b>	3,491,298
Increase in inventories of properties and other contract costs		<b>(35,084,413)</b>	(21,617,761)
Increase in deposit paid for land acquisitions		<b>(2,172,594)</b>	(488,826)
Decrease/(Increase) in trade and other receivables		<b>1,044,663</b>	(4,073,869)
Increase in trade and other payables		<b>8,140,325</b>	3,653,293
Increase in contract liabilities		<b>28,257,918</b>	22,586,415
Decrease/(Increase) in restricted bank deposits		<b>556,555</b>	(294,048)
Cash from operations		<b>6,443,579</b>	3,256,502
Income tax paid		<b>(2,170,749)</b>	(2,010,364)
<b>Net cash from operating activities</b>		<b>4,272,830</b>	1,246,138

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000 (restated)
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	16	(54,833)	(29,660)
Subsequent expenditure of investment properties	18	(9,622)	(25,709)
Proceeds from disposal of investment properties		55,798	10,207
Proceeds from disposal of an associate		46,537	9,865
Proceeds from disposal of financial assets		510,000	3,000
Investment in associates		(1,278,262)	(1,830,553)
Investment in a joint venture		(637,000)	–
Decrease/(Increase) in loans to associates		2,155,828	(2,689,354)
Decrease/(Increase) in loans to a joint venture		296	(494)
Increase in amounts due from non-controlling interests		(4,121,189)	(7,999,550)
Dividend received from investment in a joint venture		4,056	9,223
Dividend received from investment in an associate		–	1,700
Net cash outflow of deemed disposal of a subsidiary	41	(6,149)	–
Net cash inflow on acquisition of subsidiaries		39,948	2,683
Interest received		258,303	238,399
Investment in financial assets	45.7	(296,540)	(250,000)
Payment for acquisition of additional interests in subsidiaries without change of control		(31,157)	–
Proceeds from disposal of interests in a subsidiary without change of control		10,000	–
<b>Net cash used in investing activities</b>		<b>(3,353,986)</b>	<b>(12,550,243)</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000 (restated)
<b>Cash flows from financing activities</b>			
Issuance of share capital, net of transaction costs		–	415,860
Proceeds from new borrowings	43	21,218,514	14,434,643
Repayments of borrowings	43	(11,541,475)	(5,582,054)
Addition of loans from intermediate holding company	43	144,713,689	101,859,071
Repayments of loans from intermediate holding company	43	(143,374,369)	(94,858,912)
Capital contribution from non-controlling interests		9,444,701	7,596,666
Return of capital from deregistration of a subsidiary to non-controlling interests		(2,195,200)	–
Increase in amounts due to non-controlling interests	43	386,418	3,646,138
Repayments of amounts due to related companies	43	(4,194,782)	(1,214,484)
Repayments of amounts due to non-controlling interests	43	(2,627,116)	(6,271,532)
Dividends paid to non-controlling interests		(198,175)	(55,654)
Dividends paid		(884,835)	(960,392)
Interest paid		(1,763,130)	(823,409)
Distributions to holders of perpetual convertible bond		(84,038)	(15,100)
Issuance of a perpetual loan	35	9,500,000	–
Distribution of C&D Property Group	11	(886,159)	–
Proceeds from receipts under securitisation arrangements	43	1,993,583	–
Payment of lease liabilities	43	(32,107)	(24,505)
Repayments of receipts under securitisation arrangements	43	(3,400,929)	(117,871)
<b>Net cash from financing activities</b>		<b>16,074,590</b>	<b>18,028,465</b>
<b>Net increase in cash and cash equivalents</b>		<b>16,993,434</b>	<b>6,724,360</b>
<b>Cash and cash equivalents as at 1 January</b>		<b>10,385,864</b>	<b>3,665,083</b>
<b>Effect of foreign exchange rates changes on cash and cash equivalents</b>		<b>(11,418)</b>	<b>(3,579)</b>
<b>Cash and cash equivalents as at 31 December</b>	27	<b>27,367,880</b>	<b>10,385,864</b>

The notes on pages 146 to 271 are an integral part of these consolidated financial statements.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Equity attributable to the equity holders of the Company										
	Share capital RMB'000 (note 34)	Perpetual convertible bond* RMB'000 (note 35)	Share premium* RMB'000 (note 35)	Statutory reserve* RMB'000 (note 35)	Exchange reserve* RMB'000 (note 35)	Capital reserve* RMB'000 (note 35)	Revaluation reserve* RMB'000 (note 35)	Retained earnings* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>Balance at 1 January 2019</b>	61,532	2,666,100	1,359,438	181,447	(5,419)	(157,805)	2,692	1,980,168	6,088,153	4,504,560	10,592,713
<b>Total comprehensive income for the year</b>											
Profit for the year	-	-	-	-	-	-	-	1,717,993	1,717,993	279,578	1,997,571
Other comprehensive income	-	-	-	-	38,262	-	-	-	38,262	(14)	38,248
— Currency translation differences	-	-	-	-	38,262	-	-	-	38,262	(14)	38,248
<b>Total comprehensive income</b>	-	-	-	-	38,262	-	-	1,717,993	1,756,255	279,564	2,035,819
<b>Transactions with owners</b>											
Issuance of share capital, net of transaction costs	4,725	-	411,135	-	-	-	-	-	415,860	-	415,860
Distributions to holders of perpetual convertible bonds	-	-	(15,100)	-	-	-	-	-	(15,100)	-	(15,100)
Conversion of perpetual convertible bonds	10,664	(906,474)	895,810	-	-	-	-	-	-	-	-
2018 final dividend approved and paid	-	-	(960,392)	-	-	-	-	-	(960,392)	-	(960,392)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	7,596,666	7,596,666
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	30	30
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(55,654)	(55,654)
Change in ownership interests in subsidiaries without change of control	-	-	-	-	-	13,373	-	-	13,373	(13,373)	-
Transfer to statutory reserve	-	-	-	312,060	-	-	-	(312,060)	-	-	-
<b>Total transactions with owners</b>	15,389	(906,474)	331,453	312,060	-	13,373	-	(312,060)	(546,259)	7,527,669	6,981,410
<b>Balance at 31 December 2019</b>	76,921	1,759,626	1,690,891	493,507	32,843	(144,432)	2,692	3,386,101	7,298,149	12,311,793	19,609,942

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Equity attributable to owners of the parent												
	Equity attributable to the equity holders of the Company						Equity attributable to non-controlling interests						
	Share capital RMB'000 (note 34)	Perpetual convertible bond* RMB'000 (note 35)	Share premium* RMB'000 (note 35)	Statutory reserve* RMB'000 (note 35)	Exchange reserve* RMB'000 (note 35)	Capital reserve* RMB'000 (note 35)	Revaluation reserve* RMB'000 (note 35)	Retained earnings* RMB'000	Total RMB'000 (note 35)	Perpetual loan RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>Balance at 1 January 2020</b>	76,921	1,759,626	1,690,891	493,507	32,843	(144,432)	2,692	3,386,101	7,298,149	-	7,298,149	12,311,793	19,609,942
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	2,321,625	2,321,625	-	2,321,625	446,214	2,767,839
Profit for the year	-	-	-	-	-	-	-	2,321,625	2,321,625	-	2,321,625	446,214	2,767,839
Other comprehensive income	-	-	-	-	32,882	-	-	-	32,882	-	32,882	(231)	32,651
— Currency translation differences	-	-	-	-	32,882	-	-	-	32,882	-	32,882	(231)	32,651
<b>Total comprehensive income</b>	-	-	-	-	32,882	-	-	2,321,625	2,354,507	-	2,354,507	445,983	2,800,490
<b>Transactions with owners</b>	-	-	(9,982)	(27,046)	(207)	94,459	-	(434,408)	(377,184)	-	(377,184)	(9,899)	(387,083)
Distributions of C&D Property Group (note 11)	-	-	(9,982)	(27,046)	(207)	94,459	-	(434,408)	(377,184)	-	(377,184)	(9,899)	(387,083)
Distributions to holders of perpetual convertible bonds (note 34(b))	-	-	(84,038)	-	-	-	-	-	(84,038)	-	(84,038)	-	(84,038)
Conversion of perpetual convertible bonds (note 34(b))	23,715	(1,759,626)	1,735,911	-	-	-	-	-	-	-	-	-	-
Issuance of a perpetual loan (note 35)	-	-	(884,835)	-	-	-	-	-	(884,835)	9,500,000	9,500,000	-	9,500,000
2019 final dividend approved and paid (note 12)	-	-	(884,835)	-	-	-	-	-	(884,835)	-	(884,835)	-	(884,835)
Capital contribution from non-controlling interests	-	-	-	-	-	-	-	-	-	-	9,444,706	9,444,706	9,444,706
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	(152)	(152)	(152)
Deregistration of a subsidiary (note 22)	-	-	-	-	-	-	-	-	-	-	(2,141,902)	(2,141,902)	(2,141,902)
Deemed disposal of a subsidiary (note 41)	-	-	-	-	-	-	-	-	-	-	(286,227)	(286,227)	(286,227)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(198,175)	(198,175)	(198,175)
Change in ownership interests in subsidiaries without change of control (note 44)	-	-	-	-	-	8,766	-	-	8,766	-	8,766	(29,923)	(21,157)
Transfer to statutory reserve	-	-	-	368,113	-	-	-	(368,113)	-	-	-	-	-
<b>Total transactions with owners</b>	23,715	(1,759,626)	757,056	341,067	(207)	103,225	-	(802,521)	(1,337,291)	9,500,000	8,162,709	6,778,428	14,941,137
<b>Balance at 31 December 2020</b>	100,636	-	2,447,947	834,574	65,518	(41,207)	2,692	4,905,205	8,315,365	9,500,000	17,815,365	19,536,204	37,351,569

\* These reserve accounts comprise the Group's reserves of RMB8,214,729,000 (2019: RMB7,221,228,000) in the consolidated statement of financial position.

The notes on pages 146 to 271 are an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 1. GENERAL INFORMATION

C&D International Investment Group Limited (the “Company”) was incorporated in the Cayman Islands on 18 February 2011 as an exempted company with limited liability under Companies Law (Cap 22 of the Cayman Islands). The address of the Company’s registered office is Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands and its principal place of business in Hong Kong is 3517, 35th Floor, Wu Chung House, 213 Queen’s Road East, Wanchai, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 26 May 2014.

The Company’s functional currency is Hong Kong Dollars (“HK\$”). However, the consolidated financial statements are presented in Renminbi (“RMB”), as the directors of the Company consider that RMB is the functional currency of the primary economic environment in which most of the Group’s transactions are denominated and settled in and this presentation is more useful for its current and potential investors. The consolidated financial statements are presented in thousands of RMB (“RMB’000”) unless otherwise stated.

The principal activity of the Company is investment holding. The principal activities of the Company’s subsidiaries are set out in note 22 to the consolidated financial statements.

Well Land International Limited (“Well Land”) is the Company’s immediate holding company which was incorporated in the British Virgin Islands (“BVI”) with limited liability; C&D Real Estate Corporation Limited\* (建發房地產集團有限公司) (“C&D Real Estate”) which was incorporated in the People’s Republic of China (“PRC” or “China”) with limited liability is the Company’s intermediate holding company and Xiamen C&D Corporation Limited\* (廈門建發集團有限公司) (“Xiamen C&D”) which was incorporated in the PRC with limited liability is the Company’s ultimate holding company.

The consolidated financial statements for the year ended 31 December 2020 were approved for issue by the Board of Directors on 26 March 2021.

\* The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

These annual consolidated financial statements on pages 137 to 271 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the accounting principles generally accepted in Hong Kong. The consolidated financial statements also comply with the applicable disclosure requirements of Hong Kong Companies Ordinance and the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the consolidated financial statements of the Company and its subsidiaries (collectively referred to as the “Group”), if any, are disclosed in note 3.

The consolidated financial statements have been prepared on the historical cost basis, except that the following assets are stated at fair value as explained in the accounting policies set out below:

- investment properties (see note 2.7)
- financial assets at fair value through profit or loss (note 2.8)

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management’s best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. 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.

### 2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries made up to 31 December each year.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the consolidated financial statements from the date it gains control until the date when the Group ceases to control the subsidiary.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Basis of consolidation *(Continued)*

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the equity holders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity holders of the Company.

Changes in the Group's interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 "Financial Instruments" ("HKFRS 9") or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss (see note 2.18) unless the subsidiary is held for sale or included in a disposal group. Cost also includes direct attributable costs of investment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Basis of consolidation *(Continued)*

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the reporting date. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

#### *Acquisition of a subsidiary not constituting a business*

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to inventories of properties which are subsequently measured under fair value model and financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

### 2.3 Business combinations

Acquisitions of subsidiaries and businesses not under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity in the acquiree (if any) over the net of the acquisition — date amounts of the identifiable assets acquired and liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value on the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as bargain purchase gain.

Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Associates and joint ventures

An associate is an entity over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

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

In the consolidated financial statements, an investment in an associate or a joint venture is initially recognised at cost and subsequently accounted for using the equity method. Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate or joint venture recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. The cost of acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the Group, plus any costs directly attributable to the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss in the determination of the Group's share of associates or joint ventures' profit or loss in the period in which the investment is acquired.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Associates and joint ventures *(Continued)*

Under the equity method, the Group's interest in associates or joint ventures are carried at cost and adjusted for the post-acquisition changes in the Group's share of associates or joint ventures' net assets less any identified impairment loss, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). The profit or loss for the year includes the Group's share of the post-acquisition, post-tax results of associates or joint ventures for the year, including any impairment loss on the investment in associates or joint ventures recognised for the year. The Group's other comprehensive income for the year includes its share of associates or joint ventures' other comprehensive income for the year.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in associates or joint ventures. Where unrealised losses on assets sales between the Group and its associates or joint ventures are reversed on equity accounting, the underlying asset is also tested for impairment from the Group's perspective. Where the associate or joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made, where necessary, to conform the associate or joint venture's accounting policies to those of the Group when the associate or joint venture's financial statements are used by the Group in applying the equity method.

When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. For this purpose, the Group's interest in the associate or joint venture is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or joint venture.

After the application of equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates or joint venture. At each reporting date, the Group determines whether there is any objective evidence that the investment in associate or joint venture is impaired. If such indications are identified, the Group calculates the amount of impairment as being the difference between the recoverable amount (i.e. higher of value in use and fair value less costs of disposal) of the associate or joint venture and its carrying amount. In determining the value in use of the investment, the Group estimates its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including cash flows arising from the operations of the associate or joint venture and the proceeds on ultimate disposal of the investment.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Associates and joint ventures *(Continued)*

The Group discontinues the use of equity method from the date when it ceases to have significant influence over an associate or joint control over a joint venture. If the retained interest in that former associate or joint venture is a financial asset, the retained interest is measured at fair value, which is regarded as its fair value on initial recognition as a financial asset in accordance with HKFRS 9. The difference between (i) the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture; and (ii) the carrying amount of the investment at the date the equity method was discontinued, is recognised in the profit or loss. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would have been required if the associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by the investee would be reclassified to profit or loss on the disposal of the related assets or liabilities, the entity reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

### 2.5 Foreign currency translation

In the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the reporting date retranslation of monetary assets and liabilities are recognised in profit or loss.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined and are reported as part of the fair value gain or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated (i.e. only translated using the exchange rates at the transaction date).

In the consolidated financial statements, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the reporting date. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognised in other comprehensive income and accumulated separately in the exchange reserve in equity.

When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss as part of the gain or loss on sale. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.6 Property, plant and equipment

Property, plant and equipment (other than construction in progress as described below) are stated at cost less accumulated depreciation and accumulated impairment losses (see note 2.18). The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation is provided to write off the cost of assets (other than construction in progress) over their estimated useful lives, using the straight-line method, at the following rates per annum:

Land and buildings	2.5%
Leasehold improvement	5 years or over the lease terms, whichever is shorter
Furniture and fixtures	9 to 33 $\frac{1}{3}$ %
Plant and machinery	9 to 20%
Motor vehicles	12.5 to 20%

The assets' depreciation methods, residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

The gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

Construction in progress is stated at cost less accumulated impairment losses. Cost includes all construction expenditure and other direct costs, including interest costs, attributable to such projects. Costs on completed construction works are transferred to the appropriate asset category. No depreciation is provided in respect of construction in progress until it is completed and available for use.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.7 Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2.14) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

On initial recognition, investment property is measured at cost and subsequently at fair value, unless its fair value cannot be reliably determined at that time.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Fair value is determined by external professional valuers, with sufficient experience with respect to both the location and the nature of the investment property. The carrying amounts recognised at the reporting date reflect the prevailing market conditions at the reporting date.

When the use of a property changes such that it is reclassified as property, plant and equipment or inventories of properties, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Gains or losses arising from either changes in the fair value or the sale of an investment property are included in profit or loss in the period in which they arise.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Financial instruments

#### *Recognition and derecognition*

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

#### *Classification and initial measurement of financial assets*

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with HKFRS 15 “Revenue from Contracts with Customers” (“HKFRS 15”), all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss (“FVTPL”), plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the consolidated statement of profit or loss and other comprehensive income.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost; or
- FVTPL.

The classification is determined by both:

- the entity’s business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, interest income or other financial items, except provision for expected credit losses (“ECL”) allowance of trade and other receivables which is presented as a separate line item on the consolidated statement of profit or loss and other comprehensive income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Financial instruments (Continued)

*Subsequent measurement of financial assets*

#### **Debt investments**

##### **Financial assets at amortised cost**

Non-equity investments held by the Group are classified into amortised cost, if the investment is held within a business model whose objective is to hold the investment and collect its contractual cash flows and the contractual terms of the investment give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from the investment is calculated using the effective interest method (note 2.17).

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included in "Other net gain" in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's amounts due from non-controlling interests, listed senior tranche security, cash at banks and on hand, trade and other receivables, amount due from non-controlling interests, loans to associates and a joint venture fall into this category of financial assets.

##### **Financial assets at FVTPL**

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorised at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under HKFRS 9 apply.

##### **Equity investments**

An investment in equity securities is classified as financial assets measured at FVTPL, unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at fair value through other comprehensive income ("FVOCI") (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends from an investment in equity securities are recognised in profit or loss as "Other net gain".

##### **Financial liabilities**

*Classification and measurement of financial liabilities*

The Group's financial liabilities include lease liabilities, trade and other payables, loans from intermediate holding company, amounts due to related companies and non-controlling interests, interest-bearing borrowings and receipts under securitisation arrangements. They are separately shown on the face of the consolidated statement of financial position.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Financial instruments *(Continued)*

#### **Financial liabilities** *(Continued)*

Classification and measurement of financial liabilities *(Continued)*

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated and effective as hedging instruments and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest related charges are recognised in accordance with the Group's accounting policy for borrowing costs (see note 2.20).

Accounting policies of lease liabilities are set out in note 2.14.

#### **Interest-bearing borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

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

#### **Other financial liabilities**

Other financial liabilities including trade and other payables, amounts due to related companies and non-controlling interests and loans from intermediate holding company which are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

#### **Receipts under securitisation arrangements**

Receipts under securitisation arrangements are recognised initially at fair value, net of transaction costs incurred. Receipts under securitisation arrangements are subsequently stated at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period using the effective interest method. Transaction costs are included in the carrying amount of the receipts under securitisation arrangements and amortised over the period of the arrangements using the effective interest method.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Impairment of financial assets

HKFRS 9's impairment requirements use forward-looking information to recognise ECL — the "ECL model". Instruments within the scope included loans and other debt-type financial assets measured at amortised cost, trade receivables and some financial guarantee contracts (for the issuer) that are not measured at FVTPL.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1") and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").

"Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date.

"12-month ECL" are recognised for the Stage 1 category while "lifetime ECL" are recognised for the Stage 2 category.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

#### *Trade receivables*

For trade receivables, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at each reporting date. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

In measuring ECL, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions. To measure ECL, trade receivables have been grouped based on shared credit risk characteristics and the day past due.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Impairment of financial assets (Continued)

#### *Other financial assets measured at amortised cost*

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the reporting date with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 365 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at each reporting date. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Detailed analysis of the ECL assessment of trade receivables and other financial assets measured at amortised cost are set out in note 45.5.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Impairment of financial assets (Continued)

#### *Financial guarantee contracts*

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

### 2.10 Inventories of properties and other contract costs

#### (i) *Inventories of properties*

Inventories of properties comprise properties under development and properties held for sale. Properties under development are investments in land and buildings on which construction work has not been completed and which, upon completion, management intends to hold for sale purposes. Inventories of properties are initially recognised at cost, and subsequently at the lower of cost and net realisable value. The costs of inventories of properties consist of acquisition cost of interests in leasehold land, development expenditures including construction costs, borrowing costs and other direct costs attributable to the development of such properties. Net realisable value is determined on the basis of anticipated sales proceeds in the ordinary course of business less estimated cost to completion and estimated selling expenses.

The amount of any write-down of inventories of properties to net realisable value is recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories of properties is recognised as a reduction in the amount of inventories of properties recognised as an expense in the period in which the reversal occurs.

#### (ii) *Other contract costs*

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 2.10(i)) or property, plant and equipment (see note 2.6).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained, e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory or property, plant and equipment are expensed as incurred.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.10 Inventories of properties and other contract costs *(Continued)*

#### *(ii) Other contract costs (Continued)*

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

The Group applies the practical expedient in paragraph 94 of HKFRS 15 and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is within the same reporting periods as the date of entering into the contract.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 2.17.

### 2.11 Cash and cash equivalents

Cash and cash equivalents include cash at banks and on hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

### 2.12 Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2.17) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 2.9 and are reclassified to receivables when the right to the consideration has become unconditional (see note 2.8).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 2.17). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2.8).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2.17).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within "Trade and other payables". 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 instruments and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assessing the obligations. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

Subsequently, financial guarantees are measured at the higher of the amount determined in accordance with ECL under HKFRS 9 as set out in note 2.9 and the amount initially recognised less, where appropriate, the cumulative amount of income recognised over the guarantee period.

### 2.14 Leases

(i) *Definition of a lease and the Group as a lessee*

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

For contracts that contain a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Leases (Continued)

#### (i) Definition of a lease and the Group as a lessee (Continued)

##### Measurement and recognition of leases as a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

Except for those right-of-use assets meeting the definition of investment properties, the Group depreciates the right-of-use assets, including leasehold lands and leased properties, on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the lease commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these leases are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of twelve months or less.

Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Right-of-use assets that meet the definition of investment property are carried at fair value in accordance with note 2.7.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Leases (Continued)

#### (ii) *The Group as a lessor*

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

The Group also earns rental income from operating leases of certain portion of its leasehold land and building. Rental income is recognised on a straight-line basis over the term of lease.

### 2.15 Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### 2.16 Equity instruments

#### *Perpetual convertible bond*

Perpetual convertible bond is convertible into a fixed number of ordinary shares of the Company and includes no contractual obligation for the Group to deliver cash or another financial asset to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavorable to the Group. These securities are classified as equity instruments and are initially recognised at their fair value on the date of issuance and are not subsequently remeasured.

#### *Share capital*

Share capital is determined using the nominal value of shares that have been issued. Any transaction costs associated with the issuing of shares (net of any related income tax benefit) are deducted from share premium to the extent they are incremental costs directly attributable to the equity transaction.

#### *Perpetual loan*

Perpetual loan with no contractual obligation to repay its principal or to pay any distributions are classified as part of equity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 Revenue and other income

Revenue arises mainly from the sale of properties and the provision of different kinds of services in the ordinary course of the Group's business.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligation(s) are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than twelve months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is twelve months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.17 Revenue and other income (Continued)

*Continuing operations*

#### (i) **Sale of properties**

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when legal assignment is completed, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under contract liabilities (see note 2.12).

Where payment schemes include a significant financing component, the transaction price is adjusted to separately account for this component. In the case of payments in advance, such adjustment results in interest expense being accrued by the Group to reflect the effect of the financing benefit obtained by the Group from the customers during the period between the payment date and the revenue recognition date. This accrual increases the amount of the contract liability during the period of construction, and therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer. The interest is expensed in profit or loss as accrued unless it is eligible to be capitalised under HKAS 23 "Borrowing Costs" ("HKAS 23") in accordance with the policies set out in note 2.20.

#### (ii) **Services income from entrusted construction services**

For entrusted construction services for which the Group's performance does not create an asset with an alternative use to the customer and the Group has an enforceable right to payment for performance completed to date, the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the reporting date as a percentage of total estimated costs for each contract.

#### (iii) **Rental income**

Accounting policy for rental income are set out in note 2.14.

#### (iv) **Dividends**

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

#### (v) **Interest income**

Interest income is recognised on a time proportion using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2.8).

*Discontinued operation*

#### **Building management income and property management income**

Building management income and property management income are recognised in the accounting period when the respective services are rendered.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Impairment of non-financial assets

Property, plant and equipment, right-of-use assets, interests in associates and joint ventures and interests in subsidiaries in the Company's statement of financial position are subject to impairment testing. They are tested for impairment whenever there are indications that the assets' carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions less costs of disposal, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent from those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Corporate assets are allocated to individual cash-generating units, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Impairment losses are charged pro-rata to the assets in the cash-generating unit, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal, or value in use, if determinable.

An impairment loss is reversed and recognised as income immediately if there has been a favourable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

### 2.19 Employee benefits

#### *Retirement benefits*

Retirement benefits to employees are provided through defined contribution plans.

The group entities established in the PRC make monthly contributions to a state-sponsored defined contribution scheme for the local staff. The contributions are made at a specific percentage on the standard salary pursuant to laws of the PRC and relevant regulation issued by local social security authorities.

In addition, the group entities incorporated in Hong Kong contribute to a defined contribution Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee for those employees who are eligible to participate in the MPF Scheme. The Group makes contributions based on a percentage of the eligible employees' salaries funded by the Group and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme.

Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable to these plans.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.19 Employee benefits *(Continued)*

#### *Short-term employee benefits*

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

Non-accumulating compensated absences such as sick leave and maternity leave are not recognised until the time of leave.

### 2.20 Borrowing costs

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

### 2.21 Accounting for income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the reporting date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the reporting date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.21 Accounting for income taxes *(Continued)*

For investment property measured using the fair value model in accordance with the accounting policy above, the measurement of the related deferred tax liability or asset reflects the tax consequences of recovering the carrying amount of the investment property entirely through sale, unless the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the reporting date.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Current tax assets and current tax liabilities are presented in net if, and only if:

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if:

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
  - (i) the same taxable entity; or
  - (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.22 Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision-maker, i.e. the executive directors, for their decisions about resources allocation to the Group's business components and for their review of the performance of those components. The business components in the internal financial information reported to the executive directors are determined following the Group's major line of business.

The Group has one reportable segment for continuing operations. The segment is managed separately as each business offers different products and services and requires different business strategies. All inter-segment transfers, if any, are carried out at arm's length prices. The following summary describes the operation of the Group's reportable segment:

#### Continuing operations

Property development – Construction and sales of residential units, commercial shops and car parking spaces

#### Discontinued operation

Property management services – Rendering of property management services

The measurement policies the Group uses for reporting segment results under HKFRS 8 "Operating Segments" are the same as those used in its financial statements prepared under HKFRSs, except for corporate income and expenses (including income tax expense) which are not directly attributable to the business activities of any operating segment and are not included in arriving at the operating results of the operating segment.

Segment assets include all assets except for unallocated associates, unallocated joint venture, certain unallocated deferred tax assets and unallocated corporate assets. In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment, which primarily applies to the Group's headquarter.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment, unallocated income tax liabilities and withholding tax liabilities, which are not directly attributable to the business activities of any operating segment.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.23 Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

### 2.24 Distribution of dividend

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.25 Related parties

For the purpose of these consolidated financial statements, a party is considered to be related to the Group if:

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

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 3. ADOPTION OF NEW AND AMENDED HKFRSs AND CHANGES IN ACCOUNTING POLICIES

### (i) Amended HKFRSs that are effective for annual periods beginning or after 1 January 2020

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2020:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKAS 1 and HKAS 8	Definition of Material

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

### (ii) Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts and related amendment <sup>3</sup>
Amendments to HKFRS 3	Reference to the Conceptual Framework <sup>5</sup>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2 <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or Joint Venture <sup>4</sup>
Amendments to HKFRS 16	Covid-19-Related Rent Concession <sup>6</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>3</sup>
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use <sup>2</sup>
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract <sup>2</sup>
Amendments to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020 <sup>2</sup>
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination <sup>5</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>4</sup> Effective date not yet determined

<sup>5</sup> Effective for business combination/common control combination for which the acquisition/combination date is on or after the beginning of the first annual period beginning on or after 1 January 2022

<sup>6</sup> Effective for annual periods beginning on or after 1 June 2020

The directors anticipate that all of the new and amended HKFRSs will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the new and amended HKFRSs. These new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

### 4.1 Key sources of estimation uncertainties

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

#### *Fair value measurement of investment properties*

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market condition. In relying on the valuation reports, the directors of the Company have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market conditions.

As at 31 December 2020, the fair value of investment properties was RMB1,328,060,000 (2019: RMB1,255,730,000). For more details, please refer to note 18.

#### *Estimated net realisable value of inventories of properties*

Management reviews the net realisable value of inventories of properties at each reporting date. The net realisable value is the estimated selling price of the properties less estimated cost to complete and estimated costs to sell. Management determines the net realisable value of inventories of properties by using prevailing market data such as most recent sale transactions, estimated net sales value based on prevailing market conditions and internally available information, as bases for evaluation.

These estimates require judgement as to the anticipated sale prices by reference to recent sale transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs of completion of properties, the legal and regulatory framework and general market conditions.

As at 31 December 2020, the carrying amount of the inventories of properties was RMB118,882,058,000 (2019: RMB75,909,134,000) (note 23).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### 4.1 Key sources of estimation uncertainties *(Continued)*

#### *Income tax and deferred taxation*

As detailed in note 10, the Group is subject to income tax in the PRC. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax assets and income tax expense in the periods in which such estimate is changed. The outcome of their actual utilisation may be different.

Deferred tax liabilities have not been established for income tax and withholding tax that would be payable on certain profits of PRC subsidiaries to be repatriated and distributed by way of dividends as the directors consider that the timing of the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future. If those undistributed earnings of the PRC subsidiaries are considered to be repatriated and distributed by way of dividends, deferred tax liabilities of approximately RMB616,242,000 (see note 32) would be provided as at 31 December 2020 (2019: RMB414,295,000).

As at 31 December 2020, the carrying amounts of deferred tax assets and deferred tax liabilities were RMB2,591,854,000 (2019: RMB1,400,495,000) and RMB280,562,000 (2019: RMB239,264,000), respectively (note 32).

#### *PRC land appreciation tax*

As detailed in note 10, the Group is subject to land appreciation tax ("LAT") in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised certain of its LAT calculation and payments with any local tax authorities in the PRC for most of its property development projects. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related LAT. The Group recognised LAT based on management's best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expenses and tax provision in periods in which such taxes have been finalised with local tax authorities.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### 4.1 Key sources of estimation uncertainties *(Continued)*

#### *Estimated impairment of property, plant and equipment and right-of-use assets*

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

As at 31 December 2020, the carrying amounts of property, plant and equipment and right-of-use assets, are RMB116,020,000 (2019: RMB108,872,000) and RMB227,842,000 (2019: RMB210,845,000) respectively (notes 16 and 17). No impairment loss have been recognised in respect of right-of-use assets and property, plant and equipment (2019: RMBNil) at the reporting date.

#### *Estimation of impairment of trade and other receivables, loans to associates and amount due from non-controlling interests within the scope of ECL under HKFRS 9*

The Group follows the guidance of HKFRS 9 to makes allowances on items subjects to ECL including trade and other receivables, amount due from non-controlling interests and loan to associates, 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 each reporting date as set out in note 2.9. Where the expectation is different from the original estimate, such difference will impact the carrying amounts of trade and other receivables, loans to associates and amounts due from non-controlling interests and provision for impairment in the periods in which such estimate has been changed.

As at 31 December 2020, the carrying amounts of trade and other receivables are RMB848,410,000 (2019: RMB707,262,000), the carrying amounts of loans to associates are RMB1,873,756,000 (2019: RMB4,027,362,000), and the carrying amounts of amounts due from non-controlling interests are RMB12,591,609,000 (2019: RMB8,474,646,000). Details of the provision for ECL allowance of trade and other receivables and amounts due from related parties are set out in notes 24, 19 and 29 respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### 4.2 Critical judgements in applying the entity's accounting policies

*Control over subsidiaries with equity interests equal to or less than 50%*

As at 31 December 2020 and 2019, the Group has control over the following subsidiaries in which the Group's equity interests are equal to or less than 50%:

Name of subsidiaries	2020	2019
Nanjing Meiye Real Estate Development Co., Ltd.* (南京美業房地產發展有限公司) ("Nanjing Meiye")	50%	50%
Ningde Zhaohang Real Estate Co., Ltd.* (寧德兆行房地產有限公司) ("Ningde Zhaohang")	50%	50%
Xiamen Zhaochun Real Estate Co., Ltd.* (廈門兆淳置業有限公司) ("Xiamen Zhaochun")	50%	50%
Shanghai Zhaoyi Enterprise Management Co., Ltd.* (上海兆屹企業管理有限公司) ("Shanghai Zhaoyi")	46.75%	46.75%
Lianjiang Zhaorong Investment Co., Ltd.* (連江兆融投資有限公司) ("Lianjiang Zhaorong") (note 44)	65%	46.15%
Lianjiang Zhaorui Real Estate Development Co., Ltd.* (連江兆瑞房地產開發有限公司) ("Lianjiang Zhaorui") (note 44)	65%	46.15%
Longyan Hengfu Real Estate Development Co., Ltd.* (龍岩恆富房地產開發有限公司) ("Longyan Hengfu")	40%	40%
Quanzhou Zhaoyue Property Co., Ltd.* (泉州兆悅置業有限公司) ("Quanzhou Zhaoyue")	40%	40%
Taicang Yuzhou Yilong Real Estate Development Co., Ltd.* (太倉禹洲益龍房地產開發有限公司) ("Taicang Yuzhou Yilong")	30%	30%
Ningde Zhaoyu Real Estate Co., Ltd.* (寧德兆裕房地產有限公司) ("Ningde Zhaoyu") (note 44)	49.98%	100%
Ningde Zhaomao Real Estate Co., Ltd.* (寧德兆茂房地產有限公司) ("Ningde Zhaomao") (note 44)	49.98%	—
Lianjiang Zhaohuifeng Real Estate Co., Ltd.* (連江兆匯豐置業有限公司) ("Lianjiang Zhaohuifeng") (note 44(d))	40%	—
Tonglu Yinyue Commercial Development., Ltd.* (桐廬銀悅商業發展有限公司) ("Tonglu Yinyue")	48%	—
Wuxi Jianhui Real Estate Development., Ltd.* (無錫建惠房地產開發有限公司) ("Wuxi Jianhui")	49%	—

The Group considered they have control over these subsidiaries because the Group has the power to appoint and remove the majority members of the respective board of directors of those companies and holds more than half of the voting rights by virtue of an agreement with other investors. The management of the Group concluded that the Group has sufficient dominant voting interests to direct the relevant activities of those companies and therefore has control over those companies. As a result, those companies are classified as subsidiaries of the Company.

\* The English translation of the names of the companies established in the PRC is for reference only. The official names of these companies are in Chinese.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 5. REVENUE FROM CONTINUING OPERATIONS

Revenue from the Group's principal activities recognised during the year is as follows:

	2020 RMB'000	2019 RMB'000 (restated)
Sales of properties	42,460,248	17,105,290
Others (note)	284,230	213,974
	<b>42,744,478</b>	17,319,264

Note: Others mainly comprises entrusted construction services income of RMB78,891,000 (2019: RMB91,792,000) and rental income from property leasing of RMB110,617,000 (2019: RMB107,149,000) which does not fall within the scope of HKFRS 15.

## 6. SEGMENT INFORMATION

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The chief operating decision-maker has been identified as the Company's executive directors.

In previous years, the chief operating decision-maker of the Company assessed the performance of the Group organised into four business segments as follows: Property development, Property management services, Commercial assets management and Entrusted construction services.

The Group has amended the format of reportable segments information provided to the chief operating decision-maker for assessing the performance of the operating segments. Upon the spin-off and separately listed the shares of its property management services business on 31 December 2020 (note 11), the Group has concluded that there is only one reportable segment, Property development, as the others are individually and collectively insignificant for segment reporting purposes. The comparative information has been restated accordingly.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 6. SEGMENT INFORMATION (CONTINUED)

### Segment revenue and results

	Continuing operations  Property development RMB'000	Discontinued operation Property management services RMB'000	Total RMB'000
<b>For the year ended 31 December 2020</b>			
Disaggregated by timing of revenue recognition:			
— Point in time	42,460,248	–	42,460,248
— Over time	–	997,861	997,861
	42,460,248	997,861	43,458,109
Inter-segment revenue	–	(211,147)	(211,147)
Revenue to external customers	42,460,248	786,714	43,246,962
Reportable segment profit before income tax	4,787,798	28,565	4,816,363
Other segment information:			
Interest income	252,967	408	253,375
Interest expense	(639,877)	(51,522)	(691,399)
Share of results of associates	66,853	–	66,853
Share of results of joint ventures	(7,793)	–	(7,793)
Depreciation of property, plant and equipment	(5,739)	(2,853)	(8,592)
Depreciation of right-of-use assets	(26,358)	(5,047)	(31,405)
Reversal of provision for ECL allowance on loans to associates	2,222	–	2,222
Provision for ECL allowance on trade and other receivables	(16,405)	(169)	(16,574)
Provision for ECL allowance on amounts due from non-controlling interests	(4,226)	–	(4,226)
Provision for inventories of properties	(272,706)	–	(272,706)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 6. SEGMENT INFORMATION (CONTINUED)

### Segment revenue and results (Continued)

	Continuing operations  Property development RMB'000	Discontinued operation Property management services RMB'000	Total RMB'000
For the year ended 31 December 2019 (restated)			
Disaggregated by timing of revenue recognition:			
— Point in time	17,105,290	–	17,105,290
— Over time	–	779,301	779,301
Inter-segment revenue	17,105,290 –	779,301 (124,664)	17,884,591 (124,664)
Revenue to external customers	17,105,290	654,637	17,759,927
Reportable segment profit before income tax	3,276,599	58,465	3,335,064
Other segment information:			
Interest income	235,105	1,829	236,934
Interest expense	(342,219)	(2,169)	(344,388)
Share of result of associates	149,707	–	149,707
Depreciation of property, plant and equipment	(3,366)	(2,402)	(5,768)
Depreciation of right-of-use assets	(15,928)	(858)	(16,786)
Provision for ECL allowance on loans to associates	(4,098)	–	(4,098)
Provision for ECL allowance on trade and other receivables	(8,755)	(445)	(9,200)
Provision for ECL allowance on amounts due from non-controlling interests	(8,378)	–	(8,378)
Reversal of provision for inventories of properties	22,035	–	22,035

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 6. SEGMENT INFORMATION (CONTINUED)

### Segment revenue and results (Continued)

The reconciliations of the Group's reportable segments revenue and profit before income tax from continuing operations are as follows:

	2020 RMB'000	2019 RMB'000 (restated)
Reportable segment revenue from continuing operation	42,460,248	17,105,290
Unallocated revenue	284,230	213,974
<b>Consolidated revenue from continuing operations</b>	<b>42,744,478</b>	17,319,264
Reportable segment profit before income tax from continuing operation	4,787,798	3,276,599
Unallocated interest income	4,928	3,294
Unallocated interest expenses	(15,886)	(19,115)
Unallocated share of result of associates	10,231	5,546
Unallocated share of result of a joint venture	1,074	6,470
Unallocated changes in fair value of investment properties	(15,294)	(6,309)
Unallocated income and expenses	218,896	195,669
Unallocated provision for ECL allowance on trade and other receivables	(148)	(7,892)
Unallocated depreciation	(28,733)	(35,283)
<b>Consolidated profit before income tax from continuing operations</b>	<b>4,962,866</b>	3,418,979

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 6. SEGMENT INFORMATION (CONTINUED)

### Segment assets and liabilities

	Continuing operations Property development RMB'000	Discontinued operation Property management services RMB'000	Total RMB'000
For the year ended 31 December 2019 (restated)			
Segment assets	113,713,534	145,475	113,859,009
Reconciliation:			
Corporate and other unallocated assets			1,729,813
Total assets			115,588,822
Segment liabilities	(93,809,902)	(1,346,744)	(95,156,646)
Reconciliation:			
Corporate and other unallocated liabilities			(822,234)
Total liabilities			(95,978,880)

Segment assets consist primarily of property, plant and equipment, right-of-use assets, interests in associates, interests in joint ventures, other financial assets, deposits for land acquisitions, inventories of properties and other contract costs, trade and other receivables, amounts due from non-controlling interests, cash at banks and on hand, certain deferred tax assets and prepaid taxes.

Segment liabilities consist primarily of contract liabilities, trade and other payables, loans from intermediate holding company, amounts due to non-controlling interests and related companies, interest-bearing borrowings, receipts under securitisation arrangements, lease liabilities, income tax liabilities and certain deferred tax liabilities.

As the chief operating decision-maker of the Company considers most of the Group's revenue and results are attributable to the market in the PRC, the Group's assets are substantially located inside the PRC, no geographical information is presented.

For the years ended 31 December 2020 and 2019, the Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 7. OTHER NET GAIN FROM CONTINUING OPERATIONS

	2020 RMB'000	2019 RMB'000 (restated)
Interest income from:		
— banks	132,913	57,138
— loans to associates	113,452	121,107
— financial assets at amortised cost	3,641	6,312
— others	7,889	53,842
	257,895	238,399
Government subsidy income	32,913	—
Compensation income	26,627	15,512
Gain on changes in fair value of financial assets measured at FVTPL	26,650	15,420
Gain on disposal of investment properties	33,800	7,806
Gain on disposal of a subsidiary (note 41)	10,960	—
Sundry income	25,223	20,462
	414,068	297,599

## 8. FINANCE COSTS FROM CONTINUING OPERATIONS

	2020 RMB'000	2019 RMB'000 (restated)
Interest charges on:		
— Bank borrowings	1,483,380	627,510
— Loans from intermediate holding company	1,127,560	1,090,386
— Amounts due to non-controlling interests	141,806	153,087
— Receipts under securitisation arrangements	502,028	165,875
— Significant financing component of contract liabilities	1,612,481	752,315
— Finance charges on lease liabilities	10,505	8,122
Total borrowing costs	4,877,760	2,797,295
Less: Interest capitalised	(4,221,997)	(2,435,961)
	655,763	361,334

Borrowing costs have been capitalised at various applicable rates ranging from 2.75% to 11.5% per annum (2019: 3.4% to 7% per annum).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 9. PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS

Profit before income tax from continuing operations is arrived at after charging/(crediting):

	2020 RMB'000	2019 RMB'000 (restated)
Auditor's remuneration		
— Audit services	1,260	1,200
— Non-audit services	2,000	—
Cost of properties sold	34,913,163	12,634,208
Depreciation:		
— Owned assets (note 16)	21,803	22,856
— Right-of-use assets	39,027	31,721
Written off of property, plant and equipment	1,634	3,912
(Reversal of provision for)/Provision for ECL allowance on loans to associates	(2,222)	4,098
Provision for ECL allowance on trade and other receivables	16,553	16,647
Provision for ECL allowance on amounts due from non-controlling interests	4,226	8,378
Net foreign exchange loss	13,063	108
Lease charges:		
— short term leases and leases with lease term shorter than twelve months as at initial application of HKFRS 16 on 1 January 2019	6,986	7,856
Outgoings in respect of investment properties that generated rental income	4,195	2,002
Provision for/(Reversal of provision for) inventories of properties, net	272,706	(22,035)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 10. INCOME TAX EXPENSE FROM CONTINUING OPERATIONS

	2020 RMB'000	2019 RMB'000 (restated)
<b>Current income tax</b>		
PRC corporate income tax ("CIT")		
— Current year	2,242,544	1,159,669
— Under/(Over) provision in respect of prior years	1,699	(3)
	<b>2,244,243</b>	1,159,666
PRC land appreciation tax ("LAT")	1,120,572	803,012
	<b>3,364,815</b>	1,962,678
<b>Deferred tax</b>	<b>(1,153,113)</b>	(560,415)
<b>Total income tax expense</b>	<b>2,211,702</b>	1,402,263

The difference between the actual income tax charge in the consolidated statement of profit or loss and other comprehensive income and the amounts which would result from applying the enacted tax rate to profit before income tax can be reconciled as follows:

	2020 RMB'000	2019 RMB'000 (restated)
Profit before income tax	4,962,866	3,418,979
Tax on profit before income tax, calculated at the rates applicable to profit in the tax jurisdictions concerned	1,333,024	871,942
Tax effect of non-deductible expenses	16,367	332
Tax effect of non-taxable income	(3,566)	(39,992)
Tax effect on LAT charges	(280,143)	(200,753)
LAT charges	1,120,572	803,012
Utilisation of tax loss previously not recognised	(1,166)	(5)
Over/(Under) provision in respect of prior years	1,699	(3)
Others	24,915	(32,270)
Income tax expense	<b>2,211,702</b>	1,402,263

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 10. INCOME TAX EXPENSE FROM CONTINUING OPERATIONS (CONTINUED)

Notes:

**(a) Hong Kong profits tax**

No Hong Kong profits tax has been provided as the Group did not derive any assessable profit arising in Hong Kong during the years ended 31 December 2020 and 2019.

**(b) PRC CIT**

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

PRC CIT has been provided on the estimated assessable profits of subsidiaries operating in the PRC at 25% (2019: 25%) for the year ended 31 December 2020.

**(c) PRC LAT**

Under the Provisional Rules on LAT Implementation Rules of the PRC implemented on 27 January 1995, all gains from the sales or transfer of land use rights, buildings and their attached facilities in the PRC are subject to LAT 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 cost of land use rights, borrowing costs, business tax and all property development expenditures. There are certain exemptions available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant PRC tax laws). Sales of commercial properties are not eligible for such an exemption.

**(d) PRC withholding income tax**

Pursuant to the Detailed Implementation Regulations for implementation of the new CIT Law issued on 6 December 2007, a 10% withholding income tax shall be levied on the dividends remitted by the companies established in the PRC to their foreign investors starting from 1 January 2008. Dividends coming from the profits generated by the PRC companies after 1 January 2008 shall be subject to this withholding income tax.

**(e) Cayman Islands corporate tax**

Pursuant to the rules and regulations of Cayman Islands, the Group is not subject to any corporate tax in Cayman Islands for the years ended 31 December 2020 and 2019.

**(f) British Virgin Islands profits tax**

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI for the years ended 31 December 2020 and 2019.

**(g) Australia profits tax**

No Australia profits tax has been provided as the Group did not derive any assessable profit arising in Australia during the years ended 31 December 2020 and 2019.

## 11. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2020, the Company proposed to spin-off and separately listed the shares of the property management services business of the Group under C&D Property Management Group Co., Ltd (“C&D Property”, together with its subsidiaries, “C&D Property Group”) on the Main Board of the Stock Exchange (the “Spin-off”).

On 30 September 2020, C&D Property submitted an application to the Stock Exchange for the listing by way of introduction of, and permission to deal in the shares of C&D Property on the Main Board of the Stock Exchange.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 11. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

In December 2020, the Company's Board of Directors declared a conditional distribution in specie of all the issued share capital of C&D Property to the Company's qualifying shareholders (the "Distribution"). On 31 December 2020, the shares of C&D Property Group were listed on the Stock Exchange and C&D Property Group ceased to be the subsidiaries of the Company thereafter. The Distribution to the Company's qualifying shareholders of RMB377,184,000 was recognised, which represented the carrying value of net assets of C&D Property Group attributable to the owners of the Company as at the Distribution date. Accordingly, no gain or loss on disposal was recognised.

The consolidated results of C&D Property Group for the period are presented below as a discontinued operation:

	For the period from 1 January 2020 to 31 December 2020 RMB'000	2019 RMB'000
Revenue	809,459	675,882
Cost of sales	(589,445)	(504,730)
Gross profit	220,014	171,152
Other net gain	40,800	11,156
Administrative expenses	(25,799)	(6,175)
Selling expenses	(113,908)	(111,441)
Finance costs	(69,989)	(55,748)
Share of results of associates	(1,344)	(2,257)
Profit before income tax from discontinued operation	49,774	6,687
Income tax expense	(33,099)	(25,832)
Profit/(loss) for the period/year from discontinued operation	16,675	(19,145)
Profit/(loss) for the period/year attributable to:		
— Equity holders of the Company	15,683	(19,612)
— Non-controlling interests	992	467
	16,675	(19,145)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 11. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

Details of the aggregate net assets of the C&D Property Group distributed by the Company under the Distribution and the financial impact are summarised below:

	Notes	RMB'000
Net assets distributed:		
Property, plant and equipment	16	27,240
Right-of-use assets	17	21,415
Deferred tax assets	32	2,416
Goodwill		578
Trade and other receivables		98,635
Restricted bank deposits		20,219
Cash at banks and on hand		886,159
Trade and other payables		(442,566)
Contract liabilities		(178,186)
Income tax payables		(32,644)
Lease liabilities		(14,156)
Deferred tax liabilities	32	(2,027)
Non-controlling interests		(9,899)
		377,184
Special dividend	12	(377,184)
Gain on disposal		—

An analysis of the net outflow of cash at banks and on hand in respect of the Distribution is as follows:

	2020 RMB'000
Net outflow of cash at banks and on hand included in the consolidated statement of cash flows	886,159

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 11. DISCONTINUED OPERATION AND DISPOSAL OF SUBSIDIARIES (CONTINUED)

The net cash flows incurred by C&D Property Group are as follows:

	For the period from 1 January 2020 to 31 December 2020 RMB'000	2019 RMB'000
Operating activities	312,752	155,315
Investing activities	1,387,489	51,357
Financing activities	(954,232)	(181,921)
Net cash inflow	746,009	24,751
Earnings/(loss) per share: — Basic, from the discontinued operation	RMB0.02	(RMB0.03)

The computation of diluted earning per share from discontinued operation for the year ended 31 December 2020 did not assume the conversion of perpetual convertible bond because the conversion will have an antidilutive effect. Therefore, diluted earnings per share equals to basic earnings per share (2019: diluted loss per share of RMB0.02).

The calculations of basic and diluted earnings/(loss) per share from the discontinued operation are based on:

	For the period from 1 January 2020 to 31 December 2020 RMB'000	2019 RMB'000
Profit/(loss) of the Company attributable to equity holders of the Company from the discontinued operation	15,683	(19,612)
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation (note 13)	1,167,206	854,728

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 12. DIVIDENDS AND THE DISTRIBUTION

### (a) Dividends attributable to the year

	Note	2020 RMB'000	2019 RMB'000
The Distribution (note 11)	(i)	377,184	–
Proposed final dividend of HK\$Nil per ordinary share (2019: HK\$0.82)	(ii)	–	668,329
		<b>377,184</b>	668,329

Notes:

- (i) As mentioned in note 11, C&D Property Group was spun-off via a distribution in specie completed on 31 December 2020. The net assets of C&D Property Group, subject to the distribution to the Company's shareholders, amounted to approximately RMB377,184,000 (see note 11).
- (ii) The Board of Directors has resolved not to declare a final dividend for the year ended 31 December 2020 on 26 March 2021.

### (b) Dividends attributable to the previous financial year, approved and paid during the year

	2020 RMB'000	2019 RMB'000
Final dividend in respect of the previous financial year, of HK\$0.82 (2019: HK\$1.20) per ordinary share	884,835	960,392

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 13. EARNINGS PER SHARE FROM CONTINUING OPERATIONS

### (a) Basic earnings per share

Basic earnings per share is calculated by adjusting the profit for the year attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2020 RMB'000	2019 RMB'000 (restated)
Profit for the year attributable to the equity holders of the Company	2,305,942	1,737,605
Distributions to holders of perpetual convertible bond	(84,038)	(15,100)
Profit used to determine basic earnings per share	2,221,904	1,722,505
Weighted average number of ordinary shares in issue (thousands)	1,167,206	854,728
Earnings per share (expressed in RMB per share)	RMB1.90	RMB2.02

### (b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: perpetual convertible bond.

The computation of diluted earning per share for the year ended 31 December 2020 did not assume the conversion of perpetual convertible bond because the conversion will have an antidilutive effect. Therefore, diluted earning per share equals to basic earning per share (2019: diluted earning per share of RMB1.50).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 14. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	2020 RMB'000	2019 RMB'000
Salaries, wages and other benefits	1,721,091	1,206,086
Contributions to defined contribution retirement plan (note)	23,762	55,826
Less: Employee benefit expenses capitalised in properties under development	(469,887)	(418,914)
	<b>1,274,966</b>	842,998

Note: Due to the impact of COVID-19, a number of policies including the relief of social insurance have been promulgated by the government since February 2020 to expedite resumption of economic activities, which resulted in the relief of certain contributions to defined contribution scheme during the year ended 31 December 2020.

## 15. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS

### (a) Directors' and chief executive's emoluments

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

	Fees RMB'000	Salaries and benefits in kind RMB'000	Retirement scheme contribution RMB'000	Total RMB'000
<b>Year ended 31 December 2020</b>				
<b>Executive directors:</b>				
Mr. Lin Weiguo ( <i>Chief executive</i> )	1,067**	698	40	1,805
Mr. Zhuang Yuekai	1,067**	–	–	1,067
Ms. Zhao Chengmin	1,067**	–	–	1,067
	<b>3,201</b>	<b>698</b>	<b>40</b>	<b>3,939</b>
<b>Non-executive directors:</b>				
Ms. Ye Yanliu	–	–	–	–
Ms. Wu Xiaomin	–	–	–	–
Mr. Huang Wenzhou	–	–	–	–
<b>Independent non-executive directors:</b>				
Mr. Wong Chi Wai	178	–	–	178
Mr. Wong Tat Yan, Paul	178	–	–	178
Mr. Chan Chun Yee	178	–	–	178
	<b>534</b>	<b>–</b>	<b>–</b>	<b>534</b>
Total emoluments	<b>3,735</b>	<b>698</b>	<b>40</b>	<b>4,473</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 15. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

### (a) Directors' and chief executive's emoluments (Continued)

	Fees RMB'000	Salaries and benefits in kind RMB'000	Retirement scheme contribution RMB'000	Total RMB'000
Year ended 31 December 2019				
<b>Executive directors:</b>				
Mr. Lin Weiguo (appointed on 21 March 2019) ( <i>Chief executive</i> )	792**	717	25	1,534
Mr. Shi Zhen (resigned on 21 March 2019)	264**	–	–	264
Mr. Zhuang Yuekai	1,056**	–	–	1,056
Ms. Zhao Chengmin	1,056**	–	–	1,056
	3,168	717	25	3,910
<b>Non-executive directors:</b>				
Ms. Ye Yanliu (appointed on 21 March 2019)	–	–	–	–
Ms. Wang Xianrong (resigned on 21 March 2019)	–	–	–	–
Ms. Wu Xiaomin	–	–	–	–
Mr. Huang Wenzhou	–	–	–	–
<b>Independent non-executive directors:</b>				
Mr. Wong Chi Wai	176	–	–	176
Mr. Wong Tat Yan, Paul	176	–	–	176
Mr. Chan Chun Yee	176	–	–	176
	528	–	–	528
<b>Total emoluments</b>	<b>3,696</b>	<b>717</b>	<b>25</b>	<b>4,438</b>

\*\* The executive directors have agreed to waive the emoluments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 15. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION AND EMOLUMENTS OF FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

### (b) Five highest paid individuals

The five highest paid individuals in the Group do not include (2019: do not include) any directors of the Company whose emoluments are included in the disclosures in note 14(a) above.

	2020 RMB'000	2019 RMB'000
Salaries and benefits in kind	3,076	2,226
Discretionary bonuses	20,027	20,967
Retirement scheme contributions	263	259
	<b>23,366</b>	23,452

The above emoluments were within the following bands:

	No. of individuals	
	2020	2019
Emolument bands		
HK\$2,500,001–HK\$3,000,000	–	1
HK\$3,000,001–HK\$3,500,000	–	1
HK\$4,000,001–HK\$4,500,000	–	1
HK\$4,500,001–HK\$5,000,000	3	–
HK\$5,000,001–HK\$5,500,000	1	–
HK\$5,500,001–HK\$6,000,000	–	1
HK\$6,500,001–HK\$7,000,000	1	–
HK\$7,500,001–HK\$8,000,000	–	1
	<b>5</b>	5

No emoluments were paid by the Group to the directors of the Company or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. The three executive directors have agreed to waive the emoluments during the year (2019: four) and none of five highest paid individuals have waived or agreed to waive any emoluments during the years ended 31 December 2020 and 2019.

### (c) Senior management personnel

The emoluments paid or payable to members of senior management were within following bands:

	No. of individuals	
	2020	2019
Emolument bands		
Nil to HK\$1,000,000	8	10
HK\$1,000,001–HK\$1,500,000	3	3
HK\$2,000,001–HK\$2,500,000	1	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 16. PROPERTY, PLANT AND EQUIPMENT

	Construction in progress RMB'000	Leasehold land and buildings RMB'000	Leasehold improvement RMB'000	Furniture and fixtures RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Total RMB'000
<b>At 1 January 2019</b>							
Cost	33,764	13,408	89,485	34,507	1,539	10,170	182,873
Accumulated depreciation	–	(3,155)	(44,274)	(15,244)	(1,051)	(6,082)	(69,806)
<b>Net book amount as at 31 December 2019</b>	<b>33,764</b>	<b>10,253</b>	<b>45,211</b>	<b>19,263</b>	<b>488</b>	<b>4,088</b>	<b>113,067</b>
<b>Year ended 31 December 2019</b>							
Opening net book amount	33,764	10,253	45,211	19,263	488	4,088	113,067
Additions	4,178	–	9,349	11,901	196	4,036	29,660
Disposals and written off	–	–	(3,759)	(188)	–	(38)	(3,985)
Depreciation	–	(367)	(21,949)	(6,222)	(24)	(1,543)	(30,105)
Exchange differences	–	222	–	1	–	12	235
<b>Closing net book amount</b>	<b>37,942</b>	<b>10,108</b>	<b>28,852</b>	<b>24,755</b>	<b>660</b>	<b>6,555</b>	<b>108,872</b>
<b>At 31 December 2019 and 1 January 2020</b>							
Cost	37,942	13,408	95,075	45,735	1,735	13,796	207,691
Accumulated depreciation	–	(3,300)	(66,223)	(20,980)	(1,075)	(7,241)	(98,819)
<b>Net book amount</b>	<b>37,942</b>	<b>10,108</b>	<b>28,852</b>	<b>24,755</b>	<b>660</b>	<b>6,555</b>	<b>108,872</b>
<b>Year ended 31 December 2020</b>							
Opening net book amount	<b>37,942</b>	<b>10,108</b>	<b>28,852</b>	<b>24,755</b>	<b>660</b>	<b>6,555</b>	<b>108,872</b>
Additions	<b>18,513</b>	–	<b>13,643</b>	<b>17,664</b>	<b>137</b>	<b>4,876</b>	<b>54,833</b>
The Distribution (note 11)	–	–	<b>(16,183)</b>	<b>(10,385)</b>	<b>(362)</b>	<b>(310)</b>	<b>(27,240)</b>
Disposals and written off	–	<b>(589)</b>	–	<b>(1,205)</b>	<b>(8)</b>	<b>(113)</b>	<b>(1,915)</b>
Depreciation	–	<b>(371)</b>	<b>(23,909)</b>	<b>(8,043)</b>	<b>(187)</b>	<b>(1,481)</b>	<b>(33,991)</b>
Acquisition of subsidiaries	–	–	<b>14,201</b>	<b>1,300</b>	–	–	<b>15,501</b>
Deemed disposal of subsidiary (note 41)	–	–	–	<b>(39)</b>	–	–	<b>(39)</b>
Exchange differences	–	–	<b>(1)</b>	–	–	–	<b>(1)</b>
<b>Closing net book amount</b>	<b>56,455</b>	<b>9,148</b>	<b>16,603</b>	<b>24,047</b>	<b>240</b>	<b>9,527</b>	<b>116,020</b>
<b>At 31 December 2020</b>							
Cost	<b>56,455</b>	<b>12,639</b>	<b>102,165</b>	<b>38,160</b>	<b>913</b>	<b>15,897</b>	<b>226,229</b>
Accumulated depreciation	–	<b>(3,491)</b>	<b>(85,562)</b>	<b>(14,113)</b>	<b>(673)</b>	<b>(6,370)</b>	<b>(110,209)</b>
<b>Net book amount</b>	<b>56,455</b>	<b>9,148</b>	<b>16,603</b>	<b>24,047</b>	<b>240</b>	<b>9,527</b>	<b>116,020</b>

The bank borrowings are secured by property, plant and equipment with a net book amount of approximately RMBNil as at 31 December 2020 (2019: RMB10,075,000) (note 31).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation charges have been included in:

	2020 RMB'000	2019 RMB'000 (restated)
Consolidated Statement of Financial Position		
— Capitalised in inventories of properties and other contract costs	6,923	4,583
Consolidated Statement of Profit or Loss and other Comprehensive Income		
— Cost of sales	14,928	18,454
— Selling expenses	8,387	6,237
— Administrative expenses	3,753	831
	33,991	30,105
Discontinued operation	(5,265)	(2,666)
	28,726	27,439

## 17. RIGHT-OF-USE ASSETS

	Leasehold Lands RMB'000	Leased properties RMB'000	Total RMB'000
Carrying amounts at 1 January 2019	95,936	80,617	176,553
Additions	–	66,871	66,871
Depreciation	(3,620)	(28,959)	(32,579)
Carrying amounts at 1 January 2020	92,316	118,529	210,845
Additions	–	69,723	69,723
Depreciation	(3,619)	(40,813)	(44,432)
Acquisition of subsidiaries	–	13,121	13,121
The Distribution (note 11)	–	(21,415)	(21,415)
<b>Carrying amounts at 31 December 2020</b>	<b>88,697</b>	<b>139,145</b>	<b>227,842</b>

The right-of-use assets represented leases of lands and offices in the PRC. The leases of offices in the PRC typically run for an initial period of 2 to 20 years. None of the leases includes variable lease payments. Certain leases include an option to renew the lease for an additional period after the end of the contract term. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options and concluded that it is not reasonably certain to exercise the extension options. Accordingly, the future lease payments during the extension periods are not included in the measurement of the right-of-use assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 17. RIGHT-OF-USE ASSETS (CONTINUED)

The analysis of the net carrying amounts of right-of-use assets in respect of the leasehold lands according to lease periods are as follows:

	2020 RMB'000	2019 RMB'000
In PRC:		
Leases of between 10 to 50 years	<b>88,697</b>	92,316

## 18. INVESTMENT PROPERTIES

Movements of the carrying amounts presented in the consolidated statement of financial position can be summarised as follows:

	2020 RMB'000	2019 RMB'000
Carrying amount at 1 January	<b>1,255,730</b>	1,238,730
Change in fair value of investment properties	<b>(15,294)</b>	(6,309)
Subsequent expenditures	<b>9,622</b>	25,709
Addition	<b>100,000</b>	–
Disposal	<b>(21,998)</b>	(2,400)
Carrying amount at 31 December	<b>1,328,060</b>	1,255,730

The bank borrowings are secured by investment properties with a net book amount of approximately RMB633,000,000 as at 31 December 2020 (2019: RMB622,000,000) (note 31).

The analysis of the net carrying amounts of investment properties according to lease periods are as follows:

	2020 RMB'000	2019 RMB'000
In PRC:		
Leases of between 10 to 50 years	<b>1,328,060</b>	1,255,730

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 18. INVESTMENT PROPERTIES (CONTINUED)

### Valuation process and methodologies

Investment properties were valued at 31 December 2020 and 2019 by an independent professional qualified valuer, Cushman & Wakefield International Property Advisers (Guangzhou) Co., Ltd. (formerly known as DTZ Debenham Tie Leung International Property Advisers (Guangzhou) Co., Ltd.), who has the relevant experience in the location and category of properties being valued. There was no change to the valuation techniques during the year.

Discussions of valuation processes and results are held between management and the valuer on a semi-annual basis, in line with the Group's interim and annual reporting dates.

### Fair value hierarchy

Fair value adjustment of investment properties is recognised in the line item "Loss on changes in fair value of investment properties" on the face of the consolidated statement of profit or loss and other comprehensive income.

The following table shows the Group's investment properties measured at fair value in the consolidated statement of financial position on a recurring basis, categorised into three levels of a fair value hierarchy as defined in HKFRS 13 "Fair Value Measurement". The levels are based on the observability and significance of inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset or liability.

	<b>Fair value measurements categorised into Level 3 RMB'000</b>
<b>Recurring fair value measurement</b>	
<b>At 31 December 2020</b>	
Investment properties	<b>1,328,060</b>
<b>At 31 December 2019</b>	
Investment properties	1,255,730

There were no transfers into or out of Level 3 during the year (2019: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy in the reporting period in which they occur.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 18. INVESTMENT PROPERTIES (CONTINUED)

### Fair value hierarchy (Continued)

The fair value of investment properties is determined using the direct capitalisation method by capitalising the rental income derived from the existing tenancies with due provision for the reversionary income potential of the properties. The fair value measurement is positively correlated to the market monthly rental rate and factors adjustment, and negatively correlated to capitalisation rate.

	Valuation techniques	Significant unobservable inputs	Range	
			As at 31 December 2020	2019
Investment properties (Nanning District)	Direct capitalisation method	Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc. (RMB/sq.m.)	<b>35–1,400</b>	35–1,400
		Capitalisation rate of reversionary income	<b>3.5%–7.25%</b>	3.50%–7.25%
Investment properties (Shanghai District)	Direct capitalisation method	Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc. (RMB/sq.m.)	<b>197–438</b>	187–415
		Capitalisation rate of reversionary income	<b>5.50%–6.00%</b>	5.50%–6.00%
Investment properties (Jianou District)	Direct capitalisation method	Market monthly rental rate taking into account of individual factors such as location, environment, age, accessibility, floor, size, etc. (RMB/sq.m.)	<b>69–98</b>	–
		Capitalisation rate of reversionary income	<b>5.5%</b>	–



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 19. INTERESTS IN ASSOCIATES

	2020 RMB'000	2019 RMB'000
Unlisted shares, at cost	3,814,207	2,250,218
Unrealised profits in respect of disposal of a subsidiary	(8,482)	(8,482)
Share of post-acquisition results and other comprehensive income, net of dividend received	247,870	167,606
	4,053,595	2,409,342
Loans to associates	1,875,632	4,031,460
Less: Loss allowance	(1,876)	(4,098)
	5,927,351	6,436,704

As at 31 December 2020, the loans to associates are unsecured, interest free and would not be repayable within one year, except for an amount of RMB105,230,190 (2019: RMB3,146,025,000) which is interest-bearing of 4% per annum (2019: 3.43% to 10% per annum).

Set out below are details of associates of the Group as at 31 December 2020 which, in the opinion of the directors, are material to the Group:

Name	Form of business structure	Country/place of incorporation and operation	Particulars of issued and paid up/ registered capital	Proportion of effective interest held	Principal activities
Longyan Lirong Real Estate Development Company Limited* (龍岩利榮房地產開發有限公司) ("Longyan Lirong")	Incorporated	PRC	RMB50,000,000	30% (2019: 30%)	Property development
Changsha Fumao Real Estate Development Company Limited* (長沙芙茂置業有限公司) ("Changsha Fumao") (note (a))	Incorporated	PRC	RMB1,700,000,000 (2019: RMB900,000,000)	49% (2019: 49%)	Property development

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 19. INTERESTS IN ASSOCIATES (CONTINUED)

Name	Form of business structure	Country/place of incorporation and operation	Particulars of issued and paid up/ registered capital	Proportion of effective interest held	Principal activities
Changsha Qumao Enterprise Management Company Limited* (長沙楚茂企業管理有限公司) ("Changsha Qumao")	Incorporated	PRC	RMB500,000,000	49% (2019: 49%)	Property development and consultancy services
Zhongjiao Changsha Real Estate Development Company Limited* (中交長沙置業有限公司) ("Zhongjiao Changsha")	Incorporated	PRC	RMB400,000,000	49% (2019: 49%)	Property development and consultancy services
Changsha Tianhaiyi Enterprise Management Company Limited* (長沙天海易企業管理有限公司) ("Changsha Tianhaiyi")	Incorporated	PRC	RMB1,300,000,000	49% (2019: 49%)	Property development and consultancy services
Xiamen Zhaote Real Estate Company Limited* (廈門兆特置業有限公司) ("Xiamen Zhaote") (note (b))	Incorporated	PRC	RMB600,000,000 (2019: RMB 500,000,000)	49.5% (2019: 50.5%)	Property development
Wuxi Jiahe Real Estate Co., Ltd* (無錫嘉合置業有限公司) ("Wuxi Jiahe") (note (c))	Incorporated	PRC	RMB1,000,000,000 (2019: RMB 20,000,000)	49% (2019: 49%)	Property development
Nanjing Dejian Real Estate Co., Ltd* (南京德建置業有限公司) ("Nanjing Dejian")	Incorporated	PRC	RMB550,000,000	49% (2019: 49%)	Property development

\* The English translation of the names of the companies established in the PRC is for reference only. The official names of these companies are in Chinese.

All associates have a reporting date of 31 December.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 19. INTERESTS IN ASSOCIATES (CONTINUED)

Notes:

- (a) During the year ended 31 December 2020, Changsha Fumao effected an increase in registered capital whereby the Group and the independent third party investor subscribed additional capital to Changsha Fumao amounting to RMB392,000,000 and RMB408,000,000, respectively. Upon the completion of the capital increase, the registered capital of Changsha Fumao was changed from RMB900,000,000 to RMB1,700,000,000. As a result of such an increase in registered capital, the Group's equity interests in Changsha Fumao remain unchanged and the Group is still able to exert significant influence over the financial and operating activities of Changsha Fumao. Accordingly, the Group continues to account for such investment as an associate.
- (b) During the year ended 31 December 2020, Xiamen Zhaote effected an increase in registered capital whereby the Group and the independent third party investor subscribed additional capital to Xiamen Zhaote amounting to RMB44,500,000 and RMB55,500,000, respectively. Upon the completion of the capital increase, the registered capital of Xiamen Zhaote was changed from RMB500,000,000 to RMB600,000,000. As a result of such an increase in registered capital, the Group's equity interests in Xiamen Zhaote were decreased from 50.5% to 49.5%. Pursuant to the revised articles of association of Xiamen Zhaote, the Group ceased to have majority vote of directors, but is still able to exert significant influence over the financial and operating activities of Xiamen Zhaote. Accordingly, Xiamen Zhaote became an associate of the Group and has been accounted for using the equity method. Further details of which are included in the disclosures in note 41 to the consolidated financial statements.
- (c) During the year ended 31 December 2020, Wuxi Jiahe effected an increase in registered capital whereby the Group and the independent third parties investor subscribed additional capital to Wuxi Jiahe amounting to RMB480,200,000 and RMB499,800,000, respectively. Upon the completion of the capital increase, the registered capital of Wuxi Jiahe was changed from RMB20,000,000 to RMB1,000,000,000. As a result of such an increase in registered capital, the Group's equity interests in Wuxi Jiahe remain unchanged and the Group is still able to exert significant influence over the financial and operating activities of Wuxi Jiahe. Accordingly, the Group continues to account for such investment as an associate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 19. INTERESTS IN ASSOCIATES (CONTINUED)

Set out below are the summarised financial information of the material associates, including Longyan Lirong, Changsha Fumao, Changsha Chumao and its subsidiary (“Changsha Chumao Group”), Zhongjiao Changsha, Changsha Tianhaiyi and its subsidiary (“Changsha Tianhaiyi Group”), Xiamen Zhaote and its subsidiary (“Xiamen Zhaote Group”), Wuxi Jiahe and Nanjing Dejian, which are accounted for using the equity method:

	Longyan Lirong		Changsha Fumao	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Current assets	<b>755,035</b>	1,252,253	<b>4,130,894</b>	1,752,774
Non-current assets	<b>1,331</b>	236	<b>276</b>	–
Current liabilities	<b>(229,078)</b>	(882,987)	<b>(2,350,295)</b>	(886,071)
Non-current liabilities	<b>(1,906)</b>	(1,953)	<b>(140,000)</b>	–
Net assets	<b>525,382</b>	367,549	<b>1,640,875</b>	886,703
Revenue	<b>643,334</b>	828,584	–	–
Profit/(loss) for the year	<b>157,833</b>	225,456	<b>(45,828)</b>	(13,297)
Other comprehensive income for the year	–	–	–	–
Total comprehensive income/(expense) for the year	<b>157,833</b>	225,456	<b>(45,828)</b>	(13,297)
Dividend received from the associate	–	–	–	–
Capital injection in interests in associates	–	–	<b>800,000</b>	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 19. INTERESTS IN ASSOCIATES (CONTINUED)

	Changsha Chumao Group		Zhongjiao Changsha	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Current assets	<b>1,554,007</b>	824,570	<b>2,674,252</b>	1,814,921
Non-current assets	<b>306</b>	–	<b>178</b>	106
Current liabilities	<b>(1,078,079)</b>	(325,973)	<b>(1,596,887)</b>	(1,590,296)
Non-current liabilities	–	–	<b>(700,000)</b>	–
Net assets	<b>476,234</b>	498,597	<b>377,543</b>	224,731
Revenue	–	–	–	–
Loss for the year	<b>(22,363)</b>	(1,403)	<b>(21,188)</b>	(1,269)
Other comprehensive income for the year	–	–	–	–
Total comprehensive expense for the year	<b>(22,363)</b>	(1,403)	<b>(21,188)</b>	(1,269)
Dividend received from the associate	–	–	–	–
Capital injection in interests in associates	–	–	<b>174,000</b>	–

	Changsha Tianhaiyi Group		Xiamen Zhaote Group
	2020 RMB'000	2019 RMB'000	2020 RMB'000
Current assets	<b>5,142,824</b>	4,179,150	<b>2,303,060</b>
Non-current assets	<b>4,515</b>	–	<b>151</b>
Current liabilities	<b>(2,845,282)</b>	(2,880,725)	<b>(1,060,410)</b>
Non-current liabilities	<b>(1,040,000)</b>	–	<b>(685,880)</b>
Net assets	<b>1,262,057</b>	1,298,425	<b>556,921</b>
Revenue	<b>707</b>	–	–
Loss for the year	<b>(36,368)</b>	(1,570)	<b>(24,997)</b>
Other comprehensive income for the year	–	–	–
Total comprehensive expense for the year	<b>(36,368)</b>	(1,570)	<b>(24,997)</b>
Dividend received from the associate	–	–	–

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 19. INTERESTS IN ASSOCIATES (CONTINUED)

	Wuxi Jiahe		Nanjing Dejian	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Current assets	<b>5,295,895</b>	3,849,519	<b>3,059,751</b>	609,387
Non-current assets	<b>1,419</b>	68	<b>25</b>	7
Current liabilities	<b>(3,362,618)</b>	(3,829,965)	<b>(1,330,814)</b>	(607,951)
Non-current liabilities	<b>(953,000)</b>	–	<b>(1,200,000)</b>	–
Net assets	<b>981,696</b>	19,622	<b>528,962</b>	1,443
Revenue	–	–	–	–
Loss for the year	<b>(17,926)</b>	(378)	<b>(20,681)</b>	(357)
Other comprehensive income for the year	–	–	–	–
Total comprehensive expense for the year	<b>(17,926)</b>	(378)	<b>(20,681)</b>	(357)
Dividend received from the associate	–	–	–	–
Capital injection in interests in associates	<b>980,000</b>	–	<b>548,200</b>	–

A reconciliation of the above summarised financial information to the carrying amount of investment in associates, including Longyan Lirong, Changsha Fumao, Changsha Chumao Group, Zhongjiao Changsha, Changsha Tianhaiyi Group, Xiamen Zhaote Group, Wuxi Jiahe and Nanjing Dejian, are set out below:

	Longyan Lirong		Changsha Fumao	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Total net assets of associates	<b>525,382</b>	367,549	<b>1,640,875</b>	886,703
Proportion of ownership interests held by the Group	<b>30%</b>	30%	<b>49%</b>	49%
Carrying amount of the investments in associates in the consolidated financial statements	<b>157,615</b>	110,265	<b>804,029</b>	434,484

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 19. INTERESTS IN ASSOCIATES (CONTINUED)

	Changsha Chumao Group		Zhongjiao Changsha	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Total net assets of associates	<b>476,234</b>	498,597	<b>377,543</b>	224,731
Proportion of ownership interests held by the Group	<b>49%</b>	49%	<b>49%</b>	49%
Carrying amount of the investments in associates in the consolidated financial statements	<b>233,355</b>	244,313	<b>184,996</b>	110,118

	Changsha Tianhaiyi Group		Xiamen Zhaote Group	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Total net assets of associates	<b>1,262,057</b>	1,298,425	<b>556,921</b>	
Proportion of ownership interests held by the Group	<b>49%</b>	49%	<b>49.5%</b>	
Carrying amount of the investments in associates in the consolidated financial statements	<b>618,408</b>	636,228	<b>275,676</b>	

	Wuxi Jiahe		Nanjing Dejian	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Total net assets of associates	<b>981,696</b>	19,622	<b>528,962</b>	1,443
Proportion of ownership interests held by the Group	<b>49%</b>	49%	<b>49%</b>	49%
Carrying amount of the investments in associates in the consolidated financial statements	<b>481,031</b>	9,615	<b>259,191</b>	707

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 19. INTERESTS IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material:

	2020 RMB'000	2019 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	1,039,294	522,400

	2020 RMB'000	2019 RMB'000
Aggregate amounts of the Group's share of those associates': Profit/(Loss) and total comprehensive income/(expense) for the year	122,642	(38,374)

The Group has not incurred any contingent liabilities or other commitments relating to its interests in associates.

Movements of the Group's loss allowance on loans to associates are as follows:

	RMB'000
Balance at 1 January 2020	4,098
Impairment losses recognised during the year	(2,222)
<b>Balance at 31 December 2020</b>	<b>1,876</b>

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. The Group applies the 12-month ECL method on loans to associates to provide for ECL prescribed by HKFRS 9. As at 31 December 2020, the Group has made provision of impairment for loans to associates of approximately RMB1,876,000 (2019: RMB4,098,000).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 20. INTERESTS IN JOINT VENTURES

	2020 RMB'000	2019 RMB'000
Cost of investments in a joint venture	682,573	45,573
Share of post-acquisition results and other comprehensive income, net of dividend received	(17,123)	(6,348)
Exchange differences	(1,641)	46
	<b>663,809</b>	39,271
Loan to a joint venture	4,608	4,904
	<b>668,417</b>	44,175

The loan to a joint venture is unsecured, interest-free and would not be repayable within one year.

Particulars of the Group's unlisted joint ventures as at 31 December 2020 and 2019 are as follows:

Name	Form of business structure	Country/place of incorporation and operation	Particulars of registered capital	Proportion of effect interest held	Principal activities
J-Bridge Investment Co., Ltd. ("J-Bridge")	Incorporated	BVI	United States Dollar 25,000	50% (2019: 50%)	Investment holding
Shanghai Huaru Real Estate Development Company Limited* (上海鐮鋤房地產開發有限公司) ("Shanghai Huaru") (note)	Incorporated	PRC	RMB1,300,000,000	49% (2019: Nil)	Property development

Note: On 3 March 2020, the Group has entered into a cooperation agreement (the "Agreement") with Zhuhai Huafa Enterprises Holdings Limited\* ("Zhuhai Huafa") 珠海華發實業股份有限公司 and Shanghai Huajin Real Estate Limited\* ("Shanghai Huajin") 上海鐮鋤房地產開發有限公司, the independent third parties, of which Zhuhai Huafa has conditionally agreed to sell, the Group and Shanghai Huajin have conditionally agreed to acquire 49% and 51% of the equity interests of Shanghai Huaru, at a total cash consideration of RMB4,900,000 and RMB5,100,000, respectively. Pursuant to the Agreement, the board of directors of Shanghai Huaru consists of five directors, for whom two are nominated by the Group, three are nominated by Shanghai Huajin. As specified in the Agreement, unanimous resolution of all directors for certain key corporate matters is required. Accordingly, Shanghai Huaru is a joint venture company of the Group and its financial results were accounted for in the consolidated financial statements of the Group using the equity method.

During the year ended 31 December 2020, Shanghai Huaru effected an increase in registered capital whereby the Group and Shanghai Huajin subscribed additional capital to Shanghai Huaru amounting to RMB632,100,000 and RMB657,900,000, respectively. Upon the completion of the capital increase, the registered capital of Shanghai Huaru was changed from RMB10,000,000 to RMB1,300,000,000. As a result of such an increase in registered capital, the Group's equity interests in Shanghai Huaru remain unchanged.

\* The English translation of the names of the companies established in the PRC is for reference only. The official names of these companies are in Chinese.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 20. INTEREST IN JOINT VENTURES (CONTINUED)

Summarised financial information of Shanghai Huaru and its subsidiary ("Shanghai Huaru Group"), and a reconciliation to the carrying amount in the consolidated statement of financial position, are disclosed below:

	2020 RMB'000
Non-current assets	31,118
Current assets	4,420,379
Current liabilities	(2,051,400)
Non-current liabilities	(1,116,000)
Net assets	1,284,097
The above amounts of assets and liabilities include the following:	
Cash and cash equivalents	1,229,261
Current financial liabilities (excluding trade and other payables and provisions)	–
Non-current financial liabilities (excluding trade and other payables and provisions)	(1,116,000)
Revenue	–
Loss for the period	(16,195)
Other comprehensive income for the period	–
Total comprehensive expense for the period	(16,195)
Dividend received from the joint venture	–
The above loss for the period including the following:	
Depreciation and amortisation	7
Interest income	3,444
Interest expense	–
Income tax expense	5,398

Reconciliation of the above summarised financial information to the carrying amount of the Group's interests in joint ventures recognised in the consolidated statement of financial position:

	2020 RMB'000
Total net assets of the joint venture	1,284,097
Proportion of ownership interests held by Group	49%
Carrying amount of the investments in joint ventures in the consolidated financial statements	629,208

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 20. INTEREST IN JOINT VENTURES (CONTINUED)

Aggregate information of a joint venture that is not individually material:

	2020 RMB'000	2019 RMB'000
Aggregate carrying amount of individually immaterial joint venture in the consolidated financial statements	34,601	39,271
Aggregate amounts of the Group's share of the joint venture's: Profit and total comprehensive income for the year	1,216	6,470

The Group has not incurred any contingent liabilities or other commitments relating to its investment in the joint venture (2019: Nil).

## 21. OTHER FINANCIAL ASSETS

	2020 RMB'000	2019 RMB'000
<b>Other current financial assets:</b>		
<b>Financial assets at amortised cost</b>		
Listed senior tranche security	–	100,000
<b>Financial assets measured at fair value through profit or loss</b>		
Subordinated tranche securities (notes i and ii)	25,840	123,990
Unlisted structured deposits (note ii)	–	225,000
	25,840	348,990
	25,840	448,990
<b>Other non-current financial assets:</b>		
<b>Financial assets measured at fair value through profit or loss</b>		
Subordinated tranche securities (notes i and ii)	256,840	34,190
Unlisted equity securities (note ii)	121,000	81,500
Unlisted structured deposits (note ii)	–	10,000
	377,840	125,690

Notes:

- (i) As at 31 December 2020, the amount comprises five (2019: three) non-tradable subordinated tranche securities, which have no fixed coupon rate and an entitlement to residual returns upon maturity, with the maturity date on 26 February 2021, 30 December 2021, 29 April 2022, 30 September 2022 and 30 December 2022.
- (ii) The fair value of the Group's subordinated tranche securities, unlisted equity securities and unlisted structured deposits have been measured as described in note 45.7.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 22. SUBSIDIARIES

Particulars of the principal subsidiaries, each of which is a limited liability company, as at 31 December 2020, were as follows:

Name	Form of business structure	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
<b>Interests held indirectly</b>					
Xiamen Yi Yue Property Company Limited.* (廈門益悅置業有限公司) ("Xiamen Yi Yue")	Incorporated	PRC 18 May 2015	RMB1,000,000,000	100% (2019: 100%)	Property investment and development business
Xiamen C&D Zhaocheng Construction Operations Management Co., Ltd.* (廈門建發兆誠建設運營管理有限公司)	Incorporated	PRC 11 November 2015	RMB5,000,000	100% (2019: 100%)	Project construction and management
Changsha Zhaoyue Real Estate Co., Ltd.* (長沙兆悅房地產有限公司)	Incorporated	PRC 7 September 2015	RMB50,000,000	100% (2019: 100%)	Property development
Shanghai C&D Zhaoyu Asset Management Company Limited* (上海建發兆昱資產管理有限公司)	Incorporated	PRC 17 December 2015	RMB30,000,000	55% (2019: 55%)	Commercial assets management and operation
Shanghai Zhaoxiang Commercial Operation Management Company Limited* (上海兆祥商業經營管理有限公司)	Incorporated	PRC 14 October 2014	RMB1,000,000	55% (2019: 55%)	Commercial assets management and operation
Quanzhou Zhaoyue (note 4.2)	Incorporated	PRC 4 November 2015	RMB50,000,000	40% (2019: 40%)	Property development
Fujian Zhaojia Real Estate Co., Ltd.* (福建兆嘉房地產有限公司)	Incorporated	PRC 12 March 2015	RMB10,000,000	60% (2019: 60%)	Property development
Xiamen Zhaochun (note 4.2)	Incorporated	PRC 1 March 2018	RMB600,000,000	50% (2019: 50%)	Property investment
Shanghai Zhaoyi (note 4.2)	Incorporated	PRC 24 August 2016	RMB1,000,000	46.75% (2019: 46.75%)	Property leasing
Lianjiang Zhaorong (notes 4.2 and 44)	Incorporated	PRC 13 June 2018	RMB200,000,000	65% (2019: 46.15%)	Property investment

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 22. SUBSIDIARIES (CONTINUED)

Name	Form of business structure	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
<b>Interests held indirectly</b>					
Taicang Yuzhou Yilong (note 4.2)	Incorporated	PRC 13 November 2017	RMB500,000,000	30% (2019: 30%)	Property development
Ningde Zhaomao# (note 4.2)	Incorporated	PRC 9 November 2020	RMB2,000,000,000	49.98% (2019: Nil)	Property development
Lianjiang Zhaohuifeng (note 4.2)	Incorporated	PRC 13 December 2019	RMB700,000,000	40% (2019: Nil)	Property development
Tonglu Yinyue# (note 4.2)	Incorporated	PRC 9 June 2020	RMB100,000,000	48% (2019: Nil)	Property development
Zhangzhou Fanhua Industrial Co., Ltd.* (漳州泛華實業有限公司)	Incorporated	PRC 11 August 2006	RMB 19,972,188	60% (2019: 60%)	Property development
Longyan Hengfu (note 4.2)	Incorporated	PRC 19 January 2017	RMB 146,000,000	40% (2019: 40%)	Property development
Wuxi Jian Yue Real Estate Development Co., Ltd.* (無錫建悅房地產開發有限公司) ("Wuxi Jian Yue")	Incorporated	PRC 11 December 2017	RMB3,065,000,000	100% (2019: 100%)	Property investment and development business
Changsha Yuefa Property Development Company Limited* (長沙悅發房地產有限公司)	Incorporated	PRC 28 November 2016	RMB466,200,000	100% (2019: 100%)	Property development
Suzhou Zhaoxiang Real Estate Development Company Limited* (蘇州兆祥房地產開發有限公司) ("Suzhou Zhaoxiang")	Incorporated	PRC 30 October 2015	RMB200,000,000	97.5% (2019: 97.5%)	Property investment and development business
Fujian Zhaohu Property Development Company Limited* (福建兆和房地產有限公司)	Incorporated	PRC 1 December 2015	RMB50,000,000	100% (2019: 100%)	Property investment and development business

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## 22. SUBSIDIARIES (CONTINUED)

Name	Form of business structure	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
<b>Interests held indirectly</b>					
Lianjiang Zhaorun Real Estate Development Co., Ltd.* (連江兆潤房地產開發有限公司)	Incorporated	PRC 25 July 2016	RMB100,000,000	78% (2019: 78%)	Property development
Zhangjiagang Jianfeng Real Estate Development Co., Ltd.* (張家港建豐房地產開發有限公司)	Incorporated	PRC 6 January 2017	RMB50,000,000	70% (2019: 70%)	Property development
Nanjing Meiye (note 4.2)	Incorporated	PRC 6 November 2017	RMB400,000,000	50% (2019: 50%)	Property development
Changsha Zhaoxi Real Estate Development Company Limited* (長沙兆禧房地產有限公司)	Incorporated	PRC 13 December 2016	RMB50,000,000	100% (2019: 100%)	Property development
Nanning Dingchi Real Estate Development Company Limited* (南寧市鼎馳置業投資有限責任公司)	Incorporated	PRC 27 July 2011	RMB200,000,000	51% (2019: 51%)	Property development
Xiamen Jiafu Investment Company Limited* (廈門嘉富投資有限公司)	Incorporated	PRC 22 January 2015	RMB10,000,000	100% (2019: 100%)	Property investment
Suzhou Zhaokun Property Development Company Limited* (蘇州兆坤房地產開發有限公司)	Incorporated	PRC 1 September 2014	RMB50,000,000	100% (2019: 100%)	Property investment and development business
Longyan Lirui Real Estate Development Company Limited* (龍岩利瑞房地產開發有限公司)	Incorporated	PRC 9 August 2017	RMB50,000,000	100% (2019: 100%)	Property development
Jian'ou Fayun Real Estate Company Limited* (建甌發雲房地產有限公司)	Incorporated	PRC 22 December 2015	RMB15,000,000	75% (2019: 75%)	Property development
Jian'ou Zhongheng Real Estate Company Limited* (建甌中恒房地產有限公司)	Incorporated	PRC 22 June 2016	RMB5,000,000	75% (2019: 75%)	Property development

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## 22. SUBSIDIARIES (CONTINUED)

Name	Form of business structure	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
<b>Interests held indirectly</b>					
Guangzhou Jiansui Real Estate Development Company Limited* (廣州建穗房地產開發有限公司)	Incorporated	PRC 15 January 2018	RMB1,200,000,000	64% (2019: 64%)	Property development
Suzhou Jianhe Real Estate Development Company Limited* (蘇州建合房地產開發有限公司) ("Suzhou Jianhe")	Incorporated	PRC 16 March 2018	RMB300,000,000	55% (2019: 55%)	Property development
Shenzhen Shengyi Investment Management Company Limited* (深圳市盛毅投資管理有限公司) ("Shenzhen Shengyi")	Incorporated	PRC 29 February 2016	RMB2,000,000,000	51.6% (2019: 51.6%)	Property investment
Xiamen Zhaowudi Property Company Limited* (廈門兆武地置業有限公司) ("Xiamen Zhaowudi")	Incorporated	PRC 10 July 2018	RMB2,300,000,000	51% (2019: 51%)	Property investment
Zhangjiagang Jianxiang Real Estate Development Company Limited* (張家港建祥房地產開發有限公司)	Incorporated	PRC 13 April 2018	RMB50,000,000	100% (2019: 100%)	Property investment and development business
Fuzhou Pingjin Real Estate Company Limited* (福州平晉房地產有限公司)	Incorporated	PRC 5 September 2017	RMB2,000,000,000	51.6% (2019: 51.6%)	Property development
Lide Property (Fuzhou) Company Limited* (勵德置業(福州)有限公司) ("Lide Property")	Incorporated	PRC 19 June 2013	RMB160,000,000	70% (2019: 70%)	Property development
Lianjiang Zhaorui (note 44)	Incorporated	PRC 14 March 2018	RMB200,000,000	65% (2019: 46.15%)	Property development
Xiamen Zhaoqilong Real Estate Development Company Limited* (廈門兆祁隆房地產開發有限公司)	Incorporated	PRC 27 December 2017	RMB2,500,000,000	51% (2019: 51%)	Property development

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For the year ended 31 December 2020

## 22. SUBSIDIARIES (CONTINUED)

Name	Form of business structure	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
<b>Interests held indirectly</b>					
Shaxuan Tianchen Real Estate Development Company Limited* (沙縣天辰房地產開發有限公司) ("Shaxuan Tianchen")	Incorporated	PRC 9 November 2017	RMB150,000,000	51% (2019: 51%)	Property development
Nanping Jianyang Zhaosheng Real Estate Company Limited* (南平市建陽區兆盛房地產有限公司)	Incorporated	PRC 25 April 2018	RMB10,000,000	70% (2019: 70%)	Property development
Wuxi Jianhui (note 4.2) <sup>#</sup>	Incorporated	PRC 11 September 2020	RMB100,000,000	49% (2019: Nil)	Property development
Zhuhai Doumen Yifa Property Company Limited* (珠海斗門益發置業有限公司)	Incorporated	PRC 9 April 2018	RMB10,000,000	100% (2019: 100%)	Property development
Shanghai Putuo Yueda Property Company Limited* (上海普陀悅達置業有限公司) ("Shanghai Putuo")	Incorporated	PRC 20 May 2004	RMB12,000,000	55% (2019: 55%)	Commercial assets management and operation
Shenzhen Mingju Nanzhuang Real Estate Company Limited* (深圳市名巨南莊房地產有限公司) ("Mingju Nanzhuang")	Incorporated	PRC 20 October 2010	RMB10,000,000	51% (2019: 51%)	Property development
Zhuhai Doumen Huiye Real Estate Development Company Limited* (珠海市斗門匯業房產開發有限公司) ("Zhuhai Doumen")	Incorporated	PRC 16 March 2001	RMB6,510,000	51% (2019: 51%)	Property development
Guangzhou Jianrong Real Estate Development Company Limited* (廣州建融房地產開發有限公司) ("Guangzhou Jianrong")	Incorporated	PRC 2 August 2018	RMB1,200,000,000	64% (2019: 64%)	Property investment



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## 22. SUBSIDIARIES (CONTINUED)

Name	Form of business structure	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
<b>Interests held indirectly</b>					
Wuhan Zhaoyuema Real Estate Development Company Limited* (武漢兆悅茂房地產開發有限公司) ("Zhaoyuema")	Incorporated	PRC 27 September 2018	RMB500,000,000	51% (2019: 51%)	Property development
Xiamen Zhaoyirong Property Development Company Limited* (廈門兆翊蓉房地產開發有限公司) ("Xiamen Zhaoyirong")	Incorporated	PRC 27 June 2017	RMB1,000,000	100% (2019: 100%)	Property development
Xianyou Zhaoting Real Estate Company Limited* (仙遊兆挺置業有限公司) ("Xianyou Zhaoting")	Incorporated	PRC 12 February 2019	RMB10,000,000	55% (2019: 55%)	Property development
Ningde Zhaoquan Real Estate Company Limited* (寧德兆全房地產有限公司) ("Ningde Zhaoquan") <sup>#</sup>	Incorporated	PRC 30 October 2020	RMB1,400,000,000	71.4% (2019: Nil)	Property development
Fuzhou Zhaojin Real Estate Development Company Limited* (福州兆晉房地產開發有限公司) ("Fuzhou Zhaojin")	Incorporated	PRC 12 April 2019	RMB50,000,000	100% (2019: 100%)	Property development
Taicang Jiancang Real Estate Development Company Limited* (太倉建倉房地產開發有限公司)	Incorporated	PRC 10 April 2019	RMB780,000,000	100% (2019: 100%)	Property development
Zhuhai Yuefa Real Estate Company Limited* (珠海悅發置業有限公司) ("Zhuhai Yuefa")	Incorporated	PRC 18 April 2019	RMB50,000,000	100% (2019: 100%)	Property development
Nanping Zhaorong Real Estate Company Limited* (南平市兆榮房地產有限公司) ("Nanping Zhaorong")	Incorporated	PRC 10 May 2019	RMB100,000,000	75% (2019: 75%)	Property development

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## 22. SUBSIDIARIES (CONTINUED)

Name	Form of business structure	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
<b>Interests held indirectly</b>					
Xiamen Yichun Real Estate Company Limited* (廈門益春置業有限公司) ("Xiamen Yichun")	Incorporated	PRC 21 May 2019	RMB2,400,000,000	95% (2019: 95%)	Property investment
Fujian Zhaorui Real Estate Company Limited* (福建兆睿房地產有限公司) ("Fujian Zhaorui")	Incorporated	PRC 21 June 2019	RMB600,000,000	70% (2019: 70%)	Property development
Fujian Zhaosheng Real Estate Company Limited* (福建兆盛房地產有限公司) ("Fujian Zhaosheng")	Incorporated	PRC 4 June 2019	RMB30,000,000	100% (2019: 100%)	Property development
Ningde Zhaotou Real Estate Company Limited* (寧德兆投房地產有限公司) ("Ningde Zhaotou")	Incorporated	PRC 11 June 2019	RMB600,000,000	55% (2019: 55%)	Property development
Xiamen Zhaoyang Housing Relocation Service Company Limited* (廈門兆陽房屋征遷服務有限公司) ("Xiamen Zhaoyang")	Incorporated	PRC 18 June 2019	RMB5,000,000	100% (2019: 100%)	Property expropriation and compensation services
Ningde Zhaoyu (notes 4.2 and 44)	Incorporated	PRC 19 July 2019	RMB50,000,000	49.98% (2019: 100%)	Property development
Ningde Zhaohang	Incorporated	PRC 1 July 2019	RMB540,000,000	50% (2019: 50%)	Property investment
Nanning Zhaoyue Real Estate Development Company Limited* (南寧兆悅房地產開發有限公司) ("Nanning Zhaoyue")	Incorporated	PRC 4 July 2019	RMB10,000,000	100% (2019: 100%)	Property development

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## 22. SUBSIDIARIES (CONTINUED)

Name	Form of business structure	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
<b>Interests held indirectly</b>					
Xiamen Zhaoxu Construction Development Company Limited* (廈門兆旭建設發展有限公司)†	Incorporated	PRC 9 April 2020	RMB50,000,000	100% (2019: Nil)	Property development
Xiamen Jianfa Guang Yue Commercial Management Company Limited* (廈門建發廣悅商業管理有限公司)	Incorporated	PRC 19 June 2019	RMB5,000,000	100% (2019: 100%)	Property development
Xiamen Jianfa Yipin Cultural Development Company Limited* (廈門建發一品文化發展有限公司)	Incorporated	PRC 6 February 2018	RMB1,000,000	100% (2019: 100%)	Advertisement planning
Changshu Jianshang Real Estate Development Company Limited* (常熟建尚房地產開發有限公司) ("Changshu Jianshang")	Incorporated	PRC 7 August 2019	RMB600,000,000	100% (2019: 100%)	Property development
Zhangjiagang bonded area Xinyue Real Estate Company Limited* (張家港保稅區鑫悅房地產有限公司) ("Zhangjiagang bonded area")	Incorporated	PRC 19 August 2019	RMB1,500,000,000	100% (2019: 100%)	Property development
Suzhou Zhaoyue Real Estate Development Company Limited* (蘇州兆悅房地產開發有限公司) ("Suzhou Zhaoyue")	Incorporated	PRC 27 August 2019	RMB600,000,000	100% (2019: 100%)	Property development
Jinan Puzhong Huifu Real Estate Co., Ltd.* (濟南普中匯富置業有限公司) ("Jinan Puzhong")**	Incorporated	PRC 29 November 2019	RMB3,430,000,000	Nil (2019: 36%)	Property development
Putian Pinyue Engineering Company Limited* (莆田品悅裝修工程有限公司)†	Incorporated	PRC 16 June 2020	RMB1,000,000	100% (2019: Nil)	Engineering Management

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## 22. SUBSIDIARIES (CONTINUED)

Name	Form of business structure	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
<b>Interests held indirectly</b>					
Xiaman Lihe Engineering Management Company Limited* (廈門利和工程管理有限公司)	Incorporated	PRC 19 September 2018	RMB5,000,000	100% (2019: 100%)	Engineering Management
Shenzhen Shengjin Investment Management Company Limited* (深圳市盛錦投資管理有限公司) ("Shenzhen Shengjin")	Incorporated	PRC 20 November 2015	RMB2,300,000,000	51% (2019: 51%)	Property investment
Xiamen Jinshen Real Estate Development Company Limited* (廈門錦深房地產開發有限公司) ("Xiamen Jinshen")	Incorporated	PRC 27 June 2019	RMB2,300,000,000	51% (2019: 51%)	Property development
Nanning Zhaoying Real Estate Development Company Limited* (南寧兆盈房地產開發有限公司) ("Nanning Zhaoying")	Incorporated	PRC 29 June 2017	RMB50,000,000	60% (2019: 60%)	Property development
Xiamen Wanxinlian Commercial Management Company Limited* (廈門萬鑫聯商業保理有限公司)	Incorporated	PRC 6 August 2018	RMB200,000,000	100% (2019: 100%)	Commercial assets management and operation
Guizhou Zhongtianhaoyu Real Estate Development Company Limited* (貴州中天浩宇房地產開發有限公司) ("Guizhou Zhongtianhaoyu") <sup>Δ</sup>	Incorporated	PRC 12 June 2020	RMB1,500,000,000	90% (2019: Nil)	Property development
Suzhou Zhaorui Real Estate Development Company Limited* (蘇州兆瑞房地產開發有限公司) ("Suzhou Zhaorui")	Incorporated	PRC 11 October 2019	RMB50,000,000	100% (2019: 100%)	Property development
Lianjiang Zhaoyu Real Estate Development Company Limited* (連江兆裕房地產開發有限公司) ("Lianjiang Zhaoyu")	Incorporated	PRC 20 September 2019	RMB50,000,000	100% (2019: 100%)	Property development

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## 22. SUBSIDIARIES (CONTINUED)

Name	Form of business structure	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
<b>Interests held indirectly</b>					
Lianjiang Zhaoyue Real Estate Development Company Limited* (連江兆悅房地產開發有限公司) ("Lianjiang Zhaoyue")	Incorporated	PRC 12 October 2019	RMB50,000,000	100% (2019: 100%)	Property development
Lianjiang Zhaochang Investment Co., Ltd.* (連江兆昌投資有限公司) ("Lianjiang Zhaochang") (note 44)	Incorporated	PRC 26 April 2018	RMB102,000,000	100% (2019: 71%)	Property investment
Fujian Zhaofa Real Estate Company Limited* (福建兆發房地產有限公司) ("Fujian Zhaofa")	Incorporated	PRC 21 November 2019	RMB800,000,000	70% (2019: 70%)	Property development
Xiamen Yilong Real Estate Development Company Limited* (廈門益瓏房地產開發有限公司) ("Xiamen Yilong")(note 40(a)) <sup>Δ</sup>	Incorporated	PRC 1 July 2019	RMB900,000,000	51% (2019: Nil)	Property development
Xiamen Jianyirong Real Estate Company Limited* (廈門建益融房地產有限公司) ("Xiamen Jianyirong")	Incorporated	PRC 25 December 2019	RMB6,000,000,000	51% (2019: 51%)	Property investment
Fujian Zhaolian Real Estate Co., Ltd.* (福建兆聯房地產有限公司) ("Fujian Zhaolian")	Incorporated	PRC 14 December 2018	RMB800,000,000	70% (2019: 70%)	Property development
Xiamen Zhaominlong Real Estate Development Company Limited* (廈門兆琮隆房地產開發有限公司) ("Xiamen Zhaozongnong")	Incorporated	PRC 16 October 2018	RMB2,400,000,000	95% (2019: 95%)	Property development
Taicang Jianjin Real Estate Development Company Limited* (太倉建晉房地產開發有限公司)	Incorporated	PRC 24 July 2017	RMB500,000,000	100% (2019: 100%)	Property development

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## 22. SUBSIDIARIES (CONTINUED)

Name	Form of business structure	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
<b>Interests held indirectly</b>					
Putian Zhaoxi Real Estate Company Limited* (莆田兆璽置業有限公司)	Incorporated	PRC 26 October 2018	RMB50,000,000	100% (2019: 100%)	Project development
Jian'ou Jiajing Real Estate Company Limited* (建甌嘉景房地產有限公司)	Incorporated	PRC 8 March 2018	RMB250,000,000	70% (2019: 70%)	Property development
Taicang Jianyu Enterprise Management Consultancy Limited* (太倉建煜企業管理諮詢有限公司) ("Taicang Jianyu") #	Incorporated	PRC 11 March 2020	RMB900,000,000	51% (2019: Nil)	Property investment
Suzhou Zhaoda Real Estate Development Company Limited* (蘇州兆達房地產開發有限公司) ("Suzhou Zhaoda") #	Incorporated	PRC 16 April 2020	RMB1,200,000,000	60% (2019: Nil)	Property development
Zhangjiagang Jianxi Real Estate Development Company Limited* (張家港建禧房地產開發有限公司) ("Zhangjiagang Jianxi") #	Incorporated	PRC 17 July 2020	RMB2,000,000,000	60% (2019: Nil)	Property development
Xiamen Zhaoyunlong Real Estate Development Company Limited* (廈門兆芸隆房地產開發有限公司) ("Xiamen Zhaoyunlong") #	Incorporated	PRC 19 Jan 2020	RMB2,400,000,000	70% (2019: Nil)	Property development
Xiamen Hengrongchen Real Estate Development Company Limited* (廈門恒融晨房地產開發有限公司) ("Xiamen Hengrongchen") <sup>Δ</sup>	Incorporated	PRC 6 Dec 2019	RMB6,000,000,000	80% (2019: Nil)	Property development

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## 22. SUBSIDIARIES (CONTINUED)

Name	Form of business structure	Country/place and date of incorporation/ establishment and operation	Particulars of issued and paid in share capital/ registered capital	Effective interest held by the Group	Principal activities
<b>Interests held indirectly</b>					
Shenzhen Shengyi Investment Management Company Limited* (深圳市盛毅投資管理有限公司) ("Shenzhen Shengyi")	Incorporated	PRC 29 Feb 2016	RMB2,000,000,000	51.6% (2019: 51.6%)	Property investment
Xiamen Yihuayuan Investment Co., Ltd.* (廈門益華園投資有限公司) ("Xiamen Yihuayuan") #	Incorporated	PRC 29 May 2020	RMB2,400,000,000	70% (2019: Nil)	Property investment
Metropolitan Investments Holding Group Pty.Ltd.	Incorporated	Australia 28 February 2014	Australian Dollar ("AUD") 2	60% (2019: 60%)	Property development

\* The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

\*\* During the year ended 31 December 2020, Jinan Puzhong was deregistered and in the opinion of the directors, loss on deregistration was insignificant to the consolidated financial statements.

# These subsidiaries were newly incorporated during the year ended 31 December 2020.

△ These subsidiaries were acquired during the year ended 31 December 2020.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 22. SUBSIDIARIES (CONTINUED)

The following table lists out the information related to Shenzhen Shengjin, Xiamen Jianyirong, Xiamen Zhaowudi, Suzhou Zhaoda, Zhangjiagang Jianxi, Xiamen Yihuayuan and its subsidiary ("Xiamen Yihuayuan Group"), Xiamen Hengrongchen and Shenzhen Shengyi and its subsidiary ("Shenzhen Shengyi Group"), the subsidiaries of the Group which have material non-controlling interests. The summarised financial information presented below represents the amounts before any inter-company elimination.

	<b>Shenzhen Shengjin</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
Non-controlling interests percentage	<b>49%</b>	49%
Non-current assets	<b>2,300,000</b>	2,300,000
Current assets	<b>118,900</b>	159,525
Current liabilities	<b>(119,120)</b>	(143,613)
Net assets	<b>2,299,780</b>	2,315,912
Carrying amount of non-controlling interests	<b>1,126,892</b>	1,134,797
Revenue	–	–
(Loss)/Profit for the year/period	<b>(16,132)</b>	15,760
Total comprehensive (expense)/income for the year/period	<b>(16,132)</b>	15,760
(Loss)/Profit and total comprehensive (expense)/income attributable to non-controlling interests	<b>(7,905)</b>	7,722
Dividends paid to non-controlling shareholders	–	–
Cash flows (used in)/from operating activities	<b>(287,960)</b>	63
Cash flows from/(used in) investing activities	<b>8,523</b>	(2,404,694)
Cash flows from financing activities	–	2,405,218
Net cash (outflows)/inflows	<b>(279,437)</b>	587



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 22. SUBSIDIARIES (CONTINUED)

	<b>Xiamen Jianyirong</b>	
	<b>2020</b>	2019
	<b>RMB'000</b>	RMB'000
Non-controlling interests percentage	<b>49%</b>	49%
Non-current assets	–	–
Current assets	<b>8,822,003</b>	6,000,000
Current liabilities	<b>(2,822,001)</b>	–
Net assets	<b>6,000,002</b>	6,000,000
Carrying amount of non-controlling interests	<b>2,940,001</b>	2,940,000
Revenue	–	–
Profit for the year/period	<b>2</b>	–
Total comprehensive income for the period	<b>2</b>	–
Profit and total comprehensive income attributable to non-controlling interests	<b>1</b>	–
Dividends paid to non-controlling shareholders	–	–
Cash flows used in operating activities	<b>(2)</b>	–
Cash flows from investing activities	<b>5</b>	–
Cash flows from financing activities	–	2
Net cash inflows	<b>3</b>	2

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For the year ended 31 December 2020

## 22. SUBSIDIARIES (CONTINUED)

	Xiamen Zhaowudi	
	2020	2019
	RMB'000	RMB'000
Non-controlling interests percentage	49%	49%
Non-current assets	2,500,173	2,500,173
Current assets	1	1
Current liabilities	(203,769)	(203,768)
Non-current liabilities	–	–
Net assets	2,296,405	2,296,406
Carrying amount of non-controlling interests	1,125,239	1,125,239
Revenue	–	–
Loss for the period	(1)	(40)
Total comprehensive expense for the period	(1)	(40)
Loss and total comprehensive expense attributable to non-controlling interests	–	(19)
Dividends paid to non-controlling shareholders	–	–
Cash flows used in operating activities	(575)	(2)
Cash flows from investing activities	–	–
Cash flows from financing activities	575	–
Net cash inflows/(outflows)	–	(2)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 22. SUBSIDIARIES (CONTINUED)

	Suzhou Zhaoda 2020 RMB'000
Non-controlling interests percentage	40%
Non-current assets	11,164
Current assets	2,808,596
Current liabilities	(251,569)
Non-current liabilities	(852,926)
Net assets	1,715,265
Carrying amount of non-controlling interests	686,106
Revenue	–
Profit for the period	24,735
Total comprehensive income for the period	24,735
Profit and total comprehensive income attributable to non-controlling interests	9,894
Dividends paid to non-controlling shareholders	–
Cash flows from operating activities	289,331
Cash flows used in investing activities	(7,872)
Cash flows used in financing activities	(128,269)
Net cash inflows	153,190

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 22. SUBSIDIARIES (CONTINUED)

	Zhangjiagang Jianxi 2020 RMB'000
Non-controlling interests percentage	40%
Non-current assets	5,016
Current assets	2,260,143
Current liabilities	(275,681)
Non-current liabilities	(1,082)
Net assets	1,988,396
Carrying amount of non-controlling interests	795,358
Revenue	–
Profit for the period	11,604
Total comprehensive income for the period	11,604
Profit and total comprehensive income attributable to non-controlling interests	4,642
Dividends paid to non-controlling shareholders	–
Cash flows used in operating activities	(1,322,503)
Cash flows from investing activities	181
Cash flows from financing activities	1,561,458
Net cash inflows	239,136

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 22. SUBSIDIARIES (CONTINUED)

	Xiamen Yihuayuan Group 2020 RMB'000
Non-controlling interests percentage	30%
Non-current assets	11,218
Current assets	3,945,550
Current liabilities	(997,943)
Non-current liabilities	(577,560)
Net assets	2,381,265
Carrying amount of non-controlling interests	714,380
Revenue	–
Loss for the period	(18,736)
Total comprehensive expense for the period	(18,736)
Loss and total comprehensive expense attributable to non-controlling interests	(5,621)
Dividends paid to non-controlling shareholders	–
Cash flows used in operating activities	(702,753)
Cash flows used in investing activities	(262,523)
Cash flows from financing activities	1,308,454
Net cash inflows	343,178

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 22. SUBSIDIARIES (CONTINUED)

	Xiamen Hengrongchen 2020 RMB'000
Non-controlling interests percentage	20%
Non-current assets	360,607
Current assets	21,331,124
Current liabilities	(13,228,670)
Non-current liabilities	(2,570,397)
Net assets	5,892,664
Carrying amount of non-controlling interests	1,178,533
Revenue	–
Loss for the period	(103,949)
Total comprehensive expense for the period	(103,949)
Loss and total comprehensive expense attributable to non-controlling interests	(20,790)
Dividends paid to non-controlling shareholders	–
Cash flows from operating activities	7,191,778
Cash flows from investing activities	1,828
Cash flows used in financing activities	(4,424,542)
Net cash inflows	2,769,064

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 22. SUBSIDIARIES (CONTINUED)

	Shenzhen Shengyi Group	
	2020 RMB'000	2019 RMB'000
Non-controlling interests percentage	<b>48.40%</b>	48.40%
Non-current assets	<b>35,067</b>	25,149
Current assets	<b>2,380,440</b>	3,096,933
Current liabilities	<b>(491,976)</b>	(1,169,079)
Non-current liabilities	<b>(79)</b>	–
Net assets	<b>1,923,452</b>	1,953,003
Carrying amount of non-controlling interests	<b>930,951</b>	945,253
Revenue	<b>2,182,463</b>	50
Loss for the year	<b>(29,551)</b>	(4,884)
Total comprehensive expense for the year	<b>(29,551)</b>	(4,884)
Loss and total comprehensive expense attributable to non-controlling interests	<b>(14,302)</b>	(2,364)
Dividends paid to non-controlling shareholders	–	–
Cash flows from operating activities	<b>1,093,401</b>	563,039
Cash flows from investing activities	<b>2,230</b>	552
Cash flows used in financing activities	<b>(1,161,500)</b>	(489,084)
Net cash (outflows)/inflows	<b>(65,869)</b>	74,507

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 23. INVENTORIES OF PROPERTIES AND OTHER CONTRACT COSTS

	2020 RMB'000	2019 RMB'000
Inventories of properties		
Properties under development (note a)	<b>113,191,414</b>	72,758,410
Properties held for sale (note a)	<b>5,690,644</b>	3,150,724
	<b>118,882,058</b>	75,909,134
Other contract costs (note b)	<b>599,440</b>	258,728
	<b>119,481,498</b>	76,167,862
Inventories of properties	<b>119,181,064</b>	75,935,434
Less: Provision for inventories	<b>(299,006)</b>	(26,300)
	<b>118,882,058</b>	75,909,134

### (a) Inventories of properties

The properties under development and properties held for sale are located in the PRC and Australia.

The analysis of carrying value of leasehold land for property development is as follows:

	2020 RMB'000	2019 RMB'000
In PRC, with remaining lease term of: between 40 and 70 years	<b>100,194,602</b>	51,273,191

As at 31 December 2020, the carrying amount of properties under development of RMB28,313,762,000 (2019: RMB16,918,084,000) have been pledged to banks to secure the Group's bank borrowings. Details of the secured bank borrowings are set out in note 31.

As at 31 December 2020, properties under development amounted to approximately RMB82,903,738,000 (2019: RMB46,393,140,000) were expected to be completed and available for sale to the customers more than twelve months from the reporting date.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 23. INVENTORIES OF PROPERTIES AND OTHER CONTRACT COSTS (CONTINUED)

### (a) Inventories of properties *(Continued)*

The properties held for sale and properties under development of the Group are located as follows:

	2020 RMB'000	2019 RMB'000
Properties under development		
— PRC	<b>113,128,793</b>	72,694,474
— Australia	<b>62,621</b>	63,936
	<b>113,191,414</b>	72,758,410
Properties held for sale		
— PRC	<b>5,690,644</b>	3,150,724
	<b>118,882,058</b>	75,909,134

### (b) Other contract costs

Contract costs capitalised relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of "selling expenses" in the consolidated statement of profit or loss and other comprehensive income in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was RMB1,058,300,000 (2019: RMB263,780,000). There was no impairment in relation to the costs capitalised during the year. The amount of capitalised contract costs that is expected to be recovered after one year is RMB232,005,000 (2019: RMB100,376,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 24. TRADE AND OTHER RECEIVABLES

	2020 RMB'000	2019 RMB'000
<b>Trade receivables</b>		
From third parties	465,391	229,679
Less: Loss allowance	(23,322)	(11,609)
	<b>442,069</b>	218,070
<b>Other receivables</b>		
Deposits	209,962	126,448
Prepayments	24,182	22,979
Other receivables	425,468	503,479
Prepayments for proposed development projects (note)	2,308,372	4,223,005
Value-added-tax receivables	2,084,114	1,524,771
	<b>5,052,098</b>	6,400,682
Less: Loss allowance	(19,127)	(14,287)
	<b>5,032,971</b>	6,386,395
	<b>5,475,040</b>	6,604,465

Note: The Group has entered into several contractual arrangements with independent third parties in respect of the proposed acquisitions of equity interests in certain PRC entities, which own land use rights or property development projects in the PRC.

The directors of the Group considered that the fair values of trade and other receivables are not materially different from their carrying amounts because these amounts have short maturity periods on their inception.

Trade receivables generally have credit terms of 30 days. Trade receivables in respect of sales of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. For the trade receivables derived from rental income, building management fee income, entrusted services income and smart construction services income, the income is paid in accordance with the terms of the respective agreements and the balance is due on presentation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 24. TRADE AND OTHER RECEIVABLES (CONTINUED)

Based on the invoice dates, the ageing analysis of the trade receivables, net of loss allowance, is as follows:

	2020 RMB'000	2019 RMB'000
0–30 days	433,027	209,933
31–90 days	8,555	4,129
91–180 days	–	747
181–365 days	16	1,700
Over 1 year	471	1,561
	<b>442,069</b>	218,070

Movements of the Group's loss allowance on trade receivables are as follows:

	2020 RMB'000	2019 RMB'000
Balance at 1 January	11,609	3,606
Impairment losses recognised during the year	12,619	8,003
The Distribution	(906)	–
<b>Balance at 31 December</b>	<b>23,322</b>	11,609

Movements of the Group's loss allowance on other receivables are as follows:

	2020 RMB'000	2019 RMB'000
Balance at 1 January	14,287	5,052
Impairment losses recognised during the year	4,840	9,235
<b>Balance at 31 December</b>	<b>19,127</b>	14,287

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. The Group applies the simplified approach on trade receivables and 12-month ECL method on other receivables to provide for ECL prescribed by HKFRS 9. During the year ended 31 December 2020, the Group has made provision of impairment for trade receivables and other receivables of approximately RMB12,619,000 and RMB4,840,000 (2019: RMB8,003,000 and RMB9,235,000) respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 25. CONTRACT LIABILITIES

	2020 RMB'000	2019 RMB'000
<b>Property development</b>		
— Forward sales deposits and instalments received	<b>66,115,894</b>	36,423,681

The Group receives payments from customers based on the terms established in the property sale contracts. Payments are usually received in advance of the performance under the contracts. Such liabilities increased as a result of the growth of the Group's contracted property sales.

### (a) Revenue recognised in relation to contract liabilities

	2020 RMB'000	2019 RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	<b>31,640,731</b>	10,741,082

### (b) Unsatisfied contracts related to sales of properties

	2020 RMB'000	2019 RMB'000
Revenue expected to be recognised within one year	<b>35,598,658</b>	22,604,625
Revenue expected to be recognised after one year	<b>30,517,236</b>	13,742,815
Total transaction price allocated to the unsatisfied contracts	<b>66,115,894</b>	36,347,440

## 26. DEPOSITS FOR LAND ACQUISITIONS

Deposits for land acquisitions arise from the acquisitions of lands in various regions in the PRC. These deposits would either be converted into right-of-use assets, or properties under development when the rights to use have been obtained. The carrying amounts of the Group's deposits for land acquisitions are denominated in RMB.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 27. CASH AT BANKS AND ON HAND

	2020 RMB'000	2019 RMB'000
Cash at banks and on hand	27,367,880	10,385,864
Restricted bank deposits	624,986	1,176,406
	<b>27,992,866</b>	11,562,270

Bank balances of RMB27,955,226,000 (2019: RMB11,418,874,000) are denominated in RMB placed with banks in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

Restricted bank deposits represented guarantee deposits for construction of pre-sale properties denominated in RMB placed in designated accounts. In accordance with relevant government requirements, certain property development companies of the Group are required to place certain amount of pre-sale proceeds in designated bank accounts as guarantee deposits for the constructions of the related properties. The deposits can only be used for payments for construction costs of the relevant properties when approval from related government authority is obtained. Such guarantee deposits will be released after the completion of construction of the related properties.

## 28. TRADE AND OTHER PAYABLES

	2020 RMB'000	2019 RMB'000
<b>Trade payables</b>	<b>11,244,915</b>	6,420,444
<b>Other payables</b>		
Receipts in advances and other payables	2,046,237	611,433
Interest payable	375,398	141,736
Salaries payable	631,477	461,028
Value-added-tax payable	800,861	104,777
Deposits received	352,050	188,367
Accrued expenses	443,637	74,915
Collection and payment on behalf of others	228,044	96,877
	<b>4,877,704</b>	1,679,133
	<b>16,122,619</b>	8,099,577

The carrying values of trade and other payables are considered to be a reasonable approximation of their fair values.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 28. TRADE AND OTHER PAYABLES (CONTINUED)

The credit terms of trade payables vary according to the terms agreed with different suppliers. Included in trade payables are trade creditors with the following ageing analysis, based on invoice dates, as of the reporting date:

	2020 RMB'000	2019 RMB'000
0–30 days	9,819,012	5,896,101
31–60 days	456,987	41,548
61–90 days	121,939	41,286
Over 90 days	846,977	441,509
	<b>11,244,915</b>	6,420,444

## 29. AMOUNTS DUE FROM/(TO) RELATED COMPANIES/NON-CONTROLLING INTERESTS/ LOANS FROM INTERMEDIATE HOLDING COMPANY

	2020 RMB'000	2019 RMB'000
Amounts due from non-controlling interests	12,604,213	8,483,024
Less: Loss allowance	(12,604)	(8,378)
	<b>12,591,609</b>	8,474,646

	2020 RMB'000	2019 RMB'000
Amounts due to related companies:		
— associates	3,208,580	879,997
— intermediate holding company	728,209	1,673,837
	<b>3,936,789</b>	2,553,834
Amounts due to non-controlling interests	<b>3,011,547</b>	2,915,151

As at 31 December 2020 and 2019, the amounts due from/(to) non-controlling interests/associates/intermediate holding company are unsecured, interest-free and repayable on demand, except for amounts due to non-controlling interests of RMB2,329,305,000 (2019: RMB2,279,255,000) bear interest ranging from 3.85% to 11.5% (2019: 4.35% to 8%) per annum.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 29. AMOUNTS DUE FROM/(TO) RELATED COMPANIES/NON-CONTROLLING INTERESTS/ LOANS FROM INTERMEDIATE HOLDING COMPANY (CONTINUED)

As at 31 December 2020, the loans from intermediate holding company are unsecured, interest-bearing at effective interest rate of 5.5% (2019: 5.7%) per annum and would not be repayable within one year.

The carrying amounts of the balances approximate their fair values.

Movements of the Group's loss allowance on amounts due from non-controlling interests are as follows:

	2020 RMB'000	2019 RMB'000
Balance at 1 January	8,378	–
ECL allowances recognised during the year	4,226	8,378
Balance at 31 December	12,604	8,378

At each reporting date, the Group reviews receivables for evidence of impairment on both individual and collective basis. The Group applies the 12-month ECL method on amounts due from non-controlling interests to provide for ECL prescribed by HKFRS 9. During the year ended 31 December 2020, the Group has made provision of impairment for amounts due from non-controlling interests of approximately RMB4,226,000 (2019: RMB8,378,000).

## 30. RECEIPTS UNDER SECURITISATION ARRANGEMENTS

These represented proceeds received from issuance of receipts under securitisation arrangements collateralised by certain future trade receivables for the remaining receipts from sales of properties, less amounts repaid. These securities bear an effective interest rate ranging from 6.13% to 6.82% per annum and are repayable in April 2022. The Company holds all subordinated tranche.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 31. INTEREST-BEARING BORROWINGS

	2020 RMB'000	2019 RMB'000
Bank loans		
— Secured	16,214,506	11,234,537
— Unsecured	10,579,069	6,008,485
	<b>26,793,575</b>	17,243,022

At 31 December 2020, the Group's bank loans were repayable as follows:

	2020 RMB'000	2019 RMB'000
Carrying amount repayable		
Within one year or on demand	3,272,636	3,263,480
In the second year	6,248,547	3,512,800
In the third to fifth year	16,975,811	10,450,140
After the fifth year	296,581	16,602
	<b>26,793,575</b>	17,243,022
Less: Amounts shown under current liabilities	<b>(3,272,636)</b>	(3,263,480)
	<b>23,520,939</b>	13,979,542

As at 31 December 2020 and 2019, the Group's bank loans are secured by the legal charges over the Group's property, plant and equipment with carrying value of approximately RMBNil (2019: RMB10,075,000) (note 16), properties under development with carrying value of approximately RMB28,313,762,000 (2019: RMB16,918,084,000) (note 23) and investment properties with fair value of approximately RMB633,000,000 (2019: RMB622,000,000) (note 18).

As at 31 December 2020 and 2019, the unsecured borrowings were guaranteed by C&D Real Estate, the intermediate holding company of the Group except for the unsecured borrowings of RMB339,020,000 (2019: RMB2,099,700,000) were guaranteed by the subsidiaries of the Company.

As at 31 December 2020 and 2019, the bank loans bear an effective interest rate from 3.8% to 7% (2019: from 3.4% to 7%) per annum, except for bank loans of RMB339,020,000 (2019: RMB648,542,000) which bear a fixed interest rate of 2.75% (2019: 5.1%) per annum.

As at 31 December 2020 and 2019, the bank loans of approximately RMB339,020,000 (2019: RMB2,100,255,000) and RMB16,640,000 (2019: RMB16,602,000) were denominated in HK\$ and Australian Dollars ("AUD").



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 32. DEFERRED TAXATION

The net movement of deferred tax liabilities/(assets) are as follows:

	2020 RMB'000	2019 RMB'000
At the beginning of the year	(1,161,231)	(598,786)
Recognised in profit or loss	(1,153,502)	(560,461)
Acquisition of subsidiaries	(2,954)	(1,984)
Deemed disposal of a subsidiary (note 41)	6,006	–
The Distribution	389	–
At the end of the year	(2,311,292)	(1,161,231)

### Deferred tax liabilities

	Revaluation of investment properties RMB'000	Withholding tax RMB'000	Others temporary differences RMB'000	Total RMB'000
At 1 January 2019	152,056	14,633	112,227	278,916
Credited to profit or loss	(1,577)	–	(38,075)	(39,652)
At 31 December 2019 and 1 January 2020	150,479	14,633	74,152	239,264
Charged/(Credited) to profit or loss	(3,824)	12,820	32,293	41,289
Acquisition of subsidiaries (note 40)	–	–	2,036	2,036
The Distribution (note 11)	–	(2,900)	873	(2,027)
<b>At 31 December 2020</b>	<b>146,655</b>	<b>24,553</b>	<b>109,354</b>	<b>280,562</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 32. DEFERRED TAXATION (CONTINUED)

### Deferred tax assets

	Impairment of assets RMB'000	Recognition of expenses RMB'000	LAT RMB'000	Prepaid income taxes RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2019	(14,248)	(46,753)	(209,936)	(363,086)	(239,901)	(873,924)
Impact on initial application of HKFRS 16	–	(3,778)	–	–	–	(3,778)
At 1 January 2019 (adjusted)	<b>(14,248)</b>	<b>(50,531)</b>	<b>(209,936)</b>	<b>(363,086)</b>	<b>(239,901)</b>	<b>(877,702)</b>
Acquisition of subsidiaries	–	–	–	–	(1,984)	(1,984)
Charged/(Credited) to profit or loss	<b>3,857</b>	<b>(3,182)</b>	<b>46,193</b>	<b>(524,633)</b>	<b>(43,044)</b>	<b>(520,809)</b>
At 31 December 2019 and 1 December 2020	<b>(10,391)</b>	<b>(53,713)</b>	<b>(163,743)</b>	<b>(887,719)</b>	<b>(284,929)</b>	<b>(1,400,495)</b>
Acquisition of subsidiaries	–	–	–	–	(4,990)	(4,990)
Credited to profit or loss	<b>(4,068)</b>	<b>(506,042)</b>	<b>(24,931)</b>	<b>(604,359)</b>	<b>(55,391)</b>	<b>(1,194,791)</b>
Deemed disposal of a subsidiary (note 41)	–	–	–	–	6,006	6,006
Distribution of the C&D Property Group (note 11)	<b>227</b>	–	–	–	<b>2,189</b>	<b>2,416</b>
<b>At 31 December 2020</b>	<b>(14,232)</b>	<b>(559,755)</b>	<b>(188,674)</b>	<b>(1,492,078)</b>	<b>(337,115)</b>	<b>(2,591,854)</b>

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2020 RMB'000	2019 RMB'000
Deferred tax assets	<b>(2,591,854)</b>	(1,400,495)
Deferred tax liabilities	<b>280,562</b>	239,264
	<b>(2,311,292)</b>	(1,161,231)

As at 31 December 2020, no deferred tax has been recognised for withholding taxes that would be payable on certain unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in the PRC. In the opinion of the directors, the Company controls the dividend policy of these subsidiaries and it is not probable that the temporary differences will reverse in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in the PRC for which deferred tax liabilities have not been recognised was approximately RMB616,242,000 as at 31 December 2020 (2019: RMB414,295,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 33. LEASE LIABILITIES

The remaining contractual maturities of the Group's lease liabilities as at 31 December 2020 are as follows:

	2020 RMB'000	2019 RMB'000
Total minimum lease payments:		
Within 1 year	37,291	35,785
After 1 year but within 2 years	34,249	20,889
After 2 year but within 5 years	80,268	49,696
After 5 years	52,268	68,385
	204,076	174,755
Future finance charges on lease liabilities	(37,424)	(36,661)
Present value of lease liabilities	166,652	138,094

	2020 RMB'000	2019 RMB'000
Present value of minimum lease payments:		
Within 1 year	28,325	28,355
After 1 year but within 2 years	26,807	14,985
After 2 year but within 5 years	66,138	36,394
After 5 years	45,382	58,360
	166,652	138,094
Less: Portion due within one year included under current liabilities	(28,325)	(28,355)
Portion due after one year included under non-current liabilities	138,327	(109,739)

During the year ended 31 December 2020, the total cash outflows for the leases are RMB50,477,000 (2019: RMB40,611,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 34. SHARE CAPITAL

	2020		2019	
	Number of shares	Amount RMB'000	Number of shares	Amount RMB'000
<b>Authorised:</b>				
Ordinary shares of HK\$0.1 each At 31 December	<b>3,000,000,000</b>	<b>254,870</b>	3,000,000,000	254,870
<b>Issued and fully paid:</b>				
At 1 January	<b>909,864,745</b>	<b>76,921</b>	734,864,745	61,532
Conversion of perpetual convertible bond (note a)	<b>266,846,361</b>	<b>23,715</b>	120,000,000	10,664
Issuance of new shares (note b)	–	–	55,000,000	4,725
At 31 December 2020	<b>1,176,711,106</b>	<b>100,636</b>	909,864,745	76,921

Notes:

- a) On 14 January 2020, Well Land exercised the conversion rights with conversion of 266,846,361 shares at the conversion price of HK\$7.42 per share, giving rise to an increase in share capital and share premium of approximately HK\$26,685,000 (equivalent to RMB23,715,000) and HK\$1,953,315,000 (equivalent to RMB1,735,911,000) respectively. Distributions to holders of perpetual convertible bond amounting to RMB84,038,000 was treated as a deduction against the share premium account.

On 26 April 2019, Well Land exercised the conversion rights with conversion of 120,000,000 shares at the conversion price of HK\$8.50 per share, giving rise to an increase in share capital and share premium of approximately RMB10,644,000 and RMB895,810,000 respectively. Distributions to holders of perpetual convertible bond amounting to RMB15,100,000 was treated as a deduction against the share premium account.

- b) On 26 April 2019, the Company completed the placing of 55,000,000 ordinary shares of HK\$0.1 each at a placing price of HK\$9.00 per share under general mandate with total proceed of HK\$495,000,000 (equivalents to RMB425,220,000), giving rise to an increase in share premium of approximately RMB411,135,000. Share issuance expenses directly attributable to the issue of new shares amounting to RMB9,360,000 was treated as a deduction against the share premium account.

## 35. RESERVES

Details of the movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity.

### Share premium

The share premium account of the Group represents the premium arising from the issuance of shares of the Company at premium.

### Statutory reserve

According to the relevant PRC laws, the subsidiaries are required to transfer at least 10% of its net profit after tax, as determined under the PRC accounting regulation, to a statutory reserve until the reserve balance reaches 50% of the subsidiaries' registered capital. The transfer of this reserve must be made before the distribution of dividend to the subsidiaries' equity owners. The statutory reserve is non-distributable other than upon the liquidation of the subsidiaries.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 35. RESERVES (CONTINUED)

### Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. Movements in this account are set out in the consolidated statement of changes in equity.

### Capital reserve

Capital reserve represents the difference between issued share capital of the Company and the aggregate nominal value of the respective share capital/paid-in capital of the companies acquired by the Group. The capital reserve also resulted from the acquisition of additional interest in a subsidiary which represents the difference between the fair value of the considerations given and the carrying amount of the net assets attributable to the additional interest in a subsidiary acquired from non-controlling interests. The capital reserve also represents the excess of investment cost over the share capital and share premium of the common control entities.

### Revaluation reserve

Revaluation reserve arose from transfer of owner-occupied properties to investment properties in prior years.

### Perpetual convertible bond

The perpetual convertible bond bears a coupon rate of 4.25% per annum and requires annual distribution payment to Well Land on distribution payment date. The Company may choose to defer payments in whole or in part at its sole discretion within certain accumulated limits by giving notice in advance to Well Land.

The Company may redeem in whole the outstanding perpetual convertible bond: (1) on written consent by Well Land; (2) at a mutually agreed price; and (3) on the ending date of the third year from the issue date or on any distribution payment date after three years from the issue date.

As the perpetual convertible bond bears no obligation of principal repayment and the Company has a deferral option for the distributions, the perpetual convertible bond does not apply to the definition for classification of financial liabilities. Consequently, the perpetual convertible bond is classified as an equity instrument and the distribution if and when declared is treated as equity dividend.

On 5 July 2019, the conversion price has been adjusted from HK\$8.50 to HK\$7.42 per share and the total number of new shares convertible from 232,941,176 to 266,846,361 pursuant to applicable provisions in respond to the dividend payment of HK\$1.2 per ordinary share approved by the shareholders of the Company on 27 May 2019 as set out in the announcement dated 5 July 2019.

On 14 January 2020, Well Land exercised the conversion rights with conversion of 266,846,361 shares at the conversion price of HK\$7.42 per share, giving rise to an increase in share capital and share premium of approximately HK\$26,685,000 (equivalent to RMB23,715,000) and HK\$1,953,315,000 (equivalent to RMB1,735,911,000) respectively. Distributions to holders of perpetual convertible bond amounting to RMB84,038,000 was treated as a deduction against the share premium account.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 35. RESERVES (CONTINUED)

### Perpetual loan

On 1 December 2020, the Group and C&D Real Estate entered into a renewable term loan agreement (the "Renewable Term Loan Agreement"). Pursuant to the terms of the Renewable Term Loan Agreement, C&D Real Estate agreed to grant the loan facilities to the Group with a total principal amount of RMB9,500,000,000 (the "Loan") in which C&D Real Estate's obligation of providing the Loan shall be satisfied by setting off against an equivalent amount of the shareholder's loan granted by C&D Real Estate to the Group (the "Shareholder's loan").

The initial term of the Loans is 10 years. On the date falling 10 years after the date of the Renewable Term Loan Agreement, the Group shall have the option to extend the maturity of the Loan for every additional cycle (i.e., five years) or elect to repay in full. The Group is not limited by the number of times it may exercise its option to renew the term. The initial annual interest rate for the first year of the Loan is the above-five-year Loan Prime Rate (the "LPR") published by the People's Bank of China (the "PBC"), which will be adjusted at the end of every six months since the date of the Renewable Term Loan Agreement in accordance with the latest LPR published by the PBC in the previous month. Every time when the Group elects to exercise the option to extend the maturity of the Loan, the annual interest rate shall be increased by 3% until it reaches 10%. Since the date falling three years after the date of the Renewable Term Loan Agreement, the Group has the right to early redeem the Loan with a principal amount plus all accrued interest.

The Loan do not have specific maturities in which the Group has the right to defer the outstanding principal and interest or to redeem the Loan. The Group does not have the contractual obligation to deliver cash or other financial assets to other parties.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2020 RMB'000	2019 RMB'000
<b>ASSETS AND LIABILITIES</b>		
<b>Non-current assets</b>		
Interests in subsidiaries	727,028	727,028
<b>Current assets</b>		
Prepayments and other receivables	180	182
Amount due from intermediate holding company	–	241,527
Amounts due from subsidiaries	3,862,669	4,900,525
Cash at banks and on hand	36,264	140,541
	3,899,113	5,282,775
<b>Total assets</b>	<b>4,626,141</b>	<b>6,009,803</b>
<b>Current liabilities</b>		
Accruals and other payables	8,290	1,500
Interest-bearing borrowings	339,020	2,107,459
	347,310	2,108,959
<b>Net current assets</b>	<b>3,551,803</b>	<b>3,173,816</b>
<b>Total assets less current liabilities</b>	<b>4,278,831</b>	<b>3,900,844</b>
<b>Non-current liabilities</b>		
Loans from intermediate holding company	1,337,590	–
<b>Total liabilities</b>	<b>1,684,900</b>	<b>2,108,959</b>
<b>Net assets</b>	<b>2,941,241</b>	<b>3,900,844</b>
<b>EQUITY</b>		
Share capital	100,636	76,921
Other reserves (note)	2,840,605	3,823,923
<b>Total equity</b>	<b>2,941,241</b>	<b>3,900,844</b>

Approved and authorised for issue by the board of directors on 26 March 2021.

ZHAO Chengmin  
Director

LIN Weiguo  
Director

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (CONTINUED)

Note:

The movements of the Company's other reserves are as follows:

	Perpetual convertible bond RMB'000	Share premium RMB'000	Capital reserve (note (a)) RMB'000	Exchange reserve RMB'000	Accumulated losses/ Retained earnings RMB'000	Total RMB'000
At 1 January 2019	2,666,100	1,359,438	490,259	27,626	(24,544)	4,518,879
Loss and total comprehensive expense for the year	-	-	-	-	(206,082)	(206,082)
Currency translation differences	-	-	-	86,147	-	86,147
Issuance of share capital, net of transaction costs (note 34(b))	-	411,135	-	-	-	411,135
Distribution to holders of perpetual convertible bond (note 34(a))	-	(15,100)	-	-	-	(15,100)
Conversion of perpetual convertible bond (note 34(a))	(906,474)	895,810	-	-	-	(10,664)
2019 final dividend approved and paid (note 12)	-	(960,392)	-	-	-	(960,392)
<b>At 31 December 2019 and 1 January 2020</b>	<b>1,759,626</b>	<b>1,690,891</b>	<b>490,259</b>	<b>113,773</b>	<b>(230,626)</b>	<b>3,823,923</b>
Loss and total comprehensive expense for the year	-	-	-	-	153,618	153,618
Currency translation differences	-	-	-	(134,366)	-	(134,366)
Distribution to C&D Property Group	-	(9,982)	-	-	-	(9,982)
Distribution to holders of perpetual convertible bond (note 34(a))	-	(84,038)	-	-	-	(84,038)
Conversion of perpetual convertible bond (note 34(a))	(1,759,626)	1,735,911	-	-	-	(23,715)
2019 final dividend approved and paid (note 12)	-	(884,835)	-	-	-	(884,835)
<b>At 31 December 2020</b>	<b>-</b>	<b>2,447,947</b>	<b>490,259</b>	<b>(20,593)</b>	<b>(77,008)</b>	<b>2,840,605</b>

Note:

- (a) The capital reserve of the Company represented the difference between the net asset value of the subsidiaries acquired and the nominal value of the share capital of the Company issued in exchange thereof pursuant to the initial listing.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 37. LEASE COMMITMENTS

### a. As lessor

At the reporting date, the future aggregate minimum lease receipts under non-cancellable operating leases in respect of the Group's investment properties are receivables as follows:

	2020 RMB'000	2019 RMB'000
Within 1 year	142,534	142,389
After 1 year but within 2 years	94,373	96,561
After 2 year but within 3 years	56,416	65,539
After 3 year but within 4 years	42,864	46,452
After 4 year but within 5 years	29,608	36,893
After 5 years	50,943	64,319
	<b>416,738</b>	452,153

The Group leases its investment properties (note 18) under operating lease arrangements which run for an initial period of one to eleven years (2019: one to twelve years), with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants. Certain leases are negotiated with reference to the level of business. The terms of the leases generally also require the tenants to pay security deposits.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 38. CAPITAL COMMITMENTS

At the reporting date, the Group had the following capital commitments:

	2020 RMB'000	2019 RMB'000
Contracted but not provided for		
— proposed development projects	1,469,300	313,820
— leasehold improvements	15,080	3,063
— properties under development	22,036,815	14,634,065

## 39. FINANCIAL GUARANTEE CONTRACTS

The face value of the financial guarantees issued by the Group is analysed as below:

	2020 RMB'000	2019 RMB'000
Guarantees given to banks and financial institutions for mortgage facilities granted to purchasers of the Group's properties	52,242,803	19,840,866

The amount represented the guarantees in respect of mortgage facilities granted by certain banks and financial institutions relating to the mortgage loans arranged for certain purchasers of the Group's property units. Such guarantees are provided to secure obligations of those purchasers for repayments, the guarantees period would be started from the date of grant of the mortgage and terminated upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage loan 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 financial institutions and the Group is entitled to take over the legal title and possession of the related properties. 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 consolidated financial statements. The directors of the Company considered that the fair value of financial guarantee is insignificant due to low applicable default rate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 40. ACQUISITION OF SUBSIDIARIES

### 40.1 Acquisitions of assets

a) *Acquisition of Xiamen Yilong and its subsidiary ("Xiamen Yilong Group")*

During the year ended 31 December 2020, the Group acquired 51% equity interests in Xiamen Yilong Group from C&D Real Estate and Xiamen Liyuan Investment Company Limited\* (廈門利源投資有限公司) ("Xiamen Liyuan"), the wholly-owned subsidiary of C&D Real Estate, at a cash consideration of RMBNil. Xiamen Yilong Group did not operate any business prior to the acquisition and only had inventories of properties and other contract costs, other receivables, cash at banks and on hand, property, plant and equipment, right-of-use assets, deferred tax assets, amount due to a related company, amount due to non-controlling interests and lease liabilities. Therefore, the Group considered this would be an acquisition of assets in substance and the difference between the purchase consideration paid, and the net assets acquired would be recognised as adjustments to the carrying value of inventories of properties and other contract costs.

The considerations of the transaction was determined by reference to the fair value of the assets acquired. The non-controlling interests recognised at the acquisition date were measured by reference to the fair value of the recognised amounts of the acquirer's identifiable net assets.

Details of the aggregate fair values of the identifiable assets and liabilities of Xiamen Yilong Group as at the date of acquisition are as follows:

	<b>Recognised assets and liabilities on acquisition</b>
	RMB'000
Inventories of properties	1,804,671
Other receivables	117
Cash at banks and on hand	57,892
Property, plant and equipment	2
Right-of-use assets	499
Deferred tax assets	3,263
Amount due to non-controlling interests	(915,958)
Amount due to a related company	(950,092)
Lease liabilities	(394)
Net liabilities	–
Less: non-controlling interests	–
Net assets acquired	–
Total purchase consideration:	
— settled in cash during the year	–
Purchase consideration settled in cash	–
Cash at banks and on hand in subsidiaries acquired	57,892
Cash inflow on acquisition of subsidiaries	57,892

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 40. ACQUISITION OF SUBSIDIARIES (CONTINUED)

### 40.1 Acquisitions of assets (Continued)

b) *Acquisition of Guizhou Zhongtianhaoyu*

During the year ended 31 December 2020, Xiamen Yi Yue acquired 90% equity interests of Guizhou Zhongtianhaoyu from an independent third party at a total cash consideration of RMBNil. Guizhou Zhongtianhaoyu did not operate any business prior to the acquisition and only had deposits for land acquisition and amounts due to related companies. Therefore, the Group considered this would be an acquisition of assets in substance and the difference between the purchase consideration paid, and the net assets acquired would be recognised as adjustments to the carrying value of deposits for land acquisition.

The considerations of the transaction was determined by reference to the fair value of the assets acquired. The non-controlling interests recognised at the acquisition date were measured by reference to the fair value of the recognised amounts of the acquirer's identifiable net assets.

Details of the aggregate fair values of the identifiable assets and liabilities of Guizhou Zhongtianhaoyu as at the date of acquisition in 2020 are as follows:

	<b>Recognised assets and liabilities on acquisition</b>
	RMB'000
Deposits for land acquisition	1,300,094
Amounts due to related companies	(1,300,094)
Net assets acquired	—
Less: non-controlling interests	—
Net assets acquired	—
Total purchase consideration:	
— settled in cash during the year	—
Purchase consideration settled in cash	—
Cash at banks and on hand in subsidiaries acquired	—
Cash inflow on acquisition of subsidiaries	—

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 40. ACQUISITION OF SUBSIDIARIES (CONTINUED)

### 40.1 Acquisitions of assets (Continued)

#### c) Acquisition of Xiamen Hengrongchen

During the year ended 31 December 2020, Xiamen Yi Yue acquired 80% equity interests of Xiamen Hengrongchen from independent third parties at a total cash consideration of RMBNil. Xiamen Hengrongchen did not operate any business prior to the acquisition and only had deposits for land acquisition, cash at banks and on hand, amount due to a related company, amount due to non-controlling interests and other payables. Therefore, the Group considered this would be an acquisition of assets in substance and the difference between the purchase consideration paid, and the net assets acquired would be recognised as adjustments to the carrying value of deposits for land acquisition.

The considerations of the transaction was determined by reference to the fair value of the assets acquired. The non-controlling interests recognised at the acquisition date were measured by reference to the fair value of the recognised amounts of the acquirer's identifiable net assets.

Details of the aggregate fair values of the identifiable assets and liabilities of Xiamen Hengrongchen as at the date of acquisition in 2020 are as follows:

	<b>Recognised assets and liabilities on acquisition</b>
	RMB'000
Deposits for land acquisition	3,762,491
Cash at banks and on hand	22
Amount due to a related company	(2,900,000)
Amount due to non-controlling interests	(862,510)
Other payables	(3)
Net assets acquired	–
Less: non-controlling interests	–
Net assets acquired	–
Total purchase consideration:	
— settled in cash during the year	–
Purchase consideration settled in cash	–
Cash at banks and on hand in subsidiaries acquired	22
Cash inflow on acquisition of subsidiaries	22

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 40. ACQUISITION OF SUBSIDIARIES (CONTINUED)

### 40.1 Acquisitions of assets (Continued)

#### d) Acquisition of Lianjiang Zhaohuifeng

During the year ended 31 December 2020, Xiamen Yi Yue acquired 40% equity interests of Lianjiang Zhaohuifeng from an independent third party at a total cash consideration of RMBNil. Lianjiang Zhaohuifeng did not operate any business prior to the acquisition and only had deposits for land acquisition, cash at banks and on hand, amount due to a related company, amount due to non-controlling interests and other payables. Therefore, the Group considered this would be an acquisition of assets in substance and the difference between the purchase consideration paid, and the net assets acquired would be recognised as adjustments to the carrying value of deposits for land acquisition.

The considerations of the transaction was determined by reference to the fair value of the assets acquired. The non-controlling interests recognised at the acquisition date were measured by reference to the fair value of the recognised amounts of the acquirer's identifiable net assets.

Details of the aggregate fair values of the identifiable assets and liabilities of Lianjiang Zhaohuifeng as at the date of acquisition in 2020 are as follows:

	<b>Total recognised assets and liabilities on acquisitions</b>
	RMB'000
Deposits for land acquisition	694,471
Cash at banks and on hand	2,845
Amount due to a related company	(277,880)
Amount due to non-controlling interests	(416,820)
Other payables	(2,616)
Net liabilities	—
Less: non-controlling interests	—
Net assets acquired	—
Total purchase consideration:	
— settled in cash during the year	—
Purchase consideration settled in cash	—
Cash at banks and on hand in subsidiaries acquired	2,845
Cash inflow on acquisition of subsidiaries	2,845

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 40. ACQUISITION OF SUBSIDIARIES (CONTINUED)

### 40.2 Business combination

*Acquisition of Xiamen Bairui Health Industry Company Limited\** (廈門市佰睿健康產業有限公司)  
("Xiamen Bairui")

During the year ended 31 December 2020, the Group acquired 51% additional equity interests of Xiamen Bairui from Shanghai Bairen Health Industry Co., Ltd.\* (上海佰仁健康產業有限公司) ("Shanghai Bairen") an independent third party, at a total cash consideration of RMB24,000,000. the acquisition was completed on 29 June 2020 Xiamen Bairui was previously an associate of the Group. After the acquisition, the Group held effective equity interest of 100% of Xiamen Bairui.

Accordingly, the Group re-measured the fair value of its previously held interests in Xiamen Bairui at the date of acquisition and recognised the resulting gain of RMB2,993,000 on the re-measurement of the Group's previously held interests in Xiamen Bairui to acquisition-date fair value.

Goodwill arose because the consideration paid included amounts in relation to the revenue growth and future market development of the business acquired. These benefits are not recognised separately from goodwill, because they do not meet the recognition criteria for identifiable intangible assets. Goodwill arising from the acquisition is not expected to be deductible for tax purpose.

Details of the carrying value and fair value of the Group's previously held interests in Xiamen Bairui at the acquisition-date are summarised as follows:

	RMB'000
Share of net assets	19,511
Less: Fair value of previously held interests	(22,504)
Gain on re-measurement of previously held interest in an associate	(2,993)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 40. ACQUISITION OF SUBSIDIARIES (CONTINUED)

### 40.2 Business combination (Continued)

#### Acquisition of Xiamen Bairui (Continued)

Details of the aggregate fair values of the identifiable assets and liabilities of Xiamen Bairui as at the date of acquisition are as follows:

	<b>Total recognised assets and liabilities on acquisitions</b> RMB'000
Property, plant and equipment	15,499
Right-of-use assets	12,622
Deferred tax assets	1,727
Trade and other receivables	1,255
Restricted bank deposits	25,354
Cash at banks and on hand	3,189
Trade and other payables	(6,976)
Income tax liabilities	(4)
Lease liabilities	(4,704)
Deferred tax liabilities	(2,036)
Net assets acquired	45,926
Less: fair value of previously held interests	(22,504)
	23,422
Less: cash consideration	(24,000)
Goodwill	(578)
Cash consideration paid	(24,000)
Cash and cash equivalents acquired	3,189
Cash outflow arising on acquisition through business combination	(20,811)

On 31 December 2020, Xiamen Bairui ceased to be the subsidiary of the Group upon the Spin-off of C&D Property Group (note 11), The Distribution in relation to Xiamen Bairui was recognised, which represented the carrying value of net assets of Xiamen Bairui attributable to the owners of the Company as at the Distribution date. Accordingly, no gain or loss on disposal was recognised.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 40. ACQUISITION OF SUBSIDIARIES (CONTINUED)

### 40.2 Business combination (Continued)

#### *Acquisition of Xiamen Bairui (Continued)*

Included in the profit for the year is approximately RMB8,576,000 attributable to the additional business generated by Xiamen Bairui. Revenue for the year from discontinued operation includes approximately RMB3,577,000 in respect of Xiamen Bairui.

If the acquisition had occurred on 1 January 2020, consolidated pro-forma revenue and profit for the year ended 31 December 2020 from discontinued operation would have been approximately RMB810,101,000 and RMB14,836,000 respectively.

\* The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

## 41. DEEMED DISPOSAL OF A SUBSIDIARY

As set out in note 19, pursuant to the revised articles of association of Xiamen Zhaote, the Group lost control over Xiamen Zhaote upon the increase in registered capital of Xiamen Zhaote on 24 June 2020. Accordingly, Xiamen Zhaote became an associate of the Group with effect from 24 June 2020 and has since been accounted for using the equity method of accounting. The net assets of Xiamen Zhaote at the date of deemed disposal were as follows:

Analysis of assets and liabilities over which control was lost:

	RMB'000
Inventories of properties	1,575,173
Other receivables	2,224
Cash at banks and on hand	6,149
Property, plant and equipment	39
Deferred tax assets	6,006
Other payables	(33,465)
Amount due to a related company	(977,889)
Net assets disposed of	578,237
	RMB'000
Net assets disposed of	578,237
Non-controlling interest	(286,227)
Fair value of equity interest retained in Xiamen Zhaote at the date of deemed disposal	(302,970)
Gain on deemed disposal	(10,960)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 42. MATERIAL RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group entered into following transactions with related parties:

Name of related parties	Nature of transactions	2020 RMB'000	2019 RMB'000
<b>Intermediate holding company:</b>			
C&D Real Estate (note a)	Interest expenses on loans from intermediate holding company	1,127,560	1,090,386
<b>Associates:</b>			
(note c)	Construction management fee received	–	(21,698)
Wuhan Zhaoyuecheng Real Estate Development Company Limited* (武漢兆悅城房地產開發有限公司) ("Wuhan Zhaoyuecheng") (note b)	Interest income on loans to associates	–	(23,025)
Wuxi Jiahe (note b)	Interest income on loans to associates	(20,499)	(33,156)
Wuxi Runmin Estate Development Company Limited* (無錫潤民置業發展有限公司) (note b)	Interest income on loans to associates	(19,598)	(11,997)
Xiamen Zhaominlong Real Estate Development Company Limited* (廈門兆旻隆房地產開發有限公司) (note b)	Interest income on loans to associates	(20,560)	–
Shanghai Huasongminghong Real Estate Development Company Limited* (上海華淞銘宏房地產開發有限公司) (note b)	Interest income on loans to associates	(41,300)	–
<b>Fellow subsidiaries:</b>			
Xiamen Heshan Construction and Development Limited* (廈門禾山建設發展有限公司) ("Heshan Construction") (note c)	Construction management fee received	(26,306)	(14,528)

\* The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 42. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

Notes:

- a) During the year ended 31 December 2020, the Group incurred loan interest expenses of RMB1,127,560,000 (2019: RMB1,090,386,000) to C&D Real Estate, the intermediate holding company pursuant to framework loan agreement with C&D Real Estate whereby C&D Real Estate agreed to grant RMB40,000 million loan facilities to certain subsidiaries of the Company for their project development at annual interest rate of 5.5% (2019: 5.7%) (note 29).
- b) During the year ended 31 December 2020, the Group earned interest income from the associates by granting loans for their operations which is interest-bearing from 3.43% to 10% (2019: 3.43% to 10%) per annum.
- c) During the year ended 31 December 2020, the Group earned construction management fee income by providing services ranging from design, construction and completion to delivery throughout the project construction process with Heshan Construction.

Other than the above, no other transaction, arrangement or contract of significance to which the Company was a party and in which a director of the Company or a connected entity of the 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.

### Key management personnel remuneration

Key management of the Group are members of the board of directors and senior management. Included in employee benefit expenses are key management personnel remuneration which includes the following expenses:

	2020 RMB'000	2019 RMB'000
Basic salaries and allowances	4,433	4,413
Retirement benefit scheme contributions	40	25
	<b>4,473</b>	4,438

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Interest-bearing borrowings RMB'000	Loans from intermediate holding company RMB'000	Amounts due to related companies RMB'000	Amounts due to non-controlling interests RMB'000	Receipts under securitisation arrangements RMB'000	Lease liabilities RMB'000	Total RMB'000
1 January 2020	17,243,022	23,082,304	2,553,834	2,915,151	3,400,929	138,094	49,333,334
<b>Cash-flows:</b>							
— Repayment	(11,541,475)	(143,374,369)	(4,194,782)	(2,627,116)	(3,400,929)	—	(165,138,671)
— Additions	21,218,514	144,713,689	—	386,418	1,993,583	—	168,312,204
— Capital element of lease payments paid	—	—	—	—	—	(32,107)	(32,107)
— Interest element of lease payments paid	—	—	—	—	—	(11,384)	(11,384)
<b>Non-cash:</b>							
— Acquisition of subsidiaries	—	—	5,428,066	2,195,288	—	5,098	7,628,452
— Deemed disposal of a subsidiary (note 41)	—	—	(977,889)	—	—	—	(977,889)
— Interest payables	—	—	1,127,560	141,806	—	11,384	1,280,750
— Exchange difference	(126,486)	—	—	—	—	—	(126,486)
— Entering into new lease	—	—	—	—	—	69,723	69,723
— Distribution to C&D Group	—	—	—	—	—	(14,156)	(14,156)
<b>31 December 2020</b>	<b>26,793,575</b>	<b>24,421,624</b>	<b>3,936,789</b>	<b>3,011,547</b>	<b>1,993,583</b>	<b>166,652</b>	<b>60,323,770</b>
1 January 2019	8,348,607	16,082,145	1,196,079	3,617,765	3,518,800	95,728	32,859,124
<b>Cash-flows:</b>							
— Repayment	(5,582,054)	(94,858,912)	(1,214,484)	(6,271,532)	(117,871)	—	(108,044,853)
— Additions	14,434,643	101,859,071	—	3,646,138	—	—	119,939,852
— Capital element of lease payments paid	—	—	—	—	—	(24,505)	(24,505)
— Interest element of lease payments paid	—	—	—	—	—	(8,250)	(8,250)
<b>Non-cash:</b>							
— Acquisition of subsidiaries	—	—	1,481,853	1,769,693	—	—	3,251,546
— Interest payables	—	—	1,090,386	153,087	—	8,250	1,251,723
— Exchange difference	41,826	—	—	—	—	—	41,826
— Entering into new lease	—	—	—	—	—	66,871	66,871
<b>31 December 2019</b>	<b>17,243,022</b>	<b>23,082,304</b>	<b>2,553,834</b>	<b>2,915,151</b>	<b>3,400,929</b>	<b>138,094</b>	<b>49,333,334</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 44. CHANGES IN OWNERSHIP INTERESTS IN SUBSIDIARIES WITHOUT CHANGE OF CONTROL

During the year ended 31 December 2020, Xiamen Yiyuexin Management Consultancy Company Limited\* (廈門怡悅新管理諮詢有限公司) (“Xiamen Yiyuexin”), a former indirect wholly owned subsidiary, entered into equity transfer agreements with fellow subsidiaries, for the acquisition of additional 5% equity interests in Chengdu Yijiayuan Property Management Company Limited\* (成都怡家園物業管理有限公司) (“Chengdu Yijiayuan”), 10% equity interests in Changsha Yisheng Property Management Company Limited\* (長沙怡盛物業管理有限公司) (“Changsha Yisheng”) and 5% equity interests in Shanghai Yixiang Property Management Company Limited\* (上海怡祥物業管理有限公司) (“Shanghai Yixiang”) at total cash consideration of approximately RMB984,000, RMB545,000 and RMB48,000, respectively. Xiamen Yiyuexin, Chengdu Yijiayuan, Changsha Yisheng and Shanghai Yixiang were ceased to be the wholly owned subsidiaries of the Group upon the completion of the Spin-off of C&D Property Group (note 11).

On 18 November 2020, the Group entered into an equity transfer agreement with a related party of Shanghai Bairen for the disposal of 20% equity interests in Xiamen Bairui at a cash consideration of RMB10,000,000. Xiamen Bairui ceased to be the subsidiary of the Group upon the completion of the Spin-off of C&D Property Group (note 11).

During the year ended 31 December 2020, Xiamen Yiyue entered into an agreement with independent third parties, for the establishment of Ningde Zhaoquan and Ningde Zhaomao. The registered capital of Ningde Zhaoquan and Ningde Zhaomao was RMB1,400,000,000 and RMB2,000,000,000 respectively. Ningde Zhaoquan was held as to 71.4% by Xiamen Yiyue and as to 28.6% by independent third parties. Ningde Zhaomao was held as to 70% by Ningde Zhaoquan and as to 30% by an independent third party. After the incorporation of Ningde Zhaoquan and Ningde Zhaomao, Xiamen Yiyue has disposed 100% equity interests in Ningde Zhaoyu to Ningde Zhaomao at a cash consideration of RMBNil.

During the year ended 31 December 2020, Xiamen Yiyue entered into an agreement with an independent third party, for the acquisition of additional 29% equity interests in Lianjiang Zhaochang at a cash consideration of RMB29,580,000. After the acquisition, Lianjiang Zhaorong and its subsidiary (“Lianjiang Zhaorong Group”) were held as to 65% by Xiamen Yiyue and as to 35% by an independent third party.

As the result of the aforementioned disposals and acquisitions (collectively known as the “Transactions”), there were change in the Group’s ownership interests in Ningde Zhaoyu and Lianjiang Zhaorong Group without change in control. The Transactions were accounted for as equity transactions, whereby adjustments were made to reflect a decrease in non-controlling interests of approximately RMB29,923,000 and an increase in reserve of approximately RMB8,766,000.

\* The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 45. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Group is exposed to financial risks through its use of financial instruments in its ordinary course of operations and in its investment activities. The financial risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

Financial risk management is coordinated at the Group's headquarters, in close co-operation with the Board of Directors. The overall objectives in managing financial risks focus on securing the Group's short to medium term cash flows by minimising its exposure to financial markets.

### 45.1 Categories of financial assets and financial liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and financial liabilities. See note 2.9 for explanations about how the category of financial instruments affects their subsequent measurement.

	2020 RMB'000	2019 RMB'000
<b>Financial assets</b>		
<b>Financial assets at amortised cost</b>		
— Trade and other receivables	848,410	707,262
— Cash at banks and on hand	27,992,866	11,562,270
— Amounts due from non-controlling interests	12,591,609	8,474,646
— Listed senior tranche security	—	100,000
— Loans to associates	1,873,756	4,027,362
— Loan to a joint venture	4,608	4,904
	<b>43,311,249</b>	24,876,444
<b>Financial assets at FVTPL</b>		
— Subordinated tranche securities	282,680	158,180
— Unlisted structured deposits	—	235,000
— Unlisted equity securities	121,000	81,500
	<b>403,680</b>	474,680
	<b>43,714,929</b>	25,351,124
<b>Financial liabilities</b>		
<b>Financial liabilities measured at amortised cost</b>		
— Trade and other payables	14,969,708	7,806,433
— Amounts due to related companies	3,936,789	2,553,834
— Amounts due to non-controlling interests	3,011,547	2,915,151
— Loans from intermediate holding company	24,421,624	23,082,304
— Interest-bearing borrowings	26,793,575	17,243,022
— Receipts under securitisation arrangements	1,993,583	3,400,929
— Lease liabilities	166,653	138,094
	<b>75,293,479</b>	57,139,767

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 45. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

### 45.2 Foreign currency risk

Currency 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. As at 31 December 2020 and 2019, the Group did not have significant foreign currency risk from its operations.

### 45.3 Interest rate risk

The Group has been exposed to interest rate risk due to the fluctuation of the prevailing market interest rate on borrowings which carry prevailing market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-bearing assets and liabilities are mainly cash at banks and on hand, loans to associates, interest-bearing borrowings, loans from intermediate holding company, amounts due to non-controlling interests, receipts under securitisation arrangements and lease liabilities. All are at variable rates expose the Group to cash flow interest-rate risk, except for loans to associates, an interest-bearing borrowings, loans from intermediate holding company, amounts due to non-controlling interests, receipts under securitisation arrangements and lease liabilities of totally RMB27,279,874,000 (2019: RMB26,403,102,000) which is at fixed rates and it exposes the Group to fair value interest-rate risk. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

At 31 December 2020, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after income tax and retained earnings by approximately RMB5,769,000 (2019: RMB18,871,000). The 50 basis point increase/decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

### 45.4 Other price risk

The Group has been exposed to the price risk of subordinated tranche securities, unlisted structured deposits and unlisted equity securities in connection with the financial assets measured at FVTPL. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

If the price of equity securities had been 5% increased/decreased, post-tax profit for the year ended 31 December 2020 would have been increased/decreased by approximately RMB15,138,000 (31 December 2019: RMB17,801,000).

The sensitivity analysis indicates the instantaneous change in the Group's profit after tax (and retained earnings) and other components of consolidated equity that would arise assuming that the changes in the relevant risk variables had occurred at each reporting date and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at each reporting date. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant risk variables, and that all other variables remain constant.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 45. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

### 45.5 Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and its investing activities. The Group is also exposed to credit risk arising from the provision of financial guarantees and the amounts of which are disclosed in note 39.

The Group's maximum exposure to credit risk for the components of the consolidated statement of financial position at 31 December 2020 and 2019 is the carrying amount of each financial asset as disclosed in note 45.1.

(i) *Trade receivables*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The Group has no significant concentrations of credit risk with exposure spread over a number of counterparties and customers.

To manage credit risk arising from trade receivables, the credit quality of the debtors is assessed taking into account of their financial position, historical settlement records, past experience and other factors. The Group applies the simplified approach to provide for ECL prescribed by HKFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The ECLs also incorporate forward looking information.

Trade receivables are written off (i.e. derecognised) when there is no reasonable expectation of recovery. Failure to make payments within 30 days from the invoice date and failure to engage with the Group on alternative payment arrangement amongst other is considered indicators of no reasonable expectation of recovery.

As at 31 December 2020, the Group has adopted average expected loss rate of 5% (2019: 5%) on the gross carrying amounts of the trade receivables amounted to RMB465,391,000 (2019: RMB229,679,000). The loss allowance as at 31 December 2020 is RMB23,322,000 (2019: RMB11,609,000).

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 45. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

### 45.5 Credit risk (Continued)

#### (ii) Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables, cash at banks and on hand, loans to associates, loan to a joint venture and amounts due from non-controlling interests. In order to minimise the credit risk financial assets at amortised cost, the management of the Group has designated a team responsible for determination of credit limits and credit approvals. The management would make periodic collective and individual assessment on the recoverability of financial assets at amortised cost based on historical settlement records and past experience as well as current external information. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In these regards, the credit risk of these other financial assets at amortised cost are considered to be low. In addition, there were no significant increase in credit risk since initial recognition.

Management makes periodic collective assessments for financial assets included in other receivables, loans to associates, loan to a joint venture, amounts due from non-controlling interests, as well as their individual assessment on the recoverability based on historical settlement records and past experience. In applying the forward-looking information, the Group has taken into account the possible impacts associated with the overall change in the economic environment arising from COVID-19. The Group considered the credit risk associated with other receivables, loans to associates, loan to a joint venture, amounts due from non-controlling interests to be low. The directors of the Group believe that there is no material credit risk inherent in the Group's outstanding balance of financial assets included in other receivables, loans to associates, loan to a joint venture, amounts due from non-controlling interests.

As at 31 December 2020, the Group has adopted average expected loss rate of 4.5% (2019: 2.8%), 0.1% (2019: 0.1%) and 0.1% (2019: 0.1%) on the gross carrying amounts of other receivables, loans to associates and amounts due from non-controlling interests amounted to RMB425,468,000 (2019: RMB503,479,000), RMB1,875,632,000 (2019: RMB4,031,460,000) and RMB12,604,213,000 (2019: RMB8,483,024,000), respectively. The loss allowance of other receivables, loans to associates and amounts due from non-controlling interests as at 31 December 2020 is RMB19,127,000 (2019: RMB14,287,000), RMB1,876,000 (2019: RMB4,098,000) and RMB12,604,000 (2019: RMB8,378,000) respectively.

The credit risks on cash at banks and on hand are considered to be insignificant because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 45. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

### 45.5 Credit risk *(Continued)*

The Group's trade and other receivables are actively monitored to avoid significant concentrations of credit risk. The Group also continually evaluates the credit risk of its customers to ensure appropriateness of the amount of credit granted. Credit is extended to customers based on the evaluation of individual customer's financial conditions. In this regard, directors of the Company consider the Group's credit risk is significantly reduced. There is no requirement for collaterals by the Group, except for leases which generally require the tenants to pay security deposits.

The Group has deposited its cash with various banks. The credit risk on cash and bank balances is limited because most of the Group's cash are deposited with major banks located in Hong Kong and the PRC.

None of the Group's financial assets are secured by collateral or other credit enhancements.

The credit policies have been followed by the Group since prior years and are considered to have been effective in limiting the Group's exposure to credit risk to a desirable level.

### 45.6 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, amounts due to related companies, amounts due to non-controlling interests, loans from intermediate holding company, receipts under securitisation arrangements, interest-bearing borrowings, lease liabilities and its financing obligation, and also in respect of its cash flow management. The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and longer term.

The Group manages its liquidity needs on a consolidated basis by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as forecast cash inflows and outflows due in day to day business. Liquidity needs are monitored in various time bands, on a day to day and week to week basis, as well as on the basis of a rolling 30-day projection. Long term liquidity needs for a 180-day and 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows if available borrowing facilities are expected to be sufficient over the lookout period.

The Group maintains cash and short-term bank deposits to meet its liquidity requirements for 30 day periods at a minimum. Funding for longer-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell longer-term financial assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 45. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

### 45.6 Liquidity risk (Continued)

Analysed below is the Group's remaining contractual maturities for its non-derivative and derivative financial liabilities as at 31 December 2020 and 2019. When the creditor has a choice of when the liability is settled, the liability is included on the basis of the earliest date on when the Group can be required to pay. Where the settlement of the liability is in instalments, each instalment is allocated to the earliest period in which the Group is committed to pay.

The contractual maturity analysis of the Group below is based on the undiscounted cash flows of the financial liabilities:

	Within 1 year or on demand RMB'000	Over 1 year but within 2 years RMB'000	Over 2 years but within 5 years RMB'000	Over 5 years RMB'000	Total undiscounted contractual amount RMB'000	Carrying amount RMB'000
<b>As at 31 December 2020</b>						
Trade and other payables	14,969,708	-	-	-	14,969,708	14,969,708
Amounts due to related companies	3,936,789	-	-	-	3,936,789	3,936,789
Amounts due to non-controlling interests	3,011,547	-	-	-	3,011,547	3,011,547
Loans from intermediate holding company	1,343,189	25,764,813	-	-	27,108,002	24,421,624
Interest-bearing borrowings (note a)	4,243,359	7,253,195	17,712,487	310,742	29,519,783	26,793,575
Receipts under securitisation arrangements	64,704	2,021,568	-	-	2,086,272	1,993,583
Lease liabilities	28,325	26,808	66,138	45,382	166,653	166,653
	<b>27,597,621</b>	<b>35,066,384</b>	<b>17,778,625</b>	<b>356,124</b>	<b>80,798,754</b>	<b>75,293,479</b>
Financial guarantees issued (note b)						
Maximum amount guaranteed (note 39)	52,242,803	-	-	-	52,242,803	52,242,803
<b>As at 31 December 2019</b>						
Trade and other payables	7,806,433	-	-	-	7,806,433	7,806,433
Amounts due to related companies	2,553,834	-	-	-	2,553,834	2,553,834
Amounts due to non-controlling interests	2,915,151	-	-	-	2,915,151	2,915,151
Loans from intermediate holding company	1,315,691	24,397,995	-	-	25,713,686	23,082,304
Interest-bearing borrowings (note a)	4,022,371	4,203,803	10,935,064	17,396	19,178,634	17,243,022
Receipts under securitisation arrangements	2,704,924	51,324	511,927	575,448	3,843,623	3,400,929
Lease liabilities	35,785	20,889	49,696	68,385	174,755	138,094
	<b>21,354,189</b>	<b>28,674,011</b>	<b>11,496,687</b>	<b>661,229</b>	<b>62,186,116</b>	<b>57,139,767</b>
Financial guarantees issued (note b)						
Maximum amount guaranteed (note 39)	19,840,866	-	-	-	19,840,866	19,840,866

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 45. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (CONTINUED)

### 45.6 Liquidity risk (Continued)

Notes:

- a) Bank loans with a repayment on demand clause are included in the “Within 1 year or on demand” time band in the above maturity analysis. As at 31 December 2020, the aggregate undiscounted principal amounts of these bank loans amounted to RMB339,020,000 (2019: RMB2,100,255,000). Taking into account the Group’s financial position, the directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors believe that such bank loans will be repaid within one year (2019: one year) after the reporting date in accordance with the scheduled repayment date set out in the loan agreements. At that time, the aggregate principal and interest cash outflows will amount to RMB346,572,000 (2019: RMB2,179,378,000).
- b) The amounts included above for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the reporting date, the directors considered that it was not probable that the borrowers of the loans would default the repayment of the loans and therefore no provision for the Group’s obligation under the guarantee has been made.

The Group considers expected cash flows from financial assets in assessing and managing liquidity risk, in particular, its cash resources and other liquid assets that readily generate cash. The Group’s existing cash resources and other liquid assets significantly exceed the cash outflow requirements.

### 45.7 Fair value measurements of financial instruments

Financial assets and liabilities measured at fair value in the consolidated statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurements, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and not using significant unobservable inputs.
- Level 3: significant unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which the financial asset or liability is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 45. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

### 45.7 Fair value measurements of financial instruments (Continued)

The financial assets and liabilities measured at fair value in the consolidated statement of financial position on a recurring basis are grouped into the fair value hierarchy as follows:

	Notes	2020 Level 3 RMB'000	2019 Level 3 RMB'000
<b>Financial assets</b>			
<b>Financial assets measured at FVTPL</b>			
— Subordinated tranche securities	(a)	282,680	158,180
— Unlisted structured deposits		—	235,000
— Unlisted equity securities	(b)	121,000	81,500
Total fair value		403,680	474,680

The methods and valuation techniques used for the purpose of measuring fair values categorised in Levels 3 is unchanged compared to the previous reporting periods and are described below.

	Valuation technique	Unobservable input	Range of unobservable input	
			2020	2019
Subordinated tranche securities (note a)	Discounted cash flow	Discount rate	4.33% to 6.82%	3.10% to 5.95%
		Discount factor	0.87 to 0.99	0.68 to 0.99
Unlisted equity securities (note b)	Direct comparison and adjusted net asset approach	Adjusted market price of the market comparables for the underlying property held by the unlisted equity securities	RMB58,000 to RMB59,400 per square meter	RMB54,600 to RMB65,500 per square meter

(a) *Subordinated tranche securities (Level 3)*

Future cash flows are estimated based on applying the expected yields of the instruments and the discount rate that reflects the credit risks of the instrument. The higher the discount rate, the lower the fair value; the higher the discount factor, the higher the fair value.

(b) *Unlisted equity securities (Level 3)*

The fair value of unlisted equity securities is determined by using adjusted net asset approach. The higher the adjusted market price of the market comparables for the underlying property held by the unlisted equity securities, the higher the fair value.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 45. FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

### 45.7 Fair value measurements of financial instruments (Continued)

The reconciliation of the carrying amounts of the Group's financial instruments classified within Level 3 of the fair value hierarchy is as follows:

	Subordinated tranche securities RMB'000	Unlisted structured deposits RMB'000	Unlisted equity securities RMB'000
At 1 January 2019	124,540	10,000	71,500
Additions	25,000	225,000	–
Fair value gain recognised in profit or loss	8,640	–	10,000
At 31 December 2019 and 1 January 2020	158,180	235,000	81,500
Additions	296,540	–	–
Disposal	(175,000)	(235,000)	–
Fair value gain recognised in profit or loss	2,960	–	39,500
<b>At 31 December 2020</b>	<b>282,680</b>	<b>–</b>	<b>121,000</b>

No sensitivity analysis is disclosed for the impact of changes in the relevant unobservable data under discounted cash flow in respect of subordinated tranche securities, unlisted structured deposits and unlisted equity securities, as the management considers that the exposure is insignificant to the Group.

Fair value gain on subordinated tranche securities, unlisted structured deposits and unlisted equity securities are recognised in profit or loss and included under "Other net gain" (note 7).

There have been no transfers into or out of Level 3 during the year ended 31 December 2020 (2019: Nil).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 46. NON-CASH TRANSACTIONS

During the year ended 31 December 2020, the contract liabilities have incurred significant financing component of RMB1,612,481,000 (2019: RMB752,315,000).

## 47. CAPITAL MANAGEMENT

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern and to provide an adequate return to shareholders by pricing goods and services commensurately with the level of risk.

The Group actively and regularly reviews its capital structure and makes adjustments in light of changes in economic conditions. The Group monitors its capital structure on the basis of the net debt to equity ratio. For this purpose, net debt is defined as borrowings less cash at banks and on hand. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

During the years ended 31 December 2019 and 2020, the Group's strategy in monitoring its capital structure, which was unchanged from prior year, was to maintain a sufficient cash level to meet its liquidity requirements. In order to maintain or adjust the cash level, the Group may issue new shares, raise new debts financing or sell assets to increase the cash level.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

## 48. EVENTS AFTER THE REPORTING DATE

### (a) Equity transfer agreements entered into with C&D Real Estate, C&D Real Estate Group Chengdu Company Limited\* (建發房地產集團成都有限公司) ("C&D Chengdu") and Xiamen Liyuan, the wholly-owned subsidiaries of C&D Real Estate

On 28 September 2020, Xiamen Yi Yue and Xiamen Zhaoyirong, the indirect wholly-owned subsidiaries of the Company, entered into equity transfer agreements with C&D Chengdu, pursuant to which C&D Chengdu agreed to sell and Xiamen Yi Yue and Xiamen Zhaoyirong agreed to acquire 95% and 5% equity interests in Chengdu Zhaoxinlin Real Estate Development Company Limited\* (成都兆欣麟房地產開發有限公司) ("Chengdu Zhaoxinlin"), at a cash consideration of approximately RMB50,001,000 and RMB2,500,000, respectively (the "Chengdu Zhaoxinlin Acquisition"). As specified in the equity transfer agreement, Xiamen Yi Yue and Xiamen Zhaoyirong shall also repay the shareholder's loan (principal and interest) in the amount of approximately RMB958,644,000 (subject to adjustment) previously advanced by C&D Chengdu to Chengdu Zhaoxinlin in accordance with the proportion of their respective equity interests in Chengdu Zhaoxinlin.

On 28 September 2020, Xiamen Yi Yue, Xiamen Zhaoyirong, C&D Real Estate and Xiamen Liyuan entered into equity transfer agreements, pursuant to which C&D Real Estate agreed to sell and Xiamen Yi Yue agreed to acquire 95% equity interests in Xiamen Huilong Real Estate Development Company Limited\* (廈門匯龍房地產開發有限公司) ("Xiamen Huilong"), Xiamen Liyuan agreed to sell and Xiamen Zhaoyirong agreed to acquire 5% equity interests in Xiamen Huilong, at a cash consideration of RMBNil (the "Xiamen Huilong Acquisition"). As specified in the equity transfer agreements, Xiamen Yi Yue and Xiamen Zhaoyirong shall also repay the shareholder's loan (principal and interest) in the amount of approximately RMB2,588,485,000 (subject to adjustment) previously advanced by C&D Real Estate to Xiamen Huilong in accordance with the proportion of their respective equity interests in Xiamen Huilong.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

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## 48. EVENTS AFTER THE REPORTING DATE (CONTINUED)

**(a) Equity transfer agreements entered into with C&D Real Estate, C&D Real Estate Group Chengdu Company Limited\* (建發房地產集團成都有限公司) (“C&D Chengdu”) and Xiamen Liyuan, the wholly-owned subsidiaries of C&D Real Estate (Continued)**

On 28 September 2020, Xiamen Yi Yue, Xiamen Zhaoyirong, C&D Real Estate and Xiamen Liyuan, entered into equity transfer agreements, pursuant to which C&D Real Estate agreed to sell and Xiamen Yi Yue agreed to acquire 95% equity interests in Xiamen Jingchenglong Real Estate Development Company Limited\* (廈門景呈瓏房地產開發有限公司) (“Xiamen Jingchenglong”), Xiamen Liyuan agreed to sell and Xiamen Zhaoyirong agreed to acquire 5% equity interests in Xiamen Jingchenglong, at a cash consideration of RMBNil (the “Xiamen Jingchenglong Acquisition”). As specified in the equity transfer agreements, Xiamen Yi Yue and Xiamen Zhaoyirong shall also repay the shareholder’s loan (principal and interest) in the amount of approximately RMB1,150,434,000 (subject to adjustment) previously advanced by C&D Real Estate to Xiamen Jingchenglong in accordance with the proportion of their respective equity interests in Xiamen Jingchenglong. Please refer to the Company’s circular dated 23 December 2020 for further details.

The Chengdu Zhaoxinlin Acquisition, Xiamen Huiling Acquisition and Xiamen Jingchenglong Acquisition were completed in January 2021.

\* The English translation of the name of the companies established in the PRC is for reference only. The official names of the companies are in Chinese.

## 49. COMPARATIVE FIGURES

The comparative figures in respect of the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2019 has been restated in order to disclose the discontinued operation separately from continuing operations and conform to the current year’s presentation.



# FINANCIAL SUMMARY

## FINANCIAL RESULTS

	2020 RMB\$'000	Year ended 31 December			
		2019 RMB\$'000 (Restated)	2018 RMB\$'000	2017 RMB\$'000 (Restated)	2016 RMB\$'000 (Restated)
Revenue	<b>42,744,478</b>	17,319,264	12,371,415	4,778,846	104,103
Gross profit	<b>7,340,268</b>	4,482,186	4,115,158	1,590,722	66,305
Profit before income tax	<b>4,962,866</b>	3,418,979	3,089,761	1,070,477	(24,432)
Profit for the year	<b>2,767,839</b>	1,997,571	1,577,902	603,048	(26,497)
Profit for the year attributable to the equity owners of the Company	<b>2,321,625</b>	1,717,993	1,420,446	527,813	(28,076)

## ASSETS, LIABILITIES AND EQUITY

	2020 RMB\$'000	2019 RMB\$'000	2018 RMB\$'000	2017	2016
				RMB\$'000 (Restated)	RMB\$'000 (Restated)
Non-current assets	<b>11,301,550</b>	9,646,677	4,516,519	1,606,824	1,073,186
Current assets	<b>172,122,004</b>	105,942,145	58,258,435	32,414,700	13,839,491
Non-current liabilities	<b>50,355,035</b>	38,313,623	26,674,391	12,094,215	6,249,092
Current liabilities	<b>95,716,950</b>	57,665,257	25,496,517	16,642,169	4,839,001
Net current assets	<b>76,405,054</b>	48,276,888	32,761,918	15,772,531	9,000,490
Total equity	<b>37,351,569</b>	19,609,942	10,604,046	5,285,140	3,824,584

# PROPERTIES PORTFOLIO

## PROPERTIES HELD FOR INVESTMENT AS AT 31 DECEMBER 2020

Property name	Address and lot no.	Type	Total GFA (sq.m.)	Lease term expiry date (if applicable)
1. Yu Feng Plaza	8 retail units on 1/F, 1 retail unit on 2/F, 1 office unit on 7/F and 100 car parking spaces in the basement, Yu Feng Plaza, No. 1 Xiguan Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail, office and car parks	8,579	31 March 2074
2. Wan Guo Plaza and other properties	Front yard of No. 107, Room No. 1 on 1/F and Room No. 1 on 2/F of No. 107-1 and No. 113 Minsheng Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	8,048	31 May 2044 and 25 February 2044
3. Other properties	1/F of No. 119, Xingning Road; and Room No. 1 and 2 on 1/F of No. 66, Minsheng Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	478	31 August 2044
4. Other properties	Room No. 1 to 7 on 1/F and Room No. 1 to 5 on 2/F of No. 61 Chaoyang Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	863	16 April 2044
5. Other properties	The whole of 1/F and 2/F of No. 78 Chaoyang Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	2,237	25 February 2044
6. Other properties	The whole 1/F of No. 11, 13 Xinmin Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	250	6 September 2044
7. Other properties	No. 99 and 99-1 Huaqiang Road and Room No. 1 on 1/F of No. 1 Huaxi Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	210	22 April 2044

# PROPERTIES PORTFOLIO

## PROPERTIES HELD FOR INVESTMENT AS AT 31 DECEMBER 2020 *(Continued)*

Property name	Address and lot no.	Type	Total GFA (sq.m.)	Lease term expiry date (if applicable)
8. Other properties	1/F of Block No. 1 and Block No. 2 and 3 of No. 218-9 Xinyang Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	381	20 February 2044 and 6 September 2044
9. Other properties	No. 80 Changgang Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	210	20 February 2044
10. Other properties	Block No. 1 to 4 of No. 80-1 Changgang Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Industrial	1,141	16 November 2054
11. Other properties	No. 128 Daxue Dong Road and Block No. 1 of No. 1 Liyuan Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	510	7 September 2044
12. Other properties	No. 117 Gonghe Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	161	Note
13. Other properties	Retail unit No. 23 and residential unit Nos. 701, 702, 703, 739, 750, 751, 752 and 753 of Xinan Shangdu, No. 29 Chaoyang Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail and residential	879	25 May 2049 (retail unit) and 25 May 2079 (residential units)
14. Fanghui Plaza (Note)	Shops on 1/F-5/F, No. 1118, Changshou Road, Putuo District, Shanghai City, the PRC	Commercial	17,415	23 March 2043
15. Jianfa Yuecheng Centre* (建發悅城中心)	2 Nanhuan Road, Jian'ou City, Fujian Province, the PRC	Retail, commercial	28,001	N/A

Note: According to the remark stated in the State-owned Land Use Rights Certificate No. (2010) 518938, the property is situated on a site on which a road is planned to be built and is used temporarily by the Group.

# PROPERTIES PORTFOLIO

## PROPERTIES CONTRACTED TO BE HELD FOR INVESTMENT AS AT 31 DECEMBER 2020

Property name	Address and lot no.	Type	Total GFA (sq.m.)	Lease term expiry date (if applicable)
1. Other properties	Shop No. 106, Lvdu Shangsha, No. 131 Minsheng Road, Nanning, Guangxi Zhuang Autonomous District, the PRC	Retail	Note	Note

Note: As at 31 December 2020, the State-owned Land Use Rights Certificate of the property have not been obtained. According to the Resettlement Agreement entered into between Guangxi Lvzhidu Real Estate Development Ltd.\* (廣西綠之都房地產開發有限公司) (Party A) and Nanning Bai Yi Industrial Enterprise Limited\* (南寧百益實業有限公司) (Party B) dated 31 October 2002, Party B agreed that 4 retail units with a gross floor area of 127.00 sq.m. on 1/F of Lvdu Shangsha shall be assigned by Party A to Party B after redevelopment of the original buildings. According to the ownership certificate obtained by Party B, the 4 units were unified as 1 unit, with a total gross floor area of 96.25 sq.m.

## COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2020

Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
1. Fond England* (裕豐英倫)	The unsold carpark units of Fond England, No. 10 Foziling Road, Qingxiu District, Nanning, Guangxi Zhuang Autonomous District, the PRC	65,965	Carparks	4,301	93.84
2. Li Yuan* (裕豐荔園)	The unsold portion of Li Yuan Residential Development, No. 128 Daxue East Road, New & Hi-Tech Industrial Development Zone, Nanning, Guangxi Zhuang Autonomous District, the PRC	9,074	Residential, retail and carparks	16,951	87.52
3. Jianfa•Dushuwan* (建發•獨墅灣)	Lot No. 2015-WG-27, east of Dongfang Avenue, south of Shanghu Road, Suzhou Wuzhong Economic Development Zone, Suzhou, Jiangsu Province, the PRC	224,624	Wholesale and retail, urban residential	466,290	97.50

# PROPERTIES PORTFOLIO

## COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2020 *(Continued)*

Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
4. Jianfa•Lingjun* (建發•領郡)	South-west corner of the intersection of 104 National Road of Lianjiang and Wenbi West Road, and on the north-west side of Liyu Port in Lianjiang County, Fuzhou City, Fujian Province, the PRC	52,643	Wholesale and retail, other common commodity housing	183,041	78
5. Jianfa•Bihushuangxi* (建發•碧湖雙璽)	West of Hubin Road, north of Xiaguang Road, east of Bizhou Road, Longwen District, Zhangzhou City, Fujian Province, the PRC	44,828	Urban residential, wholesale and retail	191,955	100
6. Jianfa•Yangyu* (建發•泱譽)	South of Nantiancheng Road, East of Zhenghui Road, Gaotie Xincheng, Suzhou City, Jiangsu Province, China	72,106	Urban residential, wholesale and retail	264,581	100
7. Jianfa•Zhongyang Tiancheng* (建發•中泱天成)	Wanfu Community, Wan'an Street, Luojiang District, Quanzhou City, Fujian Province, the PRC	22,174	Urban residential, wholesale and retail	77,087	40
8. Jianfa•Xiyuan (Section A,B)* (建發•璽院(A、B標段))	North-west side of the intersection of Longyan Road and Xingye Road, Xinluo District, Longyan City, Fujian Province, the PRC (Dongxiao Land Parcel No. 3)	72,736	Commercial services, residential, public management and public services	193,750	30
9. Shangyue House* (尚悅居)	Southeast corner of intersection of Longteng Road and Shuangyang Road, southeast side of land parcel C of Tianyu Community, Xinluo District, Longyan City, Fujian Province, the PRC	28,495	Residential, ancillary and basement	142,211	40

# PROPERTIES PORTFOLIO

## COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2020 (Continued)

Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
10. Jianfa•Shouyuan (Phase I)* (建發•首院(一期))	North of Zhanglong Expressway, east of Longyan Avenue, Xinluo District, Longyan City, Fujian Province, the PRC (Land Parcel B on the south side of Shuanglong Road)	62,662	Commercial services, residential, public management and public services	162,333	100
11. Guandi* (觀邸)	Land Parcel C, east of Changxing Road, Shaxian, Fujian Province, the PRC	41,936	Commercial services, wholesale and retail, hoteling and catering, business finance, other commercial services, urban residential,	116,447	51
12. Jianfa•Yangzhu (Phases I)* (建發•央著(一期))	East of Yingri Road, north of Xuesong Road, Meixi Lake, Changsha City, Hunan Province, the PRC (Land Parcel No. B-39)	31,755	Residential	93,020	100
13. Jianfa•Yangxi* (建發•央璽)	No. 100, Shaoshan Road, Yuhua District, Changsha City, Hunan Province, the PRC	25,043	Residential, commercial	163,522	100
14. Jianfa & Yangguangcheng•Puyue* (建發&陽光城•璞悅)	South of Xinyan Avenue, west of Yangcheng Road, Weitang Town, Suzhou City, Jiangsu Province, the PRC	22,256	Urban residential, commercial services	63,941	55
15. Jianfa•Yulongwan (Phase I, II, IV)* (建發•御龍灣 (一、二、四期))	Chengbei Community, Fanzhuang Community, Yangshe Town, Zhangjiagang City, Jiangsu Province, the PRC	162,627	Urban residential, commercial services	436,275	70

# PROPERTIES PORTFOLIO

## COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2020 *(Continued)*

Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
16. Jianfa•Yangzhu* (建發•泐著)	North of Luoyang East Road, west of Changsheng Road, Gaoxing District, Taicang City, Jiangsu Province, the PRC	47,984	Urban residential, commercial	150,263	100
17. Jianfa•Jiuliwan (Phase I)* (建發•玖里灣(一期))	East of Shanhe Road, north of Hongye East Road, Xidong New City Business District, Wuxi City, Jiangsu Province, the PRC	79,721	Urban residential	146,642	100
18. Jianfa•Xiyuan* (建發•璽院)	No. 100, Jinfu Road, Jiangnan District, Nanning City, Guangxi Province, the PRC	22,276	Urban residential, wholesale and retail	105,033	51
19. Jianfa•Yangzhu* (建發•央著)	Intersection of Jianping Avenue and Shuanglong Road, Western District Ecological City, Jianyang District, Nanping City, Fujian Province, the PRC (Land Parcel No. C07 of Western District Ecological City)	70,000	Urban residential	161,967	70
20. Jianfa•Yangzhu* (建發•央著)	Northeast of the intersection of Xingjin Road and Haixiang Avenue, Xincheng Area, Jimei District, Xiamen City, Fujian Province, the PRC (Land Parcel No. 2017JP03)	20,176	Urban residential, wholesale and retail	95,201	49
21. Jianfa•Yangzhu Phase II* (建發央著二期)	Northeast of the intersection of Chengyi West Road and Chengyi North Road, Mei District, Xiamen City, Fujian Province, the PRC (Land Parcel No. 2018JP01)	30,535	Urban residential, retail commercial	126,366	51

# PROPERTIES PORTFOLIO

## COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2020 *(Continued)*

Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
22. Jianfa•Shanwaishan (Land Parcel C)* (建發•山外山(C地塊))	Shili Village, Mayangxi Ecological Tourism Zone, Changtai County, Fujian Province, the PRC	54,903	Urban residential	135,863	94
23. Jianfa•Xiyuan* (建發•壘院)	West of Hubin Road, south of Xiazhou Road, Longwen District, Zhangzhou City, Fujian Province, the PRC	41,973	Wholesale and retail, hoteling and catering, urban residential	166,757	100
24. Jianfa•Xiyuan (Sections C)* (建發•壘院(C標段))	North-west side of the intersection of Longyan Road and Xingye Road, Xinluo District, Longyan City, Fujian Province, the PRC (Dongxiao Land Parcel No. 3)	23,190	Commercial services, residential, public management and public services	70,961	30
25. Jianfa•Shouyuan (Phases II, III)* (建發•首院(二期、三期))	North of Zhanglong Expressway, east of Longyan Avenue, Xinluo District, Longyan City, Fujian Province, the PRC (Land Parcel B on the south side of Shuanglong Road)	28,375	Commercial services, residential, public management and public services	112,239	100
26. Jianfa•Yuecheng (Section III)* (建發•悅城(三區))	Land Parcel No. SN-D-(04- 05) I, South Xiashui Area, Jian'ou City, Fujian Province, the PRC	47,748	Other common commodity housing, wholesale and retail, hoteling and catering	180,113	75
27. Jianfa•Xiyuan* (建發•壘院)	Land Parcel No. SN-B-(17- 18), South Shui Area, Jian'ou City, Fujian Province, the PRC	52,747	Other common commodity housing, wholesale and retail, hoteling and catering	179,687	70
28. Jianfa•Yangzhu* (建發•央著)	Shanty Town Rebuilding Land Plot H2, south of the Residential Theme Park, Jin'an District, Fuzhou, Fujian Province, the PRC	55,489	Urban residential, wholesale and retail	184,278	51.6



# PROPERTIES PORTFOLIO

## COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2020 (Continued)

Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
29. Jianfa•Xiyuan* (建發•璽院)	East of National Highway 104, Sangang Industrial Park, Lianjiang County, Fujian Province, the PRC	40,073	Commercial and residential land	100,465	70
30. Jianfa•Yangzhu (Phases II, III)* (建發•央著 (二期、三期))	East of Yingri Road, north of Xuesong Road, Meixi Lake, Changsha City, Hunan Province, the PRC (Land Parcel No. B-39)	48,708	Residential	310,510	100
31. Jianfa•Yulongwan (Phase III)* (建發•御瓏灣(三期))	Chengbei Community, Fanzhuang Community, Yangshe Town, Zhangjiagang City, Jiangsu Province, the PRC	28,720	Urban residential, commercial services	132,537	70
32. Jianfa•Yangyu* (建發•泱譽)	Minfeng Village, Yangshe Town, Zhangjiagang City, Jiangsu Province, the PRC	69,858	Urban residential, commercial services	191,028	100
33. Jianfa•Yangyu* (建發•泱譽)	South of Suzhou Road, west of Xingye Road, Gaoxing District, Taicang City, Jiangsu Province, the PRC	37,953	Urban residential, commercial	107,077	100
34. Duhuizhiguang* (都會之光)	East of Loujiang Road, north of Luoyang Road, Guoxing District, Taicang City, Jiangsu Province, the PRC	52,932	Urban residential	146,620	30
35. Jianfa•Jiuliwan (Phases II, III, IV)* (建發•玖里灣 (二期、三期、四期))	East of Shanhe Road, north of Hongye East Road, Xidong New City Business District, Wuxi City, Jiangsu Province, the PRC	116,693	Urban residential	355,110	100
36. Jianfa•Yangyu* (建發•央譽)	South of Xin Zhuang Road, west of Xueli Road, Yongyang Street, Nanjing City, Jiangsu Province, the PRC	73,277	Urban residential, commercial services	195,131	40

# PROPERTIES PORTFOLIO

## COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2020 *(Continued)*

Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
37. Sky of city* (天空之城)	Superstructure of Xindian Vehicle Base of Fuzhou Metro Line 1, located on the south side of Zhanban Road, Jin'an District, Fuzhou, Fujian Province, the PRC	111,444	Residential, commercial, transportation and public management, and public service	451,279	16.5
38. Xixi Yunlu* (西溪雲廬)	Northwest corner of the intersection of Planned Xilong Road and Planned Zhechuang Road, Xihu District, Hangzhou City, Zhejiang Province, the PRC	42,357	Urban residential	96,140	10.5
39. Yangyun Jingshe* (養雲靜舍)	Hangzheng Chuchu 2017 Land Parcel No. 27, Gongshu District, Hangzhou City, Zhejiang Province, the PRC	15,160	Urban residential	46,120	40.18
40. Jianfa•Xiyue * (建發•璽樾)	The northeast to the intersection of Chenggong Avenue and Jinshan West Road, 06–07 Fanghu Area, Huli District, Xiamen, Fujian Province, the PRC (Land Plot no. 2018P02)	61,842	Urban residential, retail commercial, other commercial and service, educational use	215,801	95
41. Jianfa•Yangzhu* (建發•央著)	Within control scope of Yuhu Area, Licheng District, Putian City, Fujian Province, the PRC	54,977	Residential, service facilities	189,579	100

# PROPERTIES PORTFOLIO

## COMPLETED PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2020 *(Continued)*

Property name	Address and lot no.	Site area (sq.m.)	Type	Total GFA (sq.m.)	Group's interest (%)
42. Wuyi & Jianfa• Shanwaishan* (武夷&建發•山外山)	Duba Ecological Tour & Economic Park, Wuyi Town, Wuyishan City, Fujian Province, the PRC	160,000	Catering and hotel, residential	108,647	50
43. Jianfa•Yuefu (formerly as Jianfa•Lingfu Xinyuan)* (建發•悅府 (原建發•領賦新苑))	East of Lianjiang Middle Road, West of Houpu Road, Jin'an District, Fuzhou	23,256	Urban residential, commercial and finance	86,014	100
44. Jianfa•Jinhuyin (formerly as Land Parcel No. 2019 Lot-17 in Longyan)* (建發•津湖印(原龍岩 2019拍-17地塊))	North-east of the intersection of Jinji Road and Yanlong Road, Longyan	20,907	Urban residential	70,153	55

# PROPERTIES PORTFOLIO

## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2020

Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area (sq.m.)	Total or estimated total GFA (sq.m.)	Expected completion date	Group's interest (%)
1. Jianfa & Rongqiao• Shanghai Daguan 01.03.04 (建發&融橋•山海大觀 01.03.04)	Land Parcels No. C24, C26, C36 in Songwu Village, Pukou Town, Lianjiang County, Fujian Province, the PRC	Urban residential, wholesale and retail	01 for pre-sold 03.04 for preliminary	90,802	228,224	By the end of 2021	65
2. Wudi & Jianfa•Xiyuan (formerly as Jianfa• Xiyuan)* (武地&建發•靈院 (原建發•靈院))	East of Huashan Avenue, north of Dachangshan Road, Donghu New Technology Development Zone, Wuhan City, Hubei Province, the PRC	Urban residential	pre-sold	68,315	148,133	Mid-2021	49
3. Jianfa•Runjinyuan* (建發•潤錦園)	West of Zhixing Road, north of Pengshan Road, Gaoxinyuan, Jiangning District, Nanjing City, Jiangsu Province, the PRC	Urban residential, commercial services, business	pre-sold	34,092	94,742	At the beginning of 2021	50
4. Jianfa•Jingyuxuan* (建發•璟悅軒)	North of Rongxing Road, east of Zhenming Road, Gongming Zhongxin District, Shenzhen City, Guangdong Province, the PRC	Apartments, commercial	pre-sold	8,416	66,920	By the end of 2021	51
5. Jianfa•Yuexi (formerly as Jianfa•Xiyuan)* (建發•悅靈 (原建發•靈院))	West of Huxin Road, north side of Tengyi Road, Doumen District, Zhuhai City, Guangdong Province, the PRC	Urban residential, retail, public facilities, education, village roads	pre-sold	47,364	121,978	By the end of 2021	100
6. Jianfa•Xiyuan* (建發•靈園)	East side of Huxin Road, Baiteng Lake, Doumen District, Zhuhai City, Guangdong Province, the PRC	Urban residential, retail	pre-sold	26,707	59,697	Mid-2021	51
7. Jianfa & Jiulongcang Yangxi* (建發&九龍倉•央靈)	No. 444, Shitan Road, Shijing Town, Baiyun District, Guangzhou City, Guangdong Province, the PRC	Urban residential	pre-sold	45,559	200,555	Mid-2021	64
8. Jianfa•Yangzhu * (建發•央著)	Land Parcel 06-2 west to the Bihu Biological Park, Longwen District, Zhangzhou City, Fujian Province, the PRC	Residential, commercial service	pre-sold	37,141	127,441	Mid-2021	70
9. Jianfa & Rongqiao• Shanghai Daguan 02* (建發&融橋•山海大觀 02)	Songwu Village, Pukou Town, Lianjiang County, Fuzhou, Fujian Province, the PRC (Land Plot no. Lian Di Pai Mai (2018)02)	Urban residential	preliminary	69,982	104,973	By the end of 2021	65
10. Jianfa & Jinmao•Xiyue* (建發&金茂•靈悅)	Dahualing Village, Daqiao New District Office, Jiangxia District, Wuhan Municipal, Hubei Province, the PRC	Residential	pre-sold	71,606	259,932	At the beginning of 2022	51
11. Jianfa•Hexi* (建發•和靈)	North-west side of the intersection of Xin'an North Road and Lehuo Road, Haicang District, Xiamen	Retail, urban residential	pre-sold	41,979	85,205	At the beginning of 2022	51
12. Jianfa•Heming* (建發•和鳴)	North-west side of the intersection of Dongfu East 2nd Road and Lehuo Road, Haicang District, Xiamen	Retail, urban residential	pre-sold	27,230	72,500	At the beginning of 2022	49.5
13. Jianfa•Hezhu Phase I* (建發•和著一期)	South-west side of the intersection of Dongyao Road and Xiyuan South Road, Majiuwan District, Haicang District, Xiamen City	Residential, commercial services	preliminary	17,464	48,900	By the end of 2022	100
14. Jianfa•Hezhu Phase II* (建發•和著二期)	East side of the intersection of Dongyao Road and Xiyuan South Road, Majiuwan Area, Haicang District, Xiamen	Residential, commercial services	preliminary	18,590	52,050	At the beginning of 2023	100

# PROPERTIES PORTFOLIO

## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2020 (Continued)

Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area (sq.m.)	Total or estimated total GFA (sq.m.)	Expected completion date	Group's interest (%)
15. Jianfa•Shanhuyuan (formerly as Land Parcel No. D-02 in Changtai)* (建發•山湖院(原長泰 D-02地塊))	Shili Village, Mayangxi Ecological Tourist Area, Changtai County	Retail, urban residential	pre-sold	67,943	95,120	At the beginning of 2023	60
16. Jianfa•Yangyu* (建發•央譽)	West of Longxiang Road, south of Narcissus Street, Longwen District, Shenzhen	Retail, urban residential,	pre-sold	32,768	128,921	By the end of 2021	100
17. Jianfa•Xiyuan* (建發•壘院)	West of Shizhai North Road, North of Maishi Street, Sui'an Town, Zhangou County	Residential, commercial services	pre-sold	123,275	376,598	By the end of 2021	70
18. Jianfa•Wenchangfu* (建發•文昌府)	North of East Road, Nanchang Road, West of Putougang, Longwen District, Zhangzhou City	Retail, urban residential	pre-sold	29,908	77,761	By the end of 2021	70
19. Jianfa•Yangyu* (建發•央譽)	Within the control scope of Yuhu District, Licheng District, Putian City	Residential	pre-sold	46,882	157,725	Mid-2021	100
20. Jianfa•Panlongfu* (建發•盤龍府)	North of Lihan Avenue and South of Panlong Road, Xitianwei Town, Licheng District, Putian City	Urban residential, commercial and residential, education	pre-sold	182,155	435,715	By the end of 2022	100
21. Jianfa Yuhuyihao (formerly as Jianfa• Yongjingwan)* (建發•玉湖壹號(原建 發•雅景灣))	Within the control scope of Yuhu District, Putian City	Urban residential	pre-sold	31,876	82,877	By the end of 2021	100
22. Jianfa•Xiyuan* (建發•壘院)	Central District of Xianyou County	Retail, urban residential	pre-sold	32,598	140,042	By the end of 2021	55
23. Jianfa•Xiyue* (建發•壘悅)	No. 27 Nanfu Road, Yanping District, Nanping City	Residential, commercial	pre-sold	135,299	312,932	Mid-2021	75
24. Jianfa•Shuxiangli* (建發•書香里)	Core area of central city of Lianjiang County, Qingtang area	Retail, urban residential	pre-sold	35,134	100,028	Mid-2021	100
25. Jianfa•Tianxing Yangzhu (formerly as Jianfa•Tianxing Yangzhu)* (建發•天行決著(原建 發•天行央著))	Donglan Zu Tuan, Ningde Dongqiao Economic and Technological Development Zone, North of Mindong East Road, East of Yufu Road	Urban residential, commercial service land	pre-sold	49,177	139,847	By the end of 2021	50
26. Jianfa•Tianxing Xiyuan* (建發•天行壘院)	North of Tianshan Road, East side of Wangkeng Road, Dongqiao District, Ningde City	Urban residential, commercial service land	pre-sold	85,885	272,048	Mid-2021	55
27. Jinmao & Jianfa• Guanyue* (金茂&建發•觀悅)	Binhe Road, Furong District, Changsha City	Residential	pre-sold	92,638	255,005	By the end of 2021	49
28. Jinmao & Jianfa•Boyue (formerly as Jinmao & Jianfa•Boyue)* (金茂&建發•泊悅 (原金茂&建發•鉅悅))	Northeast corner of the intersection of Beijincheng Road and Yinshan Road, Yuelu District, Changsha City	Residential, commercial	pre-sold	39,354	83,037	By the end of 2021	49

# PROPERTIES PORTFOLIO

## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2020 (Continued)

Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area (sq.m.)	Total or estimated total GFA (sq.m.)	Expected completion date	Group's interest (%)
29. Jianfa•Songyayuan* (建發•松雅院)	East of Ninghua Road, North of Wangxian Road, Xingsha Street, Changsha County	Urban residential	preliminary	130,157	234,283	By the end of 2021	49
30. Jianfa•Jiangshanyue* (建發•江山悅)	East Line of Xiaoxiang Avenue, West of Lianjiang Road, Yuelu District, Changsha City	Residential	preliminary	185,332	415,972	Mid-2023	49
31. Jianfa•Tianjingwan Yayuan (formerly as Jianfa•Tianjingwan)* (建發•天境灣雅園 (原建發•天境灣))	East of Donggang Road, South of Tianru Road, Science and Education New Town, Taicang	Urban residential, commercial, kindergarten	preliminary	83,999	228,199	Mid-2021	100
32. Jianfa•Shangyuyuan* (建發•尚虞院)	East of Yuanhetang, North of China Merchants West Road, Mocheng Street, Changshu,	Urban residential	pre-sold	32,578	120,924	By the end of 2021	100
33. Jianfa•Chunjiang Boyue* (建發•春江泊月)	East side of Lujin Road and South side of Luxin Road, Qiaokou Town, Wuzhong District, Suzhou City	Urban residential	pre-sold	27,921	67,010	At the beginning of 2022	100
34. Jianfa•Yuejiangnan Phase I* (建發•悅江南一期)	West side of Guiba Road, North side of Sports Road, Taihu New Town (Songling Town)	Residential	pre-sold	37,826	49,174	By the end of 2021	100
35. Jianfa•Yuejiangnan Phase II* (建發•悅江南二期)	West side of Guiba Road, North side of Sports Road, Taihu New Town (Songling Town)	Residential, commercial services	pre-sold	49,988	64,984	By the end of 2021	100
36. Jianfa•Yujingwan* (建發•御璟灣)	West of Jinnan Road, Jingang Town, Zhangjiagang City	Urban residential	pre-sold	166,013	437,843	Mid-2022	100
37. Jianfa•Hexi* (建發•和壘)	North-east of the intersection of Xincheng Road and Hefeng Road, Economic Development Zone, Wuxi	Urban residential	pre-sold	143,853	214,008	By the end of 2021	49
38. Jianfa•Jiuli Yingyue (formerly as Jiuli Yingyue)* (建發•玖里映月(原玖 里映月))	North of Dongxiang Road and East of Hongye Road, Xidong New Town Business District, Wuxi	Residential, commercial	pre-sold	55,997	100,952	By the end of 2022	42
39. Jianfa•Jiuxifu* (建發•玖熙府)	Lot East of Nanzhu South Road, South of Gaoping Street, Lishui District, Nanjing	Residential	pre-sold	121,488	182,232	By the end of 2022	49
40. Jianfa•Yuexi* (建發•悅壘)	South of Shenyang Road, North of Hengyang Road, Xixiangtang District, Nanning City	Retail, urban residential, commercial and finance	pre-sold	58,426	298,084	Mid-2023	60
41. Jianfa•Yangxi* (建發•央壘)	No. 3 Tanyang Road, Liangqing District, Nanning City	Retail, urban residential	pre-sold	101,673	276,552	Mid-2023	100
42. Jianfa•Xiyuan Phase II* (建發•壘院二期)	South of Jinfu Road, east of Yide Road, Jiangnan District, Nanning	Retail, urban residential	pre-sold	11,323	39,631	At the beginning of 2023	51
43. Jianfa•Shuangxi* (建發•雙壘)	South of Yudong Avenue, west of Yude Road, Liangqing District, Nanning	Retail, urban residential	pre-sold	86,333	172,667	Mid-2022	100

# PROPERTIES PORTFOLIO

## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2020 (Continued)

Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area (sq.m.)	Total or estimated total GFA (sq.m.)	Expected completion date	Group's interest (%)
44. Jianfa•Yangjing (formerly as Jianfa• Yangjingyuan)* (建發•央璟(原建發•央 璟園))	South of Chunfeng Road, Xiangzhou District, Zuhai	Urban residential	preliminary	19,703	80,257	By the end of 2021	100
45. Jianfa•Yangzhu (formerly as Land Parcel No. 2019 Lot-19 in Longyan)* (建發•決著(原龍岩 2019拍-19地塊))	East of Longyan Traffic and Highway Management Center, north of Jinji Road	Residential, commercial services	pre-sold	32,413	90,756	At the beginning of 2022	70
46. Australia Project	71 Windsor Road, Baukham Hills, NSW 2153 Australia	Neighbourhood center, medium density residential, infrastructure (classified road)	preliminary	10,710	8,547	Not determined	60
47. Jianfa•Sishui Heming* (建發•泗水和鳴)	East to Donggangjing, south to the Guihua Road, west to Henggang Road, north to the Guihua Daolu, Songjiang District, Shanghai, the PRC	Residential	pre-sold	85,715	128,572	Mid-2022	49
48. Jianfa•Shuxiangfu* (建發•書香府)	East of Liyushan Middle School, Qingtang Area, Lianjiang County, Lianjiang City, the PRC	Residential, commercial	pre-sold	64,548	142,006	By the end of 2021	40
49. Jianfa•Yangyun* (建發•養雲)	Southeast of the intersection of Fanghu North 2 Road and Zongsi Road, Huli District, Xiamen, the PRC	Residential, commercial	pre-sold	50,394	174,500	Mid-2022	80
50. Jianfa & Rongchuang• Changan Hexi (formerly as Jianfa•Changan Hexi)* (建發&融創•長安和壘 (原建發•長安和壘))	East side of Gucheng South Street (Southeast area of Shougang Park), Shijingshan District, Beijing, the PRC	Residential	pre-sold	23,303	65,248	By the end of 2023	51
51. Jianfa•Longxitai* (建發•龍壘台)	Shima Town, Longhai City, Zhangzhou City, the PRC	Commercial and residential	pre-sold	8,426	25,278	Mid-2022	100
52. Jianfa•Boyuewan* (建發•泊月灣)	Northeast of the intersection of Taishan Road and Xinming Road, Xinwu District, Wuxi, the PRC	Residential	pre-sold	89,156	178,312	By the end of 2022	100
53. Jianfa•Yuanxi* (建發•園壘)	North of Xingsheng Road and East of Yuyao Road, Yuanhe Street, Xiangcheng District, Suzhou, the PRC	Residential	pre-sold	63,066	157,665	By the end of 2022	60
54. Jianfa•Junhefu* (建發•璟和府)	East to Longwang Street, south to Yuanqian Road, west to Xinting Street, north to Lushan Road, Nanjing, the PRC	Residential	preliminary	28,196	75,126	By the end of 2022	100
55. Jianfa•Shuxiangyincui* (建發•書香印翠)	East to Guihua Daolu, south to Guihua Daolu, west to the cadre school of the provincial construction department, north to Huayuan Village, Hangzhou, the PRC	Residential	preliminary	16,996	52,688	By the end of 2022	100
56. Jianfa•Hexi (formerly as Land Parcel No. C-10 in Wuyi New District)* (建發•和壘(原武夷新 區C-10地塊))	North side of Linhou Street, Jiayang City, the PRC	Residential	pre-sold	50,539	83,389	By the end of 2022	100

# PROPERTIES PORTFOLIO

## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2020 (Continued)

Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area (sq.m.)	Total or estimated total GFA (sq.m.)	Expected completion date	Group's interest (%)
57. Jianfa•Nanhuyin* (建發•南湖印)	South of Meixia Avenue, north of Huanhu Road, Yunxiao County, Zhangzhou City, the PRC	Residential	preliminary	66,279	218,721	Mid-2023	80
58. Jianfa Hexi (formerly as Land Parcel No.2020-A01 in Zhangdi)* (建發•和壘(原張地 2020-A01號地塊))	East to Jiangfan Road; south to Zhenxing Road; west to Huachang Road; north to Zhongxing Road, Zhangjiagang City, the PRC	Residential	preliminary	95,636	191,272	By the end of 2022	60
59. Jianfa•Yangzhu*(建 發•央著)	North side of Dongge Road, Qingxiu District, Nanning City, the PRC	Commercial and residential	preliminary	19,796	69,285	Mid-2022	100
60. Guiv Project(貴銘項目)	East side of Luxing Road, south side of Baishaguan Road, west side of Guihuazhong 2 Road and Guihuazhong 3 Road, and north side of Tianyuan Street Extension, Luxing Community, Baiyun District, Guiyang, the PRC	Residential	preliminary	226,000	527,859	At the beginning of 2023	90
61. Jianfa•Tianyuefu (formerly as Jianfa• Tianyue)* (建發•天悅府(原建發• 天悅))	Land Parcel at southeast of the intersection of Keji Avenue and Melin Road, Hangzhou, the PRC	Residential	preliminary	69,743	153,435	By the end of 2022	80
62. Jianfa•Manyun (formerly as Land Parcel No. H2020P01 in Haicang)* (建發•漫雲(原海滄 H2020P01地塊))	West of the intersection of Binhu Road and Dongyu West Road, Xinshi District, Haicang District 05-11, Xiamen, the PRC	Commercial and residential	preliminary	18,038	103,986	At the beginning of 2024	100
63. Jianfa•Shuxiang Fudi Phase I (formerly as Land Parcel No. 2020XP04 in Xiang'an)* (建發•書香府邸一期 (原翔安2020XP04地 塊))	D19, northeast of the intersection of Hongzhong Avenue and Chengchang Road, Xiang'an South Xincheng Area, Xiang'an District 13-15, Xiamen, the PRC	Commercial and residential	preliminary	8,839	26,500	At the beginning of 2023	100
64. Jianfa•Shuxiang Fudi Phase II (formerly as Land Parcel No. 2020XP03 in Xiang'an)* (建發•書香府邸二期 (原翔安2020XP03地 塊))	D22, northeast of the intersection of Hongzhong Avenue and Chengchang Road, Xiang'an South Xincheng Area, Xiang'an District 13-15, Xiamen, the PRC	Commercial and residential	preliminary	16,513	52,800	Mid-2023	100
65. Jianfa•Panlong Yuan* (建發•盤龍苑)	Bengbu Economic Development Area (蚌埠市經開板塊), Bengbu City, the PRC	Residential	preliminary	151,300	222,398	By the end of 2022	100
66. Land Parcel No. 202005 (Wenti Zhongxin03) in Zhangzhou Zhangpuxian* (漳州漳浦縣202005 文體中心03)地塊)	West of Shizhai North Road and south of Chaoyang East Road, Sui'an Town, Zhangpu County, Zhangzhou City, the PRC	Residential	preliminary	59,312	148,281	Mid-2024	70
67. Wuxi Shangyuan* (無錫上院)	Southeast of the intersection of Wangzhuang Road and Chengnan Road, Xinwu District, Wuxi, the PRC	Residential	preliminary	114,036	228,072	By the end of 2022	100



# PROPERTIES PORTFOLIO

## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2020 (Continued)

Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area (sq.m.)	Total or estimated total GFA (sq.m.)	Expected completion date	Group's interest (%)
68. Jianfa•Hexi Phase II* (建發•和壘二期)	North of Wangkeng Road, East of Liancheng Road, Ningde City, the PRC	Residential	preliminary	45,935	105,651	By the end of 2022	49.98
69. Jianfa•Hexi Phase I* (建發•和壘一期)	North of Wangkeng Road, West of Liancheng Road, Ningde City, the PRC	Residential	preliminary	35,693	78,525	At the beginning of 2023	49.98
70. Shidai Jingcheng* (時代璟城)	North of Wangkeng Road, East of Liancheng Road, Ningde City, the PRC	Residential,commercial	preliminary	72,319	166,334	Mid-2024	49.98
71. Jianfa•Wuyuan Yingyue* (建發•五緣映月)	Southeast of the intersection of Wuyuanwan Road and Jinbian Road, Huli District, Xiamen, the PRC	Residential	preliminary	17,069	53,000	Mid-2023	80
72. Land Parcel No. 2020P11 (Ruijing02) in Zhangzhou Xiangcheng District* (漳州薊城區 2020P11(瑞京02)地塊)	South of Shengli West Road, east of Guihua Jinfang Road and north of Guihua Yuanzhong Road, Zhangzhou Xiangcheng District, Zhangzhou City, the PRC	Residential,commercial	preliminary	26,665	63,900	By the end of 2022	100
73. Jianfa•Yangyun* (建發•養雲)	North side of Hengyu Road, south of Niugangshan Park, Fuzhou City, the PRC	Residential	preliminary	50,454	105,449	By the end of 2022	100
74. Jianfa•Heming* (建發•和鳴)	Land parcel at south of Heyue Road and east of Lingnan Avenue, Lecong Town, Shunde District, Foshan City, Shunde City, Foshan, the PRC	Residential	preliminary	42,461	106,153	By the end of 2022	100
75. Land Parcel No. 2019S-31 in Quanzhou Shishi City* (泉州石獅 市2019S-31號地塊)	East to Huixing Road, 18metres west to Guihua Road, south to other sites and north to Jiuer East Road, Baogai Town, Shishi City, the PRC	Residential	preliminary	57,703	161,568	Mid-2023	100
76. Jianfa•Hexi Phase II* (建發•和壘二期)	Southwest of the intersection of Xinyang Avenue and Xinjing Road, Maluanwan Area, Haicang District, Xiamen, the PRC	Residential	preliminary	25,498	58,640	Mid-2023	80
77. Wuxi Jinyuewan* (無錫金玥灣)	North side of Cuizhu South Road and west side of Huizhou Avenue, Huishan District, Wuxi, the PRC	Residential	preliminary	86,042	189,292	Mid-2023	52
78. Land Parcel No. C32 in Wuyi Jianyang New District* (武夷建陽新 區C32地塊)	Both sides of Linhou Street and south side of Fuhou Street, Wuyi New District, Nanping City, the PRC	Residential	preliminary	54,040	91,868	By the end of 2022	100
79. Land Parcel No. 2020-40 in Yongchun* (永春縣2020-40號地 塊)	Taocheng Town, Shigu Town, Yongchun County, Quanzhou City, the PRC	Residential	preliminary	54,166	135,415	Mid-2023	100
80. Jianfa•Tianxiwan Yayuan* (建發•天壘灣雅苑)	South of the Second Kaiming Middle School, Huai'an Ecological New Town Block, Huai'an City, the PRC	Residential	preliminary	189,035	378,000	By the end of 2025	42
81. Jianfa•Hexi* (建發•和壘)	Yezha Community land grant,south side of Lubin Road and east side of Hongwanzhong Road, Cangshan District, Fuzhou City, the PRC	Residential	preliminary	24,044	52,897	Mid-2022	100
82. Land Parcel No.2020-J-WY-06 in Nanping* (南平市 2020-J-WY-06號地塊)	North Area of Eco-city (North of Shuanglong Road), West District, Jianyang District, Nanping City, the PRC	Residential	preliminary	45,934	82,680	By the end of 2022	70

# PROPERTIES PORTFOLIO

## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2020 (Continued)

Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area (sq.m.)	Total or estimated total GFA (sq.m.)	Expected completion date	Group's interest (%)
83. Land Parcel No.2020-J-WY-07 in Nanping* (南平市2020-J-WY-07號地塊)	North Area of Eco-city(North of Shuanglong Road), West District, Jianyang District, Nanping City, the PRC	Residential	preliminary	38,364	61,382	By the end of 2022	70
84. Land Parcel No.2020-J-WY-08 in Nanping* (南平市2020-J-WY-08號地塊)	North Area of Eco-city (North of Shuanglong Road), West District, Jianyang District, Nanping City, the PRC	Residential	preliminary	45,934	82,680	By the end of 2022	70
85. Jianfa•Yuefu* (建發•悅府)	Northwest of the intersection of Fanyang West 3 Road and Fanyan North 2 Road, Li'an District, Xiamen Xiangan District, Xiamen, the PRC	Residential	preliminary	12,321	36,900	Mid-2023	100
86. Land Parcel No. XDG-2020-60 in Wuxi Huishan District* (無錫市惠山區XDG-2020-60號地塊)	East of Longyan Traffic Highway Management Center, north of Jinji Road, Wuxi, the PRC	Residential	preliminary	89,870	179,741	By the end of 2023	60
87. Jianfa•Yangyunfu* (建發•襄雲府)	East to Suiyuan Road, south to Shihu North Road, west to Zhenzhu South Road, north to Gaoping Street, Shaoxing City, the PRC	Residential	preliminary	19,466	36,013	By the end of 2022	100
88. Jianfa•Hexi* (建發•和壘)	Intersection of Beijincheng Road and Yinsuan Road, Yuelu District, Changsha City, Nanning, the PRC	Residential	preliminary	21,778	65,333	At the beginning of 2023	100
89. Jianfa•Tianxing Manyun* (建發•天行纓雲)	North of Nanchang East Road and west of Putougang, Longwen District, Ningde City, the PRC	Residential	preliminary	65,767	144,687	Mid-2023	60
90. Jianfa•Heming Lanxijun* (建發•和鳴蘭溪郡)	Binhe Road, Furong District, Putian City, the PRC	Residential	preliminary	40,590	99,016	By the end of 2023	51
91. Land Parcel No. 2020 Lot-21 (Beiguan Community) in Xinluo District* (新羅區2020拍-21(北關小區)地塊)	West side of Fenghuang Road, south side of Gongye Road, Longyan City, the PRC	Residential	preliminary	76,571	122,503	Mid-2023	100
92. Land Parcel No. 2020 Lot-22 (Longteng South No.7) in Xinluo District* (新羅區2020拍-22(龍騰南7號)地塊)	East side of Longteng South Road, north of Gaokan Expressway, Longyan City, the PRC	Residential	preliminary	41,724	104,310	By the end of 2023	100
93. Land Parcel No. 2020 Lot-22 (Chengbei No.1) in Xinluo District* (新羅區2020拍-22(城北1號)地塊)	North of Gongye Road and East of Longyan Avenue, Longyan City, the PRC	Residential	preliminary	33,662	84,155	Mid-2023	100
94. Jianfa•Shuxiangfu* (建發•書香府)	South of Yudong Avenue and west of Yude Road, Liangqing District, Ningde City, the PRC	Residential	preliminary	69,770	125,586	By the end of 2022	70

# PROPERTIES PORTFOLIO

## PROPERTY UNDER DEVELOPMENT AS AT 31 DECEMBER 2020 *(Continued)*

Property name	Address and lot no.	Type	Stage of completion/ project phase	Site area (sq.m.)	Total or estimated total GFA (sq.m.)	Expected completion date	Group's interest (%)
95. Jianfa•Xiyuan* (建發•蠶園)	Northeast of the intersection of Jinji Road and Yanlong Road(Hudong Huayuan land parcel), Jinan, the PRC	Residential	preliminary	39,000	77,416	By the end of 2022	100
96. Land Parcel No. 20165 in Chongqing Beibei District* (重慶市北碚區20165號地塊)	South of Yudong Avenue and west of Yude Road, Liangqing District, Chongqing, the PRC	Residential	preliminary	75,295	109,068	Mid-2023	100
97. 江北新 Land Parcel No. New District 2020G24 in Jiangbei New District Getang* (江北新區葛塘No.新區2020G24地塊) No.新區2020G24地塊	East of Longyan Traffic Highway Management Center, North of Jinji Road, Nanjing, the PRC	Residential	preliminary	49,999	121,966	By the end of 2022	100
98. Jianfa•Jinyuewan* (建發•金玥灣)	900 meters straight distance from the north of Wanda, Shanghai Jinshan District, east to Weiling North Road, south to Longyan Road, west to Dongping North Road, north to Longwan Road, Shanghai, the PRC	Residential	pre-sold	82,921	149,257	By the end of 2021	51

\* Denotes English translation of the name of a Chinese company, entity and place and is provided for identification purpose only