



COUNTRY GARDEN

Holdings Company Limited

碧桂園控股有限公司



WHAT IS COUNTRY GARDEN?

Country Garden is a diversified technology company that creates a happy life for the world.

We are committed to robotics

Technology is advancing from day to day. In fact, the age of robots is already here. Country Garden is committed to scientific innovation. Our team is growing by the day, particularly our team of top scientists. Today, we have over 200 thousand employees, including more than 1,000 PhDs. Their combined brainpower channels the power of science to craft better lives for all, and to make China a more technologically advanced country.

We established Bright Dream Robotics to develop smart construction systems built around construction robots, prefabrication systems, and BIM. Bright Dream Robotics is working to achieve the perfect marriage of safety, quality, speed, and economy, and is leading a revolution in the construction sector. Meanwhile, Bright Dream Robotics is also developing, manufacturing, and operating robots for catering, healthcare, agriculture, and home services.

We set up Qianxi Robotics to build the world's most advanced robot restaurant. This is how we can offer our community food that is tasty, safe, nutritious, healthy, and reasonably priced and provide an entirely new dining experience to the consumers.

We build good housing and good communities

Country Garden is committed to supporting China's new urbanization process. We bring true craft and care to the task of making homes that are safe, healthy, attractive, economical, practical, and long-lasting. We provide good homes, beautifully decorated; friendly green spaces for quality of life; comprehensive local amenities; and thoughtful resident services. We have brought modern living to over 1,400 towns around China, and more than 4.5 million people have chosen to make their home in a Country Garden property. We are proud to have made an important contribution to the urbanization and modernization of our country.

We are active supporters of modern agriculture and rural revitalization

We established Country Garden Agriculture to apply self-driving technologies to advance Chinese agriculture. It will help raise productivity, and improve crop yields and quality. It is our contribution to the problem of feeding the world.

We also set up Bi You Xuan, a company that helps farmers set up high-quality crop and livestock sites with direct commercial links to urban markets. It delivers a wide range of safe, tasty, reasonably priced produce straight from the field to where urban shoppers live: services bringing a better life for every Chinese family.

Make the world a better place for having us in it

For us, targeted poverty alleviation programs and rural revitalization are key parts of our business. Country Garden and its founder have donated over 8.7 billion yuan to charitable causes. We are actively engaged in targeted poverty relief and rural revitalization projects in 57 counties across 16 different provinces. These programs have helped lift 490,000 people out of poverty. Going forward, we will consolidate the progress in poverty alleviation and make our contribution to rural rejuvenation.

Country Garden is a Fortune 500 company that has been publicly listed in Hong Kong since 2007 and is tracked as a component of the Hang Seng Index. We are also a major taxpayer: in the year 2020 alone, we contributed over 65.3 billion yuan in taxes. In Country Garden, ethics, corporate social responsibility, and transparency are vital. Going forward, we are committed to being a force for human progress.

Country Garden – Five-star living for you.



Design Concept

Under the design philosophy of this annual report, the trees and the lines with a sense of technology stand for Country Garden's resilience, perseverance and spirit of continuous improvement, and also represent our constant focus on adopting the power of technologies to create a better life for the society and contribute to China's urbanization and modernization.

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The background of the cover features a blurred photograph of a modern building with a balcony, a large tree, and a golf course green with a sand trap. A decorative graphic of multiple thin, white, curved lines sweeps across the lower half of the image. The text 'CORPORATE OVERVIEW' is positioned in the upper left quadrant in a blue, sans-serif font, preceded by a vertical line with a small circle at the top.

CORPORATE OVERVIEW



CORPORATE PROFILE

Country Garden Holdings Company Limited (stock code: 2007.HK) is one of the China's largest residential property developers that capitalizes on urbanization. With centralized management and standardization, the Group runs the businesses of property development, construction, interior decoration, property investment, and the development and management of hotels. Country Garden offers a broad range of products to cater for diverse demands, namely residential projects such as townhouses, condominiums, car parks and retail shop spaces. The Group also develops and manages hotels at some of its property projects with the aim of enhancing the properties' marketability. The Group's other businesses are robotics and modern agriculture.

Country Garden was listed on the main board of the Stock Exchange on 20 April 2007. The listing has allowed the Group to tap the international capital market for funds to sustain its healthy growth in the future. Since its listing, Country Garden has been recognized by the market for its business performance. The Group became a constituent stock of MSCI Global Standard Indices on 1 September 2007, of Hang Seng Composite Index and Hang Seng Mainland 100 on 10 September 2007, of FTSE China 50 Index on 14 September 2016, of Hang Seng China (Hong Kong-listed) 25 Index on 12 June 2017, of Hang Seng China 50 Index on 5 March 2018, and of Hang Seng China



Enterprises Index on 17 June 2019. Country Garden is also a constituent stock of Hang Seng Index. All this shows that the capital market regards Country Garden as a major component of the Hong Kong stock market. This has also strengthened the Group's position in the international capital markets.

Since its establishment, Country Garden has been benefitting from China's thriving economy. Its business presence has been extended from Guangdong province to other economically vibrant regions of the country. Country Garden had projects of property development and operation in a number of locations of strategic importance in all the provinces, municipalities and autonomous regions of the country by the end of 2020. The Group ranked 147th in Fortune Global 500 as of August 2020.

Looking ahead, Country Garden will continue to enhance and consolidate its various community-based businesses that centre around its real estate business. It will do so by means of financing and integrating community resources. Specifically, it will build businesses that can meet all the needs in the entire human life cycle. All this can unlock the value of all of the Group's businesses and serve to reinforce its market leadership.



CORE VALUE

To shape a prosperous future through our conscience and social responsibility awareness

1

Corporate Mission

To create a better society with our existence

2

Corporate Spirit

To benefit people and the society

3

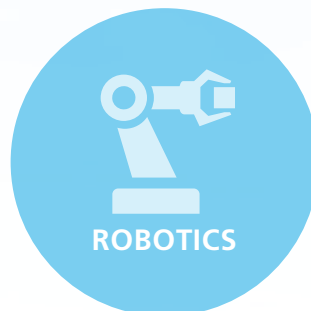
Service Concept

Five-star living for you

CORPORATE POSITION

We are a high-tech conglomerate that provides good living worldwide

THE TRINITY OF BUSINESSES that drives the company's development :





Mr. YEUNG Kwok Keung,
Country Garden
that I dreamed of

- This is an elitist company
- This is a good place for the talents
- This is a place to learn and make progress
- This is a harmonious big family
- This is a company of integrity and commitment, operating in compliance with laws and regulations
- This is a sensible company that constantly corrects itself
- This is a company of equality which rewards excellence
- This is a company that prospers and constantly betters itself with experiences and practices
- This is a company that creates a happy life for the world.
- This is a company that excels in social well being, corporate benefits and staff benefits
- This is a company that is highly recognized and appreciated by the society
- This is a company dedicates to the development of human society

CORPORATE INFORMATION

DIRECTORS**Executive Directors**

Mr. YEUNG Kwok Keung (*Chairman*)
 Ms. YANG Huiyan (*Co-Chairman*)
 Mr. MO Bin (*President*)
 Ms. YANG Ziyang
 Mr. YANG Zhicheng
 Mr. SONG Jun
 Mr. SU Baiyuan

Non-executive Director

Mr. CHEN Chong

Independent Non-executive Directors

Mr. LAI Ming, Joseph
 Mr. SHEK Lai Him, Abraham
 Mr. TONG Wui Tung
 Mr. HUANG Hongyan
 Mr. TO Yau Kwok

CHIEF FINANCIAL OFFICER

Ms. WU Bijun

JOINT COMPANY SECRETARIES

Mr. LEUNG Chong Shun
 Mr. LUO Jie

AUTHORIZED REPRESENTATIVES

Ms. YANG Huiyan
 Mr. MO Bin
 Mr. LI Chengran (*alternate to Ms. YANG Huiyan*)
 (appointed on 23 March 2021)
 Mr. LUO Jie (*alternate to Mr. MO Bin*)
 Mr. MA Ziling (*alternate to Ms. YANG Huiyan*)
 (resigned on 23 March 2021)

AUDIT COMMITTEE

Mr. LAI Ming, Joseph (*Chairman*)
 Mr. SHEK Lai Him, Abraham
 Mr. TONG Wui Tung
 Mr. HUANG Hongyan

REMUNERATION COMMITTEE

Mr. TONG Wui Tung (*Chairman*)
 Mr. YEUNG Kwok Keung
 Mr. MO Bin
 Mr. LAI Ming, Joseph
 Mr. SHEK Lai Him, Abraham
 Mr. HUANG Hongyan

NOMINATION COMMITTEE

Mr. YEUNG Kwok Keung (*Chairman*)
 Mr. LAI Ming, Joseph
 Mr. TONG Wui Tung
 Mr. HUANG Hongyan

CORPORATE GOVERNANCE COMMITTEE

Mr. YEUNG Kwok Keung (*Chairman*)
 Ms. YANG Huiyan
 Mr. MO Bin

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE

Mr. YEUNG Kwok Keung (*Chairman*)
 Ms. YANG Huiyan
 Mr. MO Bin
 Mr. LAI Ming, Joseph
 Mr. SHEK Lai Him, Abraham
 Mr. TONG Wui Tung

EXECUTIVE COMMITTEE

Mr. YEUNG Kwok Keung (*Chairman*)
 Ms. YANG Huiyan
 Mr. MO Bin
 Ms. YANG Ziyang
 Mr. YANG Zhicheng

FINANCE COMMITTEE*

Ms. WU Bijun (*Chairman*)
 Ms. YANG Huiyan
 Mr. MO Bin
 Ms. YANG Ziyang
 Mr. YANG Zhicheng

* Other two members are senior management of the finance centre of the Company

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

**PRINCIPAL PLACE OF BUSINESS
IN THE PRC**

Country Garden Centre
No. 1 Country Garden Road
Beijiao Town, Shunde District, Foshan
Guangdong Province 528312
The PRC

**PRINCIPAL PLACE OF BUSINESS
IN HONG KONG**

Suite 1702, 17/F.
Dina House, Ruttonjee Centre
11 Duddell Street
Central, Hong Kong

**PRINCIPAL SHARE REGISTRAR
AND TRANSFER OFFICE**

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

**HONG KONG BRANCH
SHARE REGISTRAR
AND TRANSFER OFFICE**

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

**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
China CITIC Bank Corporation Limited
China Construction Bank Corporation
China Development Bank Corporation
China Everbright Bank Company Limited
China Guangfa Bank Co., Ltd.
China Merchants Bank Co., Ltd.
China Minsheng Banking Corp., Ltd.
China Zheshang Bank Co., Ltd.
Chong Hing Bank Limited
CIMB Bank Berhad
CMB Wing Lung Bank Limited

Hang Seng Bank Limited
Industrial and Commercial Bank of China Limited
Industrial Bank Co., Ltd.
Malayan Banking Berhad
Ping An Bank Company Limited
Postal Savings Bank of China
Shanghai Pudong Development Bank Co., Ltd.
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking
Corporation Limited

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISORS**As to Hong Kong law:**

Woo Kwan Lee & Lo
Sidley Austin
Lu, Lai & Li
Baker & McKenzie

As to PRC law:

Allbright Law Offices
Chongqing Shariea Law Firm
Guangdong ETR Law Firm
Guangdong Guoding Law Firm
King & Wood Mallesons
Shanghai City Development Law Firm Wuhan Office
Tahota (Chongqing) Law Firm
Dentons Law Firm Guangzhou Office
Beijing Yingke Law Firm Guangzhou Office

STOCK CODES

Stock Exchange	2007
Reuters	2007.HK
Bloomberg	2007 HK Equity

WEBSITE

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

FINANCIAL CALENDAR 2021

Announcement of 2020 annual results	25 March
Record Date for Shareholders to attend, speak and vote at 2021 AGM	14 May
2021 AGM	24 May
Ex-dividend date for proposed final dividend	3 June
Record Date for Eligible Shareholders to be entitled to proposed final dividend	8 June
Despatch of dividend warrants	12 August
Announcement of 2021 interim results	August

i PERFORMANCE





CHAIRMAN STATEMENT

With honor comes responsibility

2020 will go down in history as a year of extraordinary circumstances.

While the whole world was ravaged by the novel coronavirus pneumonia pandemic, China became the first country to have brought the disease under control. This is due to the concerted effort of the whole nation under the wise leadership of the Chinese Communist Party. With the victory over the pandemic, the people's lives and health have been safeguarded. This has filled me with national pride. To aid our country in this smokeless war, we promptly donated RMB200 million to set up an anti-pandemic fund, which sourced scarce medical supplies and equipment worldwide and procured 1,800 tons of poverty alleviation materials from 48 counties in 18 provinces in China and then sent them to the front line. Country Garden also arranged for its own medical personnel to join the auxiliary medical team that aided Hubei. We took an all-out effort to help fight the pandemic.

On the other front where we have been fighting poverty, we also won a total victory in 2020 as China accomplished the formidable task of eradicating absolute poverty. This is a great feat that has never been achieved until now in the Chinese people's history of 5,000 years. Glory to the Chinese Communist Party! As a person who had once been penniless, I am grateful to the Party and the State for giving me an opportunity to work for a better life under the reform



遠改穩印

YEUNG Kwok Keung
Chairman



CHAIRMAN STATEMENT

CHAIRMAN STATEMENT



— Country Garden — Jade Bay, Dongguan

and opening-up policies. “Loyalty to the Party and love of the fatherland and people” are deeply ingrained in Country Garden. Therefore, it is natural for us to help other people get rich as we have already created wealth. We are honoured to have participated in the poverty alleviation work. We founded Zhongming Fellowship for College Students in 1997 and Guohua Memorial Middle School in 2002 and have since then built a 200-strong team assigned to eradicate poverty. The Group has carried out its poverty alleviation work in 57 counties in 16 provinces, donating RMB8.7 billion to charity and helping to lift 490,000 people out of poverty.

Nevertheless, to rid people of poverty is not an end in itself but also serves as a starting point of a new life and new meaningful ventures. Country Garden’s mission to make life better keeps evolving, from aiding people to fight poverty into promoting the rural revitalization. Looking ahead, we will keep on contributing to the rural revitalization by leveraging the well-established agricultural produce distribution network of Guangdong Biyouxuan Commercial Holding Co., Ltd, which cooperates with farmers in far-flung

areas on delivering their quality produce to cities and townships. Meanwhile, we will work with the farmers to plan scientifically our development through modern agriculture with a view to increasing the farmers’ productivity and income and thus injecting vitality into rural villages.

Solid foundation with a strategic vision

Since the establishment of Country Garden 29 years ago, we have been working unceasingly to build affordable, quality housing that comes complete with tastefully decorated flats of well-designed layout, green space and property management. To take our business to the next level, we have been engaging in property development that also meets the need for livelihood as a way to contribute to China’s urbanization and modernization as well as a better life for the people. We have been fortunate to be born in an epoch of great social change which has allowed the Company to develop into a large enterprise today. This achievement is also the fruit of our perseverance with our original aspiration to build affordable, quality housing for people.

I firmly believe that China's urbanization still has a long way to go because the desire for a happy life will keep motivating an enormous amount of the rural population to move to urbanized counties and townships with diverse amenities in the future. To meet this huge demand, we will continue to spearhead the country's urbanization by providing quality housing for the people for the centuries to come! This is what we should expect from ourselves as we seek to contribute to the country's social progress and modernization.

In 2020, the Company pressed ahead with a prudent approach to business operation and the strategy resulted in steady progress towards success. For the year ended 31 December 2020 (the “**Year**”), the Group and its joint ventures and associates together recorded approximately RMB 570.66 billion in contracted sales attributable to the shareholders of the Company. As of 31 December 2020, the Group had gained footholds in 289 cities and 1,350 counties/townships in 31 provinces/autonomous regions/municipalities in Mainland China. Pursuing the strategy of developing further the markets of the urban areas, the Group and

its joint ventures and associates together acquired new lands for a total attributable cost of RMB 209.2 billion, with 75% of the lands acquired in the five biggest metropolitan areas in Mainland China. The premium land bank will be able to reinforce the Company's steady performance in its future financial results. During the Year, the Group recorded revenue of approximately RMB462.86 billion, gross profit of approximately RMB100.91 billion, net profit of approximately RMB54.12 billion and approximately RMB35.02 billion in net profit attributable to the owners of the Company. The Company has made it to the Fortune Global 500 List for four consecutive years since 2017 and it has improved its ranking significantly in the list to 147th this year, up by 30 places compared with that in 2019. Country Garden also ranked first among the world's property developers on that list.

The Company has been well recognized by credit rating agencies for its good operating performance and prudent financial management. In 2020, Moody's raised the ratings on the Company as an issuer and on its senior unsecured bonds to “investment-grade”



— Country Garden — Coral Palace, Lingshui

CHAIRMAN STATEMENT

while S&P Global Ratings upgraded the outlook of the Company's long-term issuer credit rating to "positive". This helped the Company lower its borrowing cost and attract more investors. During the Year, the controlling shareholder increased its holding in the Company 34 times, by a total of 339 million shares, which accounted for 1.54% of the total issued share capital. This reflected its confidence about the Company's prospect and its recognition of the enterprise value.

An entrepreneurial journey with a mission

Technology has been driving social progress inexorably, ushering in a golden era of humanity's development. To adapt to this torrent of technological advances with innovative business models has been a common topic much discussed by enterprises.

Two years ago, I proposed developing Country Garden into a hi-tech conglomerate with the mission of contributing to social progress and making life better for humanity. In the past two years, Country Garden's wholly-owned subsidiary, Guangdong Bright Dream Robotics Co., Ltd., has been developing and manufacturing construction robots, engaging in industrialized construction of residential properties and exploring more ways to integrate such robots into the process. The subsidiary has also built an internet platform for construction industry with building information modeling (BIM) and digitalization, thus creating a smart construction system that covers the property projects' entire life cycle and facilitating the upgrading of the industry with industrialized construction, digitalization and smart technology. To develop key products and crucial technologies, the Company recruited and fostered 7,212 outstanding talents including 4,016 researchers and developers

at home and abroad. We applied for 2,997 patents and 956 patents were granted. The Company now has 46 types of construction robots in the pipeline, and has put up 4 types of them for sales or rental. 14 types of its construction robots have been deployed to construction projects on a large scale, which surpassed manual labour in safety, quality of work and efficiency by a wide margin. Specifically, some of the Group's property projects such as Fengtong Garden in Shunde, Guangdong, have been selected by the Ministry of Housing and Urban-Rural Development to participate in the scheme for piloting smart construction. Technological progress has been so great that building homes with robots is no longer a remote prospect but a change which is set to gain traction in the industry.

Another hi-tech business of Country Garden that is also developing rapidly is the Qianxi Robot Restaurants which are operated by the Company's subsidiary Qianxi Robotics Group Co., Ltd. About 70 Qianxi Robot Restaurants have been opened with 583 machines of various types put into operation. In 2020, we applied for 883 patents on such catering robots and 411 patents were granted. At the height of the pandemic during the year, the Group also donated claypot rice catering robots to the quarantined areas in Hubei to aid the province in its fight against the pandemic at the front line. The catering robots fulfilled the unmanned, round-the-clock mission of delivering safe, delicious, hot meals to the medical personnel there. The Qianxi Robot Restaurants' next move is to open more restaurant chains of five well-developed types of operation, namely those that serve Chinese cuisine, fast food, hotpots, noodles and claypot rice in the Greater Bay Area and even nationwide, making the tasty and convenient meals widely available to consumers.

In the past year, Country Garden also made substantial progress in its business of modern agriculture. We applied the unmanned vehicle technology to farming machines and tractors, and succeeded in setting up and operating the world's first unmanned farm that covered more than 10,000 mu in area as an experimental project. This can make the once remote dream of developing large-scale, unmanned farms all over the world realizable and we hope this can solve the problem of food shortages.

Country Garden consists of people who are working passionately for social progress. We will remain committed to our original aspirations and pursuit of excellence, creating value for the shareholders and society at large.

The road ahead is long; striving is the only way forward!
Keep it up!

YEUNG Kwok Keung

Country Garden Holdings Company Limited

Chairman

Foshan, Guangdong Province, the PRC, 25 March 2021

BUSINESS OVERVIEW

PROPERTY DEVELOPMENT

Contracted Sales

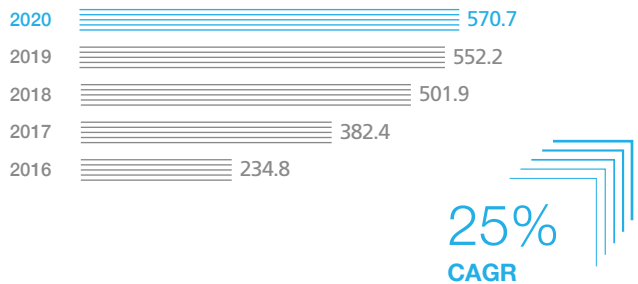
In 2020, the Group together with its joint ventures and associates achieved contracted sales attributable to the shareholders of the Company of approximately RMB570.66 billion with contracted sales GFA attributable to the shareholders of the Company of approximately 67.33 million sq.m..

From 2016 to 2020, the attributable contracted sales compound annual growth rate was approximately 25%.

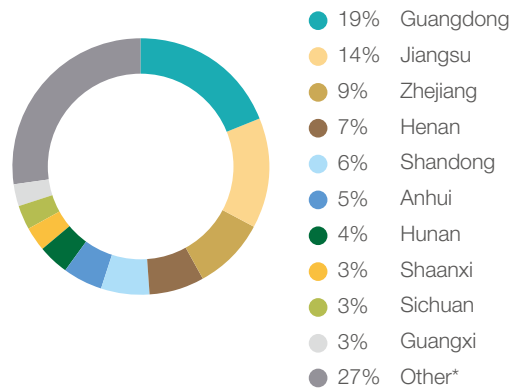
In 2020, the attributable contracted sales outside Guangdong Province was around 81% of that of the Group, reflecting the Group's efforts in geographic diversification.

In terms of tier cities, around 54% of the attributable contracted sales in Mainland China was contributed by projects located in tier 3&4 cities targeting tier 3&4 cities, around 32% was contributed by projects located in tier 2 cities targeting tier 2 cities and 14% was contributed by the others.

Attributable contracted sales (RMB billion)

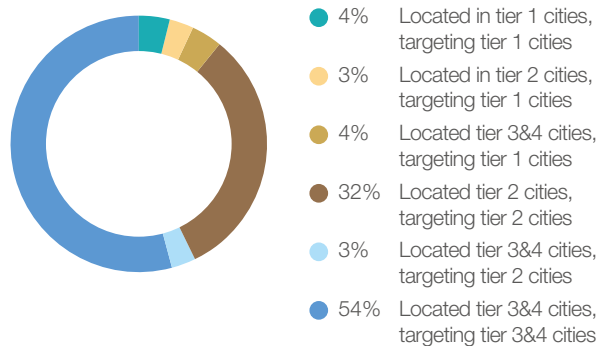


Geographical breakdown of contracted sales in 2020 (By Attributable Value)

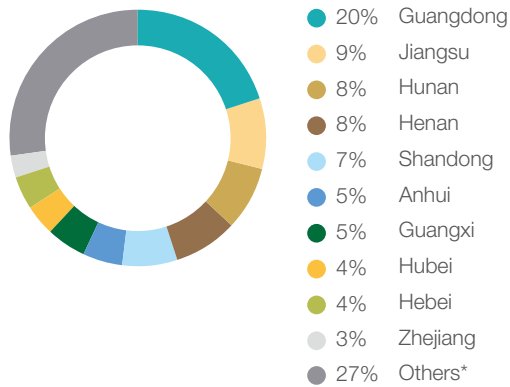


Note: Others* include Hebei, Hubei, Gansu, Guizhou, Liaoning, Hainan, Jiangxi, Fujian, Yunnan, Shanxi, Chongqing, Tianjin, Shanghai, Qinghai, Xinjiang, Inner Mongolia, Jilin, Ningxia, Beijing, Thailand, Malaysia, Tibet, the United States, Australia, New Zealand, Hong Kong, Heilongjiang, India, Indonesia.

Contracted sales breakdown in Mainland China by city type in 2020 (By Attributable Value)



Landbank breakdown by province in Mainland China (By attributable GFA)

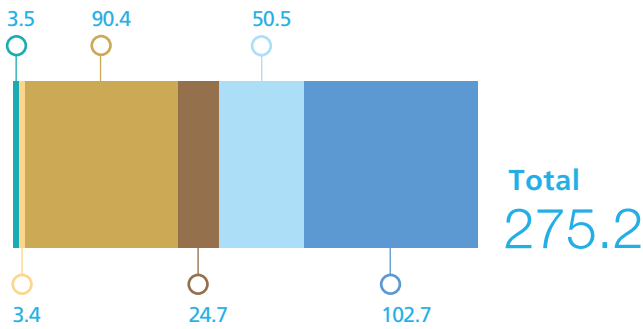


Note: Others* include Guizhou, Sichuan, Shaanxi, Jiangxi, Liaoning, Gansu, Hainan, Yunnan, Shanxi, Fujian, Inner Mongolia, Chongqing, Tianjin, Xinjiang, Qinghai, Jilin, Beijing, Ningxia, Shanghai, Heilongjiang, Tibet.

Landbank — Mainland China

As of 31 December 2020, the acquired attributable GFA in Mainland China together with its joint venture and associates was 275.15 million sq.m.. 80% of the landbank was located outside of Guangdong province.

Attributable landbank GFA breakdown by development stage in Mainland China (million sq.m.)



- Completed and pre-sold pending delivery
- Completed but unsold
- Under construction with sales permit – sold
- Under construction with sales permit – unsold
- Under construction without sales permit
- Project acquired without construction permit

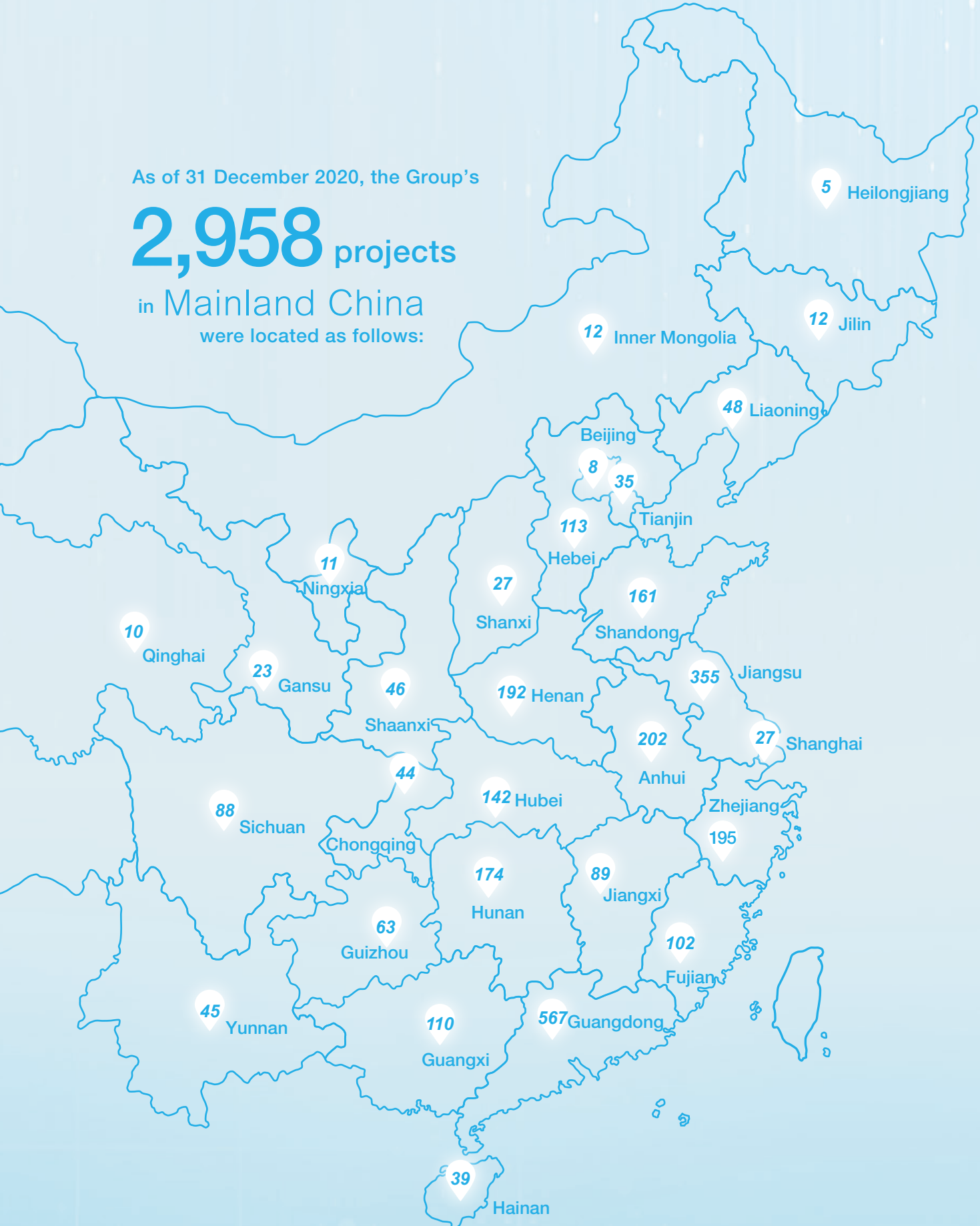
Project Location

As of 31 December 2020, the Group operated 2,987 projects under different development stages, 2,958 of these projects were located in Mainland China and 29 were outside Mainland China.



As of 31 December 2020, the Group's

2,958 projects
in Mainland China
were located as follows:



Top 100 projects with the highest attributable contracted sales in 2020 in Mainland China ⁽¹⁾

Serial number	Project	City (District)	Aggregate saleable GFA for entire project sq.m.	Completed property developments ⁽²⁾			
				Total completed saleable GFA sq.m.	Total saleable GFA sold and delivered sq.m.	Total saleable GFA pre-sold pending delivery sq.m.	
1	Lanzhou Country Garden (蘭州碧桂園)	Lanzhou (Chengguan)	5,621,203	2,117,943	2,105,227	2,006	
2	Country Garden — Phoenix City (碧桂園·鳳凰城)	Zhenjiang (Jurong)	6,862,302	3,617,610	3,610,146	2,203	
3	Country Garden — Jiyang Mansion (碧桂園·暨陽府)	Wuxi (Jiangyin)	683,693	323,858	321,336		
4	Suqian Country Garden (宿遷碧桂園)	Suqian (Susu Industrial Zone)	901,349	537,288	536,907	146	
5	Asian Games Town (亞運城)	Guangzhou (Panyu)	1,060,312	563,709	563,382	78	
6	Country Garden Urban Forest (碧桂園都市森林)	Changzhou (Wujin)	402,915				
7	Country Garden — Jiu Jin Tai (碧桂園·玖錦台)	Luoyang (Luolong)	178,447				
8	Country Garden Hill Lake City (碧桂園山湖城)	Qingyuan (Qingcheng)	1,993,210	1,544,915	1,542,186	1,518	
9	Anning Country Garden (安寧碧桂園)	Lanzhou (Anning)	373,526				
10	Country Garden — Ten Miles Beach (including Weigang Bay) (碧桂園·十里銀灘 (含維港灣))	Huizhou (Huidong)	4,438,141	3,696,430	3,653,429	27,034	
11	Country Garden Bo Wei (碧桂園泊蔚)	Ningbo (Cixi)	130,651				
12	Country Garden — Jiulong Mansion (碧桂園·玖龍府)	Wenzhou (Pingyang)	257,451				
13	Country Garden — Longyue Lanting (碧桂園·瓏悅蘭庭)	Xining (Chengzhong)	270,303				
14	Country Garden — Emerald City (碧桂園·翡翠都會)	Changzhou (Xinbei)	125,020				
15	Country Garden Lingnan Prosperity (碧桂園嶺南盛世)	Foshan (Chancheng)	222,550	118,668	118,668		
16	Quzhou Peninsula Country Garden (衢州半島碧桂園)	Quzhou (Kecheng)	96,498				
17	Country Garden — Bronze Table (碧桂園·銅雀台)	Dongguan (Machong)	172,604	40,387	40,023	101	
18	Country Garden — Guoyue Mansion (碧桂園·國嶽府)	Liaocheng (Jingkai district)	240,605				
19	Songhu Country Garden (松湖碧桂園)	Dongguan (Dalingshan)	235,745	165,610	165,610		
20	Country Garden — Wenjing Mansion (碧桂園·文景府)	Xi'an (Weiyang)	129,409				
21	Shaoguan Country Garden (韶關碧桂園)	Shaoguan (Zhenjiang)	3,953,461	3,112,748	3,101,068	670	
22	Country Garden Yinyi — City Impression (碧桂園銀億·大城印象)	Shenyang (Yuhong)	676,583	136,627	131,591	776	
23	Taicang Wanda South Country Garden (太倉萬達南碧桂園)	Suzhou (Taicang)	81,602				

Completion date	Properties under development ⁽⁸⁾				Properties for future development ⁽⁹⁾		
	Total saleable GFA under development	Total saleable GFA pre-sold	Actual/Estimated pre-sale commencement date	Estimated completion date	GFA for future development	Estimated pre-sale commencement date	Estimated completion date
	sq.m.	sq.m.			sq.m.		
17-Oct-19	1,390,014	1,024,864	17-Apr-19	4th Quarter, 2024	2,113,246	1st Quarter, 2021	4th Quarter, 2025
20-Nov-19	920,627	595,894	25-Dec-18	4th Quarter, 2024	2,324,064	1st Quarter, 2021	4th Quarter, 2025
29-Sep-20	359,834	191,133	14-May-20	4th Quarter, 2023			
2-Dec-20	364,061	304,898	11-Jul-14	4th Quarter, 2023			
9-Dec-20	409,123	204,212	18-Nov-14	4th Quarter, 2023	87,481	1st Quarter, 2021	1st Quarter, 2024
	213,526	173,932	25-Oct-19	2nd Quarter, 2023	189,390	1st Quarter, 2021	2nd Quarter, 2025
	178,447	145,141	22-Jan-20	4th Quarter, 2023			
10-Sep-20	448,294	249,302	20-Aug-19	4th Quarter, 2023			
	274,867	175,161	22-Nov-19	3rd Quarter, 2023	98,659	1st Quarter, 2021	4th Quarter, 2023
31-Jan-18	639,515	308,590	17-Dec-18	2nd Quarter, 2023	102,197	1st Quarter, 2021	4th Quarter, 2023
	130,651	120,462	13-Dec-19	3rd Quarter, 2022			
	257,451	173,417	23-Sep-19	1st Quarter, 2023			
	228,229	165,561	22-Nov-19	2nd Quarter, 2023	42,074	1st Quarter, 2021	3rd Quarter, 2023
	125,020	120,492	28-Oct-19	4th Quarter, 2022			
26-Oct-20	103,882	87,387	27-Aug-19	4th Quarter, 2022			
	96,498	70,007	22-Nov-19	1st Quarter, 2022			
30-Jul-20	132,217	64,538	26-Sep-19	3rd Quarter, 2022			
	240,605	201,705	23-Nov-18	2nd Quarter, 2023			
18-Jan-19	70,136	45,411	31-Jul-20	4th Quarter, 2022			
	129,409	88,625	28-Feb-20	1st Quarter, 2023			
5-Aug-20	813,956	207,811	30-Sep-19	4th Quarter, 2024	26,758	1st Quarter, 2021	4th Quarter, 2025
30-Jun-20	258,370	213,376	27-Nov-18	4th Quarter, 2023	281,586	2nd Quarter, 2021	4th Quarter, 2023
	81,602	56,090	10-Jun-20	4th Quarter, 2022			

Serial number	Project	City (District)	Aggregate saleable GFA for entire project	Completed property developments ⁽²⁾			
				Total completed saleable GFA	Total saleable GFA sold and delivered	Total saleable GFA pre-sold pending delivery	
			sq.m.	sq.m.	sq.m.	sq.m.	
24	Country Garden — Golden Age (碧桂園·黃金時代)	Xinyang (Yangshan New District)	175,272				
25	Country Garden New Energy Mansion (碧桂園新能源公館)	Yangzhou (Guangling)	164,807				
26	Fengming Lake Mountain (鳳鳴湖山)	Wuxi (Yixing)	76,096				
27	Country Garden Best Begonia (碧桂園翹楚棠)	Loudi (Louxing)	311,472				
28	Country Garden — Yuchuan Mansion (碧桂園·御川府)	Xining (Chengbei)	414,077	69,562	69,425		
29	Country Garden — Phoenix Villa (碧桂園·鳳凰山莊)	Yantai (Laishan)	503,516	126,084	115,998	1,968	
30	Country Garden — Gongyuanshang City (碧桂園·公園上城)	Haikou (Longhua)	153,357				
31	Country Garden — Phoenix City (碧桂園·鳳凰城)	Zhongshan (South District)	802,310	382,335	223,274	141,515	
32	Country Garden — North City Image (碧桂園·北城映象)	Kunming (Panlong)	514,180	137,104	136,433		
33	Country Garden Shenhui City (碧桂園深薈城)	Huizhou (Huiyang)	393,344	242,187	242,139		
34	Country Garden Guangfo Shangcheng (碧桂園廣佛上城)	Foshan (Nanhai)	164,852	824		824	
35	Country Garden — Yunzhu (碧桂園·雲著)	Qingdao (Shibei)	110,934				
36	Anqing Country Garden (安慶碧桂園)	Anqing (Yingjiang)	2,816,149	2,192,310	2,192,310		
37	Country Garden Peach Garden (碧桂園桃源裡)	Taiyuan (Yingze)	212,324				
38	Hohhot Country Garden (呼和浩特碧桂園)	Hohhot (New Town)	100,915				
39	Country Garden — Coral Palace (碧桂園·珊瑚宮殿)	Lingshui (directly under the central government)	1,308,563	1,302,679	1,146,053	10,714	
40	Country Garden — Phoenix City (碧桂園·鳳凰城)	Qiannan (Longli)	1,047,173				
41	Golden Age of Country Garden (碧桂園黃金時代)	Huaibei (Xiangshan)	338,574				
42	Country Garden — Ideal Era (碧桂園·理想時代)	Lishui (Liandu)	100,797				
43	Country Garden — Longyue Bay (碧桂園·龍巖灣)	Dazhou (Tongchuan)	238,506				
44	Country Garden West Lake Peak View (碧桂園西湖峯景)	Jinzhou (Taihe)	214,870				

Completion date	Properties under development ⁽³⁾				Properties for future development ⁽⁴⁾		
	Total saleable GFA under development	Total saleable GFA pre-sold	Actual/Estimated pre-sale commencement date	Estimated completion date	GFA for future development	Estimated pre-sale commencement date	Estimated completion date
	sq.m.	sq.m.			sq.m.		
	175,272	148,845	26-Dec-19	3rd Quarter, 2022			
	164,807	90,627	19-Nov-19	4th Quarter, 2022			
	76,096	68,601	18-Oct-19	2nd Quarter, 2022			
	311,472	248,679	24-Sep-19	3rd Quarter, 2023			
24-Nov-20	344,515	289,933	25-Jul-18	4th Quarter, 2022			
20-Nov-20	291,631	173,226	28-Jun-19	2nd Quarter, 2023	85,802	4th Quarter, 2021	4th Quarter, 2023
	153,357	134,522	25-Oct-19	4th Quarter, 2022			
11-Nov-20	244,182	5,520	14-May-20	4th Quarter, 2024	175,793	1st Quarter, 2021	4th Quarter, 2024
19-Aug-20	324,850	134,350	14-Jun-19	4th Quarter, 2024	52,225	1st Quarter, 2021	4th Quarter, 2024
19-Nov-18	151,157	73,837	30-Jul-20	2nd Quarter, 2023			
28-Oct-20	164,029	95,870	26-Mar-19	4th Quarter, 2022			
	109,052	61,860	15-Oct-19	2nd Quarter, 2022	1,882	1st Quarter, 2021	4th Quarter, 2022
13-Jun-19	448,726	177,611	8-Mar-13	4th Quarter, 2024	175,113	2nd Quarter, 2021	4th Quarter, 2024
	212,324	164,388	23-Sep-19	3rd Quarter, 2023			
	100,915	91,639	15-Nov-19	3rd Quarter, 2022			
14-Jan-20	5,884	5,884	7-Nov-14	1st Quarter, 2022			
	391,436	241,011	14-Jun-19	4th Quarter, 2023	655,736	2nd Quarter, 2021	4th Quarter, 2024
	335,833	230,456	20-Sep-19	1st Quarter, 2023	2,742	1st Quarter, 2021	1st Quarter, 2023
	100,797	84,036	17-Jul-20	4th Quarter, 2023			
	238,506	149,680	1-Nov-19	2nd Quarter, 2023			
	214,870	149,664	25-Sep-19	4th Quarter, 2022			

Serial number	Project	City (District)	Aggregate saleable GFA for entire project	Completed property developments ⁽²⁾			
				Total completed saleable GFA	Total saleable GFA sold and delivered	Total saleable GFA pre-sold pending delivery	
			sq.m.	sq.m.	sq.m.	sq.m.	
45	Country Garden — Taoli Jiangshan (碧桂園·桃李江山)	Nantong (Tongzhou)	90,795				
46	Country Garden — Jiangshan Mansion (碧桂園·疆山府)	Urumqi (Shaybak)	108,424				
47	Country Garden — Wuzhou City (碧桂園·伍洲城)	Chaozhou (Xiangqiao)	125,240				
48	Country Garden — Fengming Chunjiang (碧桂園·鳳鳴春江)	Shaoxing (Shangyu)	70,681				
49	Country Garden City Of Light (碧桂園都會之光)	Suqian (Suyu)	141,426				
50	Country Garden — Didang Lake (碧桂園·迪蕩湖)	Shaoxing (Yuecheng)	118,955				
51	Cixi Hangzhou Bay (慈溪杭州灣)	Ningbo (Cixi)	493,121				
52	Xin An Country Garden (新安碧桂園)	Luoyang (Yibin)	291,774				
53	Shaoguan Country Garden — Sun Palace (韶關碧桂園·太陽城)	Shaoguan (Wujiang)	3,519,362	1,997,758	1,994,698	2,147	
54	Country Garden — Fengyuetai (碧桂園·鳳悅台)	Meizhou (Xingning)	159,916				
55	Country Garden — Jade Bay (碧桂園·翡翠灣)	Xuzhou (Pizhou)	272,469				
56	Sihong Country Garden (泗洪碧桂園)	Suqian (Sihong)	118,388				
57	The Light of Country Garden Philippe (碧桂園翡麗之光)	Linyi (Lanshan)	126,406				
58	Jiujiang Country Garden King landing One (九江碧桂園君臨壹品)	Foshan (Nanhai)	152,793	32,119	31,048	1,072	
59	Country garden Guangming Yueheming (碧桂園光明碧玥和鳴)	Changzhou (Xinbei)	80,275				
60	Country garden — Zi Shan Mansion (碧桂園·梓山府)	Yiyao (Gaoxin District)	618,403	214,859	214,608		
61	Country Garden — Junyue (碧桂園·珺悅)	Shaoxing (Xinchang)	121,504				
62	Country Garden Cullinan Bay (碧桂園天璽灣)	Yongzhou (Lengshuitan)	222,440				
63	Linfen Country Garden (臨汾碧桂園)	Linfen (Yaodu)	195,211				
64	Country garden — Yan Du Mansion (碧桂園·燕都府)	Chaoyang (Shuangta)	217,432				

Completion date	Properties under development ⁽³⁾				Properties for future development ⁽⁴⁾		
	Total saleable GFA under development	Total saleable GFA pre-sold	Actual/Estimated pre-sale commencement date	Estimated completion date	GFA for future development	Estimated pre-sale commencement date	Estimated completion date
	sq.m.	sq.m.			sq.m.		
	90,795	62,185	26-Mar-20	4th Quarter, 2022			
	108,424	93,058	23-Sep-19	2nd Quarter, 2022			
	125,240	115,183	12-Sep-19	4th Quarter, 2022			
	70,681	54,352	5-Dec-19	2nd Quarter, 2023			
	138,698	94,555	28-Nov-19	2nd Quarter, 2023	2,727	2nd Quarter, 2021	2nd Quarter, 2023
	118,955	31,761	20-Dec-19	3rd Quarter, 2023			
	467,405	272,609	29-Sep-18	4th Quarter, 2022	25,716	1st Quarter, 2021	4th Quarter, 2022
	241,411	144,862	2-Jun-20	4th Quarter, 2023	50,362	1st Quarter, 2021	4th Quarter, 2023
24-Aug-20	420,370	307,424	28-Jun-17	2nd Quarter, 2022	1,101,234	1st Quarter, 2021	4th Quarter, 2025
	159,916	106,310	24-Dec-19	4th Quarter, 2022			
	272,469	261,871	23-Nov-18	4th Quarter, 2022			
	118,388	114,757	31-Oct-19	4th Quarter, 2022			
	126,406	119,029	29-Oct-19	4th Quarter, 2022			
13-Nov-20	120,674	106,874	28-Mar-19	2nd Quarter, 2022			
	80,275	51,538	8-Nov-19	2nd Quarter, 2023			
30-Sep-20	398,561	312,543	25-Jun-18	4th Quarter, 2023	4,983	2nd Quarter, 2021	4th Quarter, 2023
	121,504	120,518	22-Jul-19	4th Quarter, 2022			
	169,089	116,298	26-Nov-19	2nd Quarter, 2023	53,352	2nd Quarter, 2021	2nd Quarter, 2023
	195,211	133,308	6-Nov-18	3rd Quarter, 2023			
	216,520	130,483	11-Jun-20	3rd Quarter, 2023	912	2nd Quarter, 2021	3rd Quarter, 2023

Serial number	Project	City (District)	Aggregate saleable GFA for entire project	Completed property developments ⁽²⁾			
				Total completed saleable GFA	Total saleable GFA sold and delivered	Total saleable GFA pre-sold pending delivery	
			sq.m.	sq.m.	sq.m.	sq.m.	
65	Country Garden Twin Star City (碧桂園雙子星城)	Foshan (Sanshui)	363,584	67,634	67,300	185	
66	Xiangyuan Country Garden (襄垣碧桂園)	Changzhi (Xiangyuan)	210,800				
67	Country Garden City Garden (碧桂園城市花園)	Maoming (Dianbai)	2,378,692	993,073	990,675	953	
68	Country garden — feicui County (碧桂園·翡翠郡)	Zhaoqing (Sihui)	581,912	157,305	156,183	680	
69	Country Garden — Jade Park (碧桂園·翡翠公園)	Suzhou (Wujiang)	92,571	26,540	26,440		
70	Country Garden — Spring blossoms (碧桂園·春暖花開)	Fuyang (Linquan)	155,346				
71	Country Garden — Yuelan Ting (碧桂園樾瀾庭)	Cangzhou (Botou)	77,723				
72	Country garden — Chama ancient town (碧桂園·茶馬古鎮)	Guiyang (Qingzhen)	915,862	24,466	24,131		
73	Country Garden Phoenix City (碧桂園鳳凰城)	Baoji (Gaoxin District)	988,001	123,665	122,995	586	
74	Country garden — Jinyu Mansion (碧桂園錦御府)	Chengdu (Chenghua)	52,396				
75	Country garden — Binjiang Mansion (碧桂園·濱江府)	Huizhou (Bolu)	296,524				
76	Lechang Country Garden (樂昌碧桂園)	Shaoguan (Lechang)	1,110,739	840,420	823,659	2,772	
77	Country Garden — Tianning Yuanzhu (碧桂園·天凝源著)	Jiaying (Jiashan)	98,495				
78	Country Garden — Tiancheng (碧桂園·天城)	Putian (Xianyou)	151,190				
79	Country Garden Phoenix Tianyu (碧桂園鳳凰天域)	Baotou (Qingshan)	168,070				
80	Urumqi Country Garden (烏魯木齊碧桂園)	Urumqi (Midong)	549,404				
81	Country Garden — Haichang Tianlan (碧桂園·海昌天瀾)	Chengdu (Shuangliu)	540,114	403,489	381,351	5,911	
82	Country Garden — Canal Chen Zhang (碧桂園·運河宸章)	Shaoxing (Yuecheng)	128,046	86,359	85,338	1,021	
83	Country Garden Lake Delights The Heaven (碧桂園湖悅天境)	Tai 'an (Xintai)	157,348				
84	Country Garden Center — Tien Chen (碧桂園中心·天宸)	Tianjin (Beichen)	79,605				

Completion date	Properties under development ⁽³⁾				Properties for future development ⁽⁴⁾		
	Total saleable GFA under development	Total saleable GFA pre-sold	Actual/Estimated pre-sale commencement date	Estimated completion date	GFA for future development	Estimated pre-sale commencement date	Estimated completion date
	sq.m.	sq.m.			sq.m.		
19-Jun-20	295,950	145,538	26-Nov-18	4th Quarter, 2023			
	210,800	146,529	27-Sep-19	2nd Quarter, 2023			
23-Dec-20	215,432	162,271	12-Jun-19	4th Quarter, 2023	1,170,187	1st Quarter, 2021	4th Quarter, 2025
10-Jun-20	424,607	223,743	30-Oct-17	4th Quarter, 2023			
12-Jun-20	66,031	65,993	29-Mar-19	2nd Quarter, 2022			
	155,346	150,158	12-Sep-19	2nd Quarter, 2022			
	77,723	75,227	27-Sep-19	4th Quarter, 2023			
30-Jul-20	584,991	385,531	27-Dec-17	4th Quarter, 2022	306,404	1st Quarter, 2021	3rd Quarter, 2024
29-May-20	405,559	170,924	16-Jan-19	2nd Quarter, 2023	458,777	3rd Quarter, 2021	2nd Quarter, 2025
	52,396	41,417	21-Jan-20	2nd Quarter, 2023			
	278,522	145,834	11-Jan-19	4th Quarter, 2022	18,002	2nd Quarter, 2021	2nd Quarter, 2023
15-Jun-20	270,319	135,480	21-Jun-19	4th Quarter, 2023			
	98,495	96,387	28-Sep-18	2nd Quarter, 2022			
	151,190	114,848	4-Sep-19	2nd Quarter, 2023			
	156,402	85,207	18-Oct-19	3rd Quarter, 2022	11,668	2nd Quarter, 2021	2nd Quarter, 2023
	429,094	350,449	11-Aug-18	4th Quarter, 2023	120,310	2nd Quarter, 2021	4th Quarter, 2023
22-Sep-20	136,625	133,706	23-May-19	2nd Quarter, 2023			
11-Sep-20	41,688	39,692	3-Sep-19	4th Quarter, 2022			
	157,348	67,737	20-Dec-19	3rd Quarter, 2023			
	79,605	40,744	13-Dec-19	4th Quarter, 2022			

Serial number	Project	City (District)	Aggregate saleable GFA for entire project	Completed property developments ⁽²⁾			
				Total completed saleable GFA	Total saleable GFA sold and delivered	Total saleable GFA pre-sold pending delivery	
			sq.m.	sq.m.	sq.m.	sq.m.	
85	Changshu Guli Country Garden (常熟古里碧桂園)	Suzhou (Changshu)	193,591	77,332	55,479	633	
86	Shaowu country garden Bund (邵武碧桂園外灘)	Nanping (Shaowu)	319,742	105,802	102,661	2,288	
87	Country Garden — Jiulong Bay Garden (碧桂園·玖龍灣花園)	Dongguan (Changping)	57,276				
88	Country Garden — City Light (碧桂園·城市之光)	Huzhou (Wuxing)	143,473				
89	Country garden — Taoyuan (碧桂園·桃源)	Dalian (Zhongshan)	34,077				
90	Country garden — boyue family (碧桂園·柏悅世家)	Changzhou (Liyang)	186,008	113,166	112,567	125	
91	Country garden — Shi Li Chun Feng (碧桂園·十裡春風)	Chuzhou (Nanqiao)	476,671	162,107	146,486	88	
92	Country garden — Xijiang Mansion (碧桂園·西江府)	Wuzhou (Changzhou)	260,663	76,820	74,754	2,066	
93	Country Garden — Wangjiangtai (碧桂園·望江台)	Hangzhou (Jiande)	114,166	114,166	113,839		
94	Country garden — Puyu Mansion (碧桂園·鉅譽府)	Tianjin (Baodi)	120,160				
95	Country garden — Jiangshan seal (碧桂園·江山印)	Cangzhou (Xinhua)	94,605				
96	Country garden — Tianyu Longyue (碧桂園·天譽瓊樾)	Cangzhou (Qingxian)	60,939				
97	Country garden — Yunjing (碧桂園·雲璟)	Qingyuan (Yingde)	459,278	69,909	68,286	878	
98	Xing'anmeng Country Garden (興安盟碧桂園)	Xing'an League (Horqin Right Wing Front Banner)	991,054	645,636	644,409	692	
99	Country garden — Huafo Phoenix City (碧桂園·華附鳳凰城)	Shanwei (Haifeng)	373,992	137,306	137,278		
100	Country garden — Tianchen (碧桂園·天宸)	Dezhou (Linyi)	235,859	54,205	53,128	1,077	

Note:

- (1) All the GFAs displayed in this section are attributable to the owners of the Company.
- (2) Based on the measurement reports from relevant government departments.
- (3) Based on the actual measurements by the project management department of the Group.
- (4) "GFA for future development" for each project is the GFA expected to be built.

Completion date	Properties under development ⁽³⁾				Properties for future development ⁽⁴⁾		
	Total saleable GFA under development	Total saleable GFA pre-sold	Actual/Estimated pre-sale commencement date	Estimated completion date	GFA for future development	Estimated pre-sale commencement date	Estimated completion date
	sq.m.	sq.m.			sq.m.		
19-Jun-20	116,258	68,785	3-Aug-18	4th Quarter, 2022			
30-Oct-20	213,940	150,681	28-Dec-17	4th Quarter, 2022			
	57,276	30,988	10-Sep-20	3rd Quarter, 2022			
	143,473	121,096	19-Oct-18	2nd Quarter, 2022			
	34,077	25,130	28-Nov-19	2nd Quarter, 2022			
24-Jun-20	72,841	55,967	19-Jun-19	1st Quarter, 2022			
22-Jun-20	314,564	198,573	29-Sep-17	4th Quarter, 2023			
10-Oct-20	183,843	161,996	12-Jul-18	4th Quarter, 2022			
27-Apr-20							
	115,329	49,164	29-Sep-19	4th Quarter, 2022	4,830	1st Quarter, 2021	4th Quarter, 2022
	94,605	85,498	7-Dec-18	4th Quarter, 2022			
	60,939	60,162	27-Sep-19	3rd Quarter, 2023			
30-Dec-20	282,390	158,320	1-Apr-19	1st Quarter, 2023	106,979	4th Quarter, 2021	2nd Quarter, 2024
13-Mar-20	345,418	216,063	23-Oct-18	3rd Quarter, 2023			
26-Dec-19	236,686	165,284	28-Nov-18	4th Quarter, 2022			
28-Jun-20	181,654	120,573	28-Apr-18	3rd Quarter, 2023			

Landbank GFA breakdown by location in Mainland China ⁽¹⁾

Province/Location	Aggregate saleable GFA sq.m.	Completed property developments ⁽²⁾			Properties under development ⁽³⁾		Properties for future development ⁽⁴⁾
		Total completed saleable GFA sq.m.	Total saleable GFA sold and delivered sq.m.	Total saleable GFA pre-sold pending delivery sq.m.	Total saleable GFA under development sq.m.	Total saleable GFA pre-sold sq.m.	GFA for future development sq.m.
Guangdong	135,360,541	82,701,583	81,075,475	1,051,021	29,391,187	11,879,139	23,267,771
Jiangsu	50,645,917	27,205,533	26,369,480	437,866	14,900,132	8,294,240	8,540,252
Anhui	37,109,774	23,730,832	23,328,269	236,792	9,461,012	5,742,242	3,917,930
Hunan	33,666,152	12,021,115	11,672,125	179,971	12,370,140	7,865,084	9,274,897
Henan	28,609,779	7,529,672	7,292,069	126,588	14,349,649	8,131,158	6,730,458
Shandong	25,612,491	6,961,562	6,663,147	85,398	11,901,024	6,142,423	6,749,905
Hubei	24,408,330	12,605,450	12,349,584	175,287	6,375,580	3,064,915	5,427,300
Guangxi	19,904,827	7,215,415	6,990,659	167,960	8,555,894	5,615,973	4,133,518
Zhejiang	17,175,029	8,396,540	7,889,087	84,898	7,787,501	5,050,235	990,988
Guizhou	14,695,569	6,003,800	5,660,235	248,488	5,707,608	3,765,175	2,984,161
Liaoning	14,023,824	8,320,520	8,212,489	69,851	2,561,087	1,233,664	3,142,217
Hebei	13,436,731	3,726,167	3,571,356	26,378	6,646,807	3,223,791	3,063,757
Sichuan	12,726,079	4,698,090	4,587,465	56,606	6,062,883	3,748,467	1,965,106
Shaanxi	10,025,126	2,589,466	2,499,256	40,883	4,529,960	2,450,130	2,905,700
Jiangxi	9,723,402	3,789,456	3,690,519	66,366	3,227,065	2,060,596	2,706,881
Fujian	9,128,758	5,309,423	5,048,370	158,815	2,906,752	1,533,973	912,583
Gansu	8,679,025	3,169,980	3,108,744	36,165	2,740,692	1,957,172	2,768,353
Hainan	7,839,941	3,349,884	2,914,140	37,529	1,906,988	728,074	2,583,069
Chongqing	6,147,721	3,158,296	3,059,899	43,594	1,899,188	1,077,485	1,090,237
Yunnan	5,836,942	1,604,438	1,554,132	32,311	2,764,264	1,276,285	1,468,240
Inner Mongolia	5,237,503	2,032,673	1,962,725	27,659	921,415	525,735	2,283,415
Shanxi	4,651,599	567,044	549,322	2,941	2,548,215	1,399,337	1,536,340
Tianjin	4,267,575	1,577,631	1,501,337	16,384	1,588,459	851,764	1,101,485
Xinjiang	2,619,311				1,429,439	985,558	1,189,872
Qinghai	1,781,469	557,345	548,491	7,591	873,176	637,053	350,948
Jilin	1,407,473	297,965	278,840	831	645,415	377,734	464,093
Ningxia	1,169,687	475,808	443,990	6,719	500,860	395,481	193,019
Shanghai	1,011,463	365,491	342,376	2,449	453,090	162,348	192,882
Heilongjiang	849,385	442,233	437,694	668	227,447	71,959	179,705
Beijing	841,056	54,090	37,222	16,788	301,970	107,984	484,996
Tibet	221,090	36,147	26,860	9,057	120,507	52,125	64,436
Total	508,813,576	240,493,650	233,665,359	3,453,853	165,655,409	90,407,298	102,664,517

Note:

- (1) All the GFAs displayed in this section are attributable to the owners of the Company.
- (2) Based on the measurement reports from relevant government departments.
- (3) Based on the actual measurements by the project management department of the Group.
- (4) "GFA for future development" for each project is the GFA expected to be built.

FINANCIAL SUMMARY

Consolidated Results

	2016	2017	2018	2019	2020
	RMB million	RMB million	RMB million	RMB million	RMB million
Revenue	153,087	226,900	379,079	485,908	462,856
Profit before income tax	21,391	46,522	79,563	98,939	85,529
Income tax expense	(7,728)	(17,770)	(31,021)	(37,737)	(31,411)
Profit for the year	13,663	28,752	48,542	61,202	54,118
Profit attributable to:					
Owners of the Company	11,517	26,064	34,618	39,550	35,022
Non-controlling interests	2,146	2,688	13,924	21,652	19,096
	13,663	28,752	48,542	61,202	54,118
Earnings per share:					
Basic (RMB Yuan)	0.52	1.23	1.61	1.85	1.62

Consolidated Financial Position

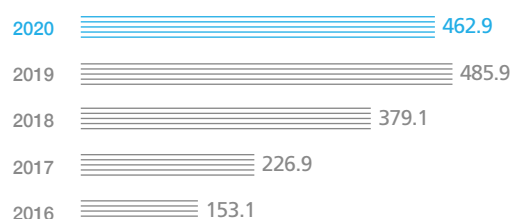
	2016	2017	2018	2019	2020
	RMB million	RMB million	RMB million	RMB million	RMB million
Non-current assets	106,736	181,754	229,944	275,635	273,653
Current assets	484,836	867,915	1,399,750	1,631,517	1,742,156
Current liabilities	405,314	769,537	1,219,406	1,398,752	1,492,959
Net current assets	79,522	98,378	180,344	232,765	249,197
Total assets less current liabilities	186,258	280,132	410,288	508,400	522,850
Non-current liabilities	104,643	163,520	236,880	289,792	265,847
Equity attributable to owners of the Company	70,128	93,671	121,330	151,939	175,102
Non-controlling interests	11,487	22,941	52,078	66,669	81,901
Total equity	81,615	116,612	173,408	218,608	257,003
Equity attributable to owners of the Company					
– NBV per share (RMB Yuan)	3.25	4.40	5.61	6.96	7.95
Net debt¹	39,706	66,362	85,932	101,255	142,862
Net gearing ratio (%)	48.7	56.9	49.6	46.3	55.6

Note:

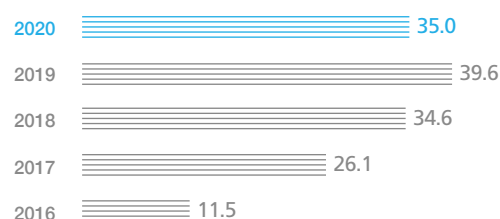
1. Net debt equals to total debt (representing bank and other borrowings, senior notes, corporate bonds and convertible bonds) net of available cash.

FINANCIAL HIGHLIGHTS

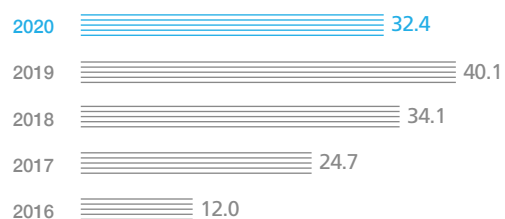
Revenue (RMB billion)



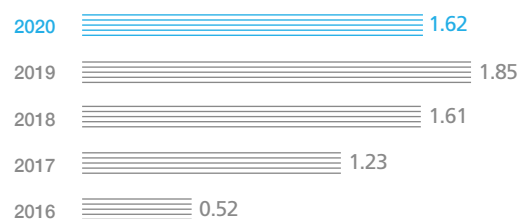
Profit attributable to owners of the Company (RMB billion)



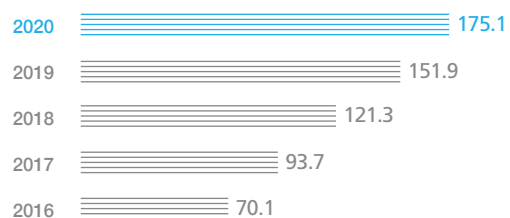
Core net profit attributable to owners of the Company (RMB billion)



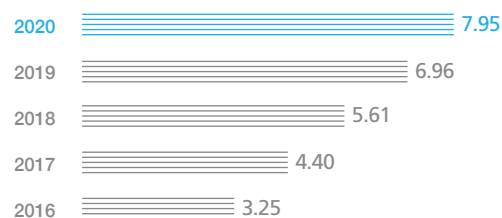
Basic earnings per share (RMB Yuan)



Equity attributable to owners of the Company (RMB billion)



Equity attributable to owners of the Company — NBV per share (RMB Yuan)



MANAGEMENT DISCUSSION AND ANALYSIS



— Zhengzhou Country Garden · Zhengzhou

FINANCIAL REVIEW

Revenue

The Group's revenue was primarily derived from two business segments as follows: Property development and Construction. Revenue of the Group decreased by 4.7% to approximately RMB462,856 million in 2020 from approximately RMB485,908 million in 2019. 97.1% of the Group's revenue was generated from the sales of properties (2019: 97.8%), and 2.9% from Construction and Others segments (2019: 2.2%).

Property Development

Due to the impact of the Coronavirus ("COVID-19") in 2020, the construction progress and the delivery of property units of certain projects have been slowed down. Revenue generated from property development decreased by 5.4% to approximately RMB449,341 million in 2020 from approximately RMB475,012 million in 2019. The recognised average selling price of property delivered was approximately RMB7,980 per sq.m. in 2020, decreasing from approximately RMB8,407 per sq.m in 2019.

The Group recorded revenue of approximately

RMB
462,856
million

Revenue generated from property development was approximately

RMB
449,341
million

Construction

Construction revenue increased by 41.2% to approximately RMB8,779 million in 2020 from approximately RMB6,219 million in 2019, primarily due to the increase in the construction volume and the number of construction projects.

Others

Others segment mainly includes property investment, hotel operation and others, such as smart construction, robotic catering, new retail and modern agriculture businesses. Revenue from external parties of these segments increased by 1.3% to approximately RMB4,736 million in 2020 from approximately RMB4,677 million in 2019.

Selling and marketing costs and Administrative expenses

Benefited by the efficient cost control, the Group's selling and marketing costs decreased by 16.0% to approximately RMB13,752 million in 2020 from approximately RMB16,365 million in 2019, administrative expenses decreased by 20.6% to approximately RMB13,919 million in 2020 from approximately RMB17,538 million in 2019. Selling and marketing cost and administrative expenses totally accounted for 6.0% of the revenue for the year (2019: 7.0%), decreasing 1.0 percentage point from 2019.

Finance Income – Net

The Group recorded net finance income of approximately RMB7,306 million in 2020 (2019: approximately RMB1,171 million).

In 2020, the Group recorded post-hedging net foreign exchange gains of approximately RMB3,242 million (2019: net foreign exchange losses of approximately RMB1,200 million), interest income of approximately RMB4,102 million (2019: approximately RMB2,371 million), and net losses on early redemption of senior notes and convertible bonds of approximately RMB38 million in 2020 (2019: nil).

Construction revenue was approximately

RMB
8,779
million

Selling and marketing Costs decreased by

16.0%
to approximately

RMB
13,752
million

Administrative expenses decreased by

20.6%
to approximately

RMB
13,919
million

Profit and Core Net Profit Attributable to Owners of the Company

Due to the delay of property projects delivery affected by COVID-19, as well as the delivery of certain low price property projects, the profit attributable to owners of the Company decreased by 11.4% to approximately RMB35,022 million in 2020, when compared with approximately RMB39,550 million in 2019.

After deduction of the post-tax gains arising from changes in fair value of and transfer to investment properties, net foreign exchange gains/losses, net losses on early redemption of senior notes and convertible bonds and changes in fair value of financial instruments, the core net profit attributable to owners of the Company in 2020 was approximately RMB32,362 million, representing a decrease of 19.3% when compared with approximately RMB40,124 million in 2019.

Profit attributable to owners of the Company was approximately

RMB
35,022
million

Core net profit attributable to owners of the Company was approximately

RMB
32,362
million



— Luoding Country Garden — Tianyue Bay, Yunfu

Liquidity, Financial and Capital Resources

As at 31 December 2020, the Group's available cash (equals to the sum of cash and cash equivalents and restricted cash) amounted to approximately RMB183,623 million (31 December 2019: approximately RMB268,348 million), including approximately RMB16,470 million in restricted cash (31 December 2019: approximately RMB19,363 million). As at 31 December 2020, 97.1% (31 December 2019: 96.6%) of the Group's cash and bank deposits was denominated in Renminbi and 2.9% (31 December 2019: 3.4%) was denominated in other currencies (mainly US dollars, HK dollars and Malaysian Ringgit).

As at 31 December 2020, the net current assets of the Group were approximately RMB249,197 million (31 December 2019: approximately RMB232,765 million). The current ratio being current assets over current liabilities was approximately 1.2 as at 31 December 2020, which was the same as that at 31 December 2019.

As at 31 December 2020, the Group's bank and other borrowings, senior notes, corporate bonds and convertible bonds amounted to approximately RMB207,323 million, RMB73,410 million, RMB40,480 million and RMB5,272 million respectively (31 December 2019: approximately RMB252,793 million, RMB64,893 million, RMB46,400 million and RMB5,517 million respectively).

For bank and other borrowings, approximately RMB68,218 million, RMB132,880 million and RMB6,225 million will be repayable within 1 year, between 1 and 5 years and beyond 5 years respectively (31 December 2019: approximately RMB80,057 million, RMB170,089 million and RMB2,647 million respectively). As at 31 December 2020 and 31 December 2019, the majority of the bank and other borrowings were secured by certain properties, right-of-use assets, and equipment of the Group and/or secured by the equity interests of certain group companies, and/or guaranteed by the Group.

Group's available cash amounted to approximately

RMB
183,623
million

Net gearing ratio is measured by the net debt (representing bank and other borrowings, senior notes, corporate bonds and convertible bonds, net of available cash, which equals to the sum of cash and cash equivalents and restricted cash) over total equity. The Group's net gearing ratio increased from approximately 46.3% as at 31 December 2019 to approximately 55.6% as at 31 December 2020.

Key Risk Factors and Uncertainties

The following lists out the key risks and uncertainties the Group facing. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below.

Risks Pertaining to the Property Market and Operation

The Group's businesses and prospects are largely dependent on the performance of the property market in Mainland China. The property market in Mainland China is affected by a number of factors, including changes in social, political, economic and legal environment, as well as changes in the government's financial, economic, monetary, industrial and environmental conservation policies. The Group is also susceptible to changes in economic conditions, consumer confidence, consumption spending, and changes in consumption preferences. Therefore, the Group continues to implement its strategies to develop and strengthen penetration of different regional markets thereby reducing its dependence on specific markets. The Group's operation is subject to a number of risk factors distinctive to property development, property investment, and property related businesses. Default on the part of our buyers, tenants and strategic business partners, inadequacies or failures of internal processes, people and systems or other external factors may have various levels of negative impact on the results of operations.

Net gearing ratio was
approximately

55.6%

Interest Rate Risk

The Group's bank and other borrowings mainly bear floating rates. As at 31 December 2020, the weighted average borrowing cost of the Group's total debt was 5.56%, which decreased by 78 basic points as compared with that as at 31 December 2019. The Group has implemented certain interest rate management which includes, among others, close monitoring of interest rate movements, refinancing on existing banking facilities and entering into new banking facilities when good pricing opportunities arise.

Foreign Exchange Risk

The Group's business is mainly denominated in Renminbi. Foreign exchange risk mainly arises from the outstanding foreign currency borrowings (mainly denominated in US dollars, HK dollars and Malaysian Ringgit). Since 2015, the Group has adopted foreign currency hedging instruments to achieve better management over foreign exchange risk. The objective of the hedges is to minimise the volatility of the RMB cost of highly probable forecast repayments of foreign debts. The Group's risk management policy is to partially hedge forecasted foreign currency cash flows, subject to availability of appropriate hedging instruments and cost of hedging. The Group uses a combination of foreign exchange forward contracts, foreign currency option contracts and foreign exchange structured derivatives and cross currency swaps to hedge its exposure to foreign exchange risk.

Guarantees

As at 31 December 2020, the Group had guarantees in respect of mortgage facilities for certain buyers amounting to approximately RMB381,302 million (31 December 2019: approximately RMB348,154 million).

Pursuant to the terms of the guarantees, upon default in mortgage payments by these buyers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted buyers to the banks, and the Group is entitled to take over the legal title and possession of the related properties. The guarantees were to be discharged upon the earlier of: (i) issuance of the real estate ownership certificate which are generally available within three months after the buyers take possession of the relevant properties; and (ii) the satisfaction of mortgage loans by the property buyers.

The Board considers that 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, therefore, no provision has been made in the financial statements for the guarantees.

At 31 December 2020,
the weighted average
borrowing cost
decreased by

78 basic points
to approximately

5.56%

In addition, as at 31 December 2020, the Group had provided guarantees amounting to approximately RMB64,603 million (31 December 2019: approximately RMB73,239 million) for certain liabilities of the joint ventures, associates and other related parties of the Group.

Employees and Remuneration Policy

Human resource has always been the most valuable resource of the Group. As at 31 December 2020, the Group had approximately 93,899 full-time employees.

The remuneration package of the employees includes salary, bonus and other cash subsidies. Employees are rewarded on a performance related basis, together with reference to the profitability of the Group, remuneration benchmarks in the industry, and prevailing market conditions within the general framework of the Group's salary and bonus system. The Group believes that the salaries and benefits that the employees receive are competitive in comparison with market rates. The Group is subject to social insurance contribution plans or other pension schemes organised by the regional governments and is required to pay on behalf of the employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing fund or to contribute regularly to other mandatory provident fund schemes on behalf of the employees. As at the date of this report, there were no significant labor disputes which adversely affect or are likely to have an adverse effect on the operations of the Group.

In order to achieve sustainable development and corporate advantage, the Group is establishing a "Corporate University". Employees from different levels and different fields can all have opportunities to receive training, including Leadership Development Program, New Staff Campaign and On-the-job Training. All the projects are aimed to enable employees to become senior management and inter-disciplinary talent and form a perfect HR training system of the Group.

In order to adapt itself to the fast growing and ever changing market, the Group came up with the partnership scheme, aligning the interests of employees with that of the Group. Not only could this profit and loss sharing program help lower operational cost and increase profit and returns, but also make employees better understand the Company's culture of "home experience", and allow them to further develop together with the Group.

The Group has approved and/or adopted certain share option scheme and employee incentive scheme, details can be referred in the sections headed "SHARE OPTION SCHEME" and "EMPLOYEE INCENTIVE SCHEME" in "Report of the Directors" of this report.

Forward Looking

The spread of COVID-19 had brought unprecedented challenges and added uncertainties to the global economy, but after taking effective control measures by the Chinese government, the pandemic has been brought under control in China. With the recovery of the domestic economy and the market confidence, the Group believes that the effect of COVID-19 on operation performance is temporary.

In the long run, it is expected that the government will continue to implement a long-term mechanism for real estate market for its steady and healthy development, adhere to the general principle of "houses are for living not for speculation" and the control target of "stabilizing land prices, housing prices and expectation". Urbanization in China is far from over. The county and township dwellers' ongoing desire to improve their housing conditions still makes a huge potential for property development in the country.

To further enhance value to our shareholders, the Group will leverage more on the brand awareness and buyer's goodwill in established markets and strengthen our stronghold in these markets. We will also capitalize on our advance construction technology and plan our projects within manageable radii of modular and pre-fabrication centres. We will consolidate our operations to markets commensurate with our mode of operation.

To embrace the challenges and opportunities mentioned in the previous paragraph, the Group will continue to adopt prudent financial policies and risk control measures, enhance the quality of the buildings and ensure safety, apply a more conservative and practical strategy on new land acquisition, strengthen its contracted sales and cash collection to strengthen operating cash flows and ensure investment return.

In conjunction with our established property development and construction business, the Group has increased research and development expenses to approximately RMB2,649 million in 2020 and diversified into an investment portfolio covering smart construction, robotic catering, modern agriculture and new retail. The way forward will rely heavily on the application of artificial intelligence to solve the aging problem of the construction industry workforce and the increasing consumer demand for sustainable environment and food safety. The Group will continue to provide an integrated platform covering the needs of various stages in life for our clients.

GOVERNANCE





BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT



YEUNG Kwok Keung
楊國強

Executive Directors

YEUNG Kwok Keung (楊國強), aged 66, was appointed as the Chairman and an executive Director in December 2006. Mr. YEUNG is also the chairman of the Nomination Committee, the Corporate Governance Committee, the Environmental, Social and Governance Committee and the Executive Committee, a member of the Remuneration Committee and a director of various members of the Group. Mr. YEUNG is responsible for the formulation of development strategies, investment planning and overall project planning as well as ensuring the Board functions properly with good corporate governance practice. From 1992 to 1997, Mr. YEUNG was the general manager of Shunde Sanhe Co., the real estate business in which Mr. YEUNG was engaged in before he founded the Group. From 1986 to 1997, Mr. YEUNG served as the general manager and the chairman of Beijiao Construction Co. and also served as the general manager of the Group from 1997 to 2003. He has been the Chairman since the Company was listed in 2007. Mr. YEUNG has over 43 years of experience in construction and over 29 years of experience in property development. Mr. YEUNG was awarded “China Charity Outstanding Contributions Person” and “Top Ten Contributions Persons to China Real Estate” in 2009, “China Real Estate Entrepreneur Charity Award” and “Person of China Real Estate” in 2010, “Individual under Non-collectively Own Category for Helping Poverty in Guangdong” in 2011, “2012 China Corporate Social Responsibility Award for Outstanding Entrepreneur” in 2012, “National Outstanding Individual for Poverty Relief” Honorable Mention in 2014, “2015 China Poverty Eradication Award” in 2015, “China Charity Award-The Most Caring Contributing Individual” and “National Contribution Award for Poverty Relief” in 2016, as well as “National Outstanding Individual in Poverty Alleviation” in 2021. Mr. YEUNG is a member of the 12th and 13th National Committee of the Chinese People’s Political Consultative Conference, the Honorary President of Guangdong Foundation for Poverty Alleviation and the Honorable Director of Tsinghua University. Mr. YEUNG is the father of Ms. YANG Huiyan, the Co-Chairman, an executive Director and the controlling Shareholder; the father of Ms. YANG Ziying, an executive Director; the uncle of Mr. YANG Zhicheng, an executive Director; and the father-in-law of Mr. CHEN Chong, a non-executive Director.

YANG Huiyan (楊惠妍), aged 39, was appointed as an executive Director in December 2006 and a Vice Chairman in March 2012 and was re-designated from a Vice Chairman to a Co-Chairman in December 2018. Ms. YANG is also a member of the Corporate Governance Committee, the Environmental, Social and Governance Committee, the Executive Committee and the Finance Committee and a director of various members of the Group. Ms. YANG graduated from Ohio State University with a bachelor degree in marketing and logistics and she also obtained an EMBA degree from Tsinghua University in 2019. Ms. YANG joined the Group in 2005 and served as the manager of the procurement department. Currently, she is primarily responsible for assisting Mr. YEUNG Kwok Keung, the Chairman, in the day-to-day work of the Group, and responsible for the Group's strategic investments and new business exploration based on the existing business, such as new retail business, contributing to the Company's sustainable development. Ms. YANG is a director of Concrete Win Limited, the substantial shareholder of the Company, which has an interest in the Shares and underlying Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO. Ms. YANG was appointed as a director and the chairperson of the board of Bright Scholar Education Holdings Limited, a company whose shares are listed on The New York Stock Exchange, in February and April 2017 respectively, and as the chairman and a non-executive director of CG Services, a company whose shares are listed on the Stock Exchange, in March 2018. Ms. YANG was awarded "China Charity Award Special Contribution Award" in 2008 and "China Poverty Alleviation Award Contribution Award" in 2019. Ms. YANG is the daughter of Mr. YEUNG Kwok Keung, the Chairman and an executive Director; the sister of Ms. YANG Ziying, an executive Director; a cousin of Mr. YANG Zhicheng, an executive Director; and the wife of Mr. CHEN Chong, a non-executive Director.



YANG Huiyan
楊惠妍

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT



MO Bin
莫斌

MO Bin (莫斌), aged 54, was appointed as the President and an executive Director in July 2010. Mr. MO is also a member of the Remuneration Committee, the Corporate Governance Committee, the Environmental, Social and Governance Committee, the Executive Committee and the Finance Committee and a director of several members of the Group. Mr. MO graduated from Hengyang Institute of Technology (currently known as University of South China) with a bachelor degree in industrial and civil architecture. He obtained his postgraduate degree from Zhongnan University of Economics and Law and is a professor-grade senior engineer. Mr. MO is primarily responsible for the management of daily operation and general administration of the Group. Prior to joining the Group, Mr. MO was employed by an internationally competitive construction and property group in Mainland China, China Construction, in a number of senior positions since 1989, most recently as a director and general manager of China Construction Fifth Division. Mr. MO ceased to be a non-executive director of E-House (China) Enterprise Holdings Limited with effect from 31 August 2020, a company whose shares are listed on the Stock Exchange. Mr. MO has over 31 years of extensive experience in property development, construction business, construction management, marketing, cost control and corporate management. Mr. MO won the 1st place of “Best CEO – Property (Combined)/(Buy-Side)/(Sell-Side)” at the “2019 All-Asia Executive Team” and the 1st place of “Best CEO – Property (Sell-side)” at the “2020 All-Asia Corporate Executive Team” organised by financial magazine, Institutional Investor.



YANG Ziying
楊子莹

YANG Ziying (楊子莹), aged 33, was appointed as an executive Director in May 2011. Ms. YANG is also a member of the Executive Committee and the Finance Committee. Ms. YANG graduated from Ohio State University with a bachelor degree in psychology. Ms. YANG joined the Group in 2008 as an assistant to the Chairman. Currently, she is primarily responsible for overseeing the finance of the Group, including offshore and onshore financing. Prior to joining the Group, Ms. YANG worked in a renowned global investment bank. Ms. YANG is the daughter of Mr. YEUNG Kwok Keung, the Chairman and an executive Director; the sister of Ms. YANG Huiyan, the Co-Chairman, an executive Director and the controlling Shareholder; a cousin of Mr. YANG Zhicheng, an executive Director; and a sister-in-law of Mr. CHEN Chong, a non-executive Director.

YANG Zhicheng (楊志成), aged 47, was appointed as an executive Director in December 2006, a regional president of the Group, a member of the Executive Committee and the Finance Committee. Mr. YANG is primarily responsible for the overall development and management of certain property development projects of the Group. Prior to joining the Group in 1997, Mr. YANG served as a project manager of Shunde Sanhe Co. and the general manager of Foshan Shunde Jun'an Country Garden Property Development Co., Ltd. After joining the Group, he served as the project general manager and was appointed as a vice President in November 2017. Mr. YANG was appointed as a non-executive director of CG Services, a company whose shares are listed on the Stock Exchange, in March 2018. Mr. YANG has approximately 27 years of experience in project development. Mr. YANG is a nephew of Mr. YEUNG Kwok Keung, the Chairman and an executive Director; a cousin of Ms. YANG Huiyan, the Co-Chairman, an executive Director and the controlling Shareholder; a cousin of Ms. YANG Ziyang, an executive Director; and a cousin-in-law of Mr. CHEN Chong, a non-executive Director.



YANG Zhicheng
楊志成

SONG Jun (宋軍), aged 53, was appointed as an executive Director in May 2013. Mr. SONG graduated from Chongqing College of Construction and Architecture (currently known as Chongqing University) with a bachelor degree in engineering and is a qualified PRC architect. Prior to joining the Group in 1994, Mr. SONG worked in Hunan Province Jishou City Construction Institute and Elite Architectural and was responsible for architectural design work. Since 1997, he served as a project manager and a general manager of Shunde Country Garden and Guangzhou Country Garden Company, and has been serving as vice President since 2005, and has been responsible for the management of property project development of the Group. Currently, Mr. SONG is responsible for the overall operation, management and sustainable development of property projects of the Group in certain regions. Mr. SONG has 24 years of experience in the management of property development.



SONG Jun
宋軍

SU Baiyuan (蘇柏垣), aged 55, was appointed as an executive Director in December 2013. Mr. SU graduated from Guangzhou Normal Institute (currently known as Guangzhou University) with a degree in geography and obtained a postgraduate degree in human geography from Sun Yat-sen University. Prior to joining the Group in 2005, Mr. SU had over 10 years of experience in land planning and development as well as operational management. Mr. SU was a vice President until February 2013, and was primarily responsible for investment development and the overall management of certain property development projects of the Group. Mr. SU was reappointed as a vice President in November 2013. Currently, he is primarily responsible for overseas development and the management of certain overseas property development projects of the Group.



SU Baiyuan
蘇柏垣

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT



CHEN Chong
陳翀

Non-executive Director

CHEN Chong (陳翀), aged 42, was appointed as a non-executive Director in December 2016. Mr. CHEN graduated from Tsinghua University with a bachelor of science in chemistry and obtained an EMBA degree in 2016. Mr. CHEN also obtained a master of science in biological sciences research from Royal Holloway and Bedford New College, University of London. In 2015, Mr. CHEN was appointed as the first president of the Overseas Study Youth Association of Guangdong Province, and was elected as a member of the 13th Standing Committee of the All-China Youth Federation in 2020. Mr. Chen is a member of the 12th Guangdong Provincial Committee of the Chinese People's Political Consultative Conference and the President of Guoqiang Foundation. Mr. CHEN is the son-in-law of Mr. YEUNG Kwok Keung, the Chairman and an executive Director; the husband of Ms. YANG Huiyan, the Co-Chairman, an executive Director and the controlling Shareholder; a brother-in-law of Ms. YANG Ziyang, an executive Director; and a cousin-in-law of Mr. YANG Zhicheng, an executive Director.



LAI Ming, Joseph
黎明

Independent Non-Executive Directors

LAI Ming, Joseph (黎明), aged 76, was appointed as an independent non-executive Director in December 2006 and is currently the chairman of the Audit Committee and a member of the Remuneration Committee, the Nomination Committee and the Environmental, Social and Governance Committee. Mr. LAI is a fellow member of the HKICPA, CPA Australia, CIMA and the Hong Kong Institute of Directors. Mr. LAI was one of the co-founders of the Hong Kong Branch of CIMA founded in 1973 and was its president in 1974/75 and 1979/80. He was the president of the HKICPA in 1986. Mr. LAI resigned as an independent non-executive director of Jolimark Holdings Limited on 21 May 2019, a company whose shares are listed on the Stock Exchange. Mr. LAI also holds directorships in several private companies engaging in property development in Canada. He is also an independent non-executive director of Nan Fung Group Holdings Limited.

SHEK Lai Him, Abraham (石禮謙) G.B.S., S.B.S., J.P., aged 75, was appointed as an independent non-executive Director in December 2006 and is currently a member of the Audit Committee, the Remuneration Committee and the Environmental, Social and Governance Committee. Mr. SHEK graduated from the University of Sydney and holds a bachelor of Arts degree and a diploma in Education. Mr. SHEK was appointed as a Justice of the Peace in 1995 and was awarded the Silver Bauhinia Star and the Gold Bauhinia Star by the Government of the HKSAR in 2007 and 2013 respectively. Mr. SHEK is a member of the HKSAR Legislative Council representing the Real Estate and Construction Functional Constituency, an honorary member of the court of Hong Kong University of Science and Technology, a member of Court and Council of University of Hong Kong and a member of the Advisory Committee on Corruption of the Independent Commission Against Corruption.



SHEK Lai Him, Abraham
石禮謙

Mr. SHEK currently holds directorship in a number of listed companies on the Main Board of the Stock Exchange: (i) the honorary chairman and independent non-executive director of Chuang's China Investments Limited; (ii) the vice chairman and an independent non-executive director of ITC Properties Group Limited; and (iii) an independent non-executive director of Far East Consortium International Limited, Lifestyle International Holdings Limited, NWS Holdings Limited, SJM Holdings Limited, Paliburg Holdings Limited, Lai Fung Holdings Limited, Chuang's Consortium International Limited, China Resources Cement Holdings Limited, Cosmopolitan International Holdings Limited, Everbright Grand China Assets Limited, CSI Properties Limited, Eagle Asset Management (CP) Limited (the manager of Champion Real Estate Investment Trust) and Regal Portfolio Management Limited (the manager of Regal Real Estate Investment Trust) respectively.

Mr. SHEK is an independent non-executive director of Landing International Development Limited with effect from 14 August 2020, of Hao Tian International Construction Investment Group Limited with effect from 15 October 2020, and has been appointed as the vice chairman and re-designated from independent non-executive director to executive director of Goldin Financial Holdings Limited with effect from 1 March 2021, all of which are companies listed on the Main Board of the Stock Exchange.

Mr. SHEK was (i) the chairman of Chuang's China Investments Limited (retired on 29 April 2019); and (ii) an independent non-executive director of Midas International Holdings Limited (resigned on 26 January 2018), of MTR Corporation Limited (retired on 22 May 2019), and of Hop Hing Group Holdings Limited (retired on 2 June 2020), all of which are companies listed on the Main Board of the Stock Exchange, respectively.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT



TONG Wui Tung
唐滙棟

TONG Wui Tung (唐滙棟), aged 70, was appointed as an independent non-executive Director in December 2006. He is the chairman of the Remuneration Committee and a member of the Audit Committee, the Nomination Committee and the Environmental, Social and Governance Committee. Mr. TONG has been practicing as a solicitor in Hong Kong for over 40 years and is a partner of the law firm, Messrs. Cheung, Tong & Rosa Solicitors. He is also a Notary Public and a China Appointed Attesting Officer, and is admitted as a solicitor in several other jurisdictions. Mr. TONG ceased to be a non-executive director of Yip's Chemical Holdings Limited with effect from 5 June 2018, a company whose shares are listed on the Stock Exchange.



HUANG Hongyan
黃洪燕

HUANG Hongyan (黃洪燕), aged 50, was appointed as an independent non-executive Director in December 2012. He is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. HUANG graduated from Toulouse Business School, Doctorate of Business Administration, and is also qualified as a Chinese certified public accountant, a Chinese certified tax agent, a Chinese certified public valuer, a certified internal auditor and a corporate accountant. Currently, Mr. HUANG serves as a general manager of Foshan Yestar Consulting Co., Ltd.. Mr. HUANG ceased to be an independent director of C&S Paper Co., Ltd. from 22 January 2021 and ceased to be an independent director of Guangdong Transtek Medical Electronics Co., Ltd. from 21 February 2019, both of which are companies whose shares are listed on the Shenzhen Stock Exchange.



TO Yau Kwok
杜友國

TO Yau Kwok (杜友國), aged 68, was appointed as an independent non-executive Director in June 2019. Mr. TO graduated from Jinan University majoring in economics and management in 1992. Since 1993, Mr. TO engaged in business activities in Mainland China such as property development, and had gained ample experience in areas such as property development, wholesale and retail, and machinery trade. Mr. TO is currently the honorary chairman of Foshan City Shunde District Xinlixin Business Development Limited and Foshan City Shunde District Renfu Car Maintenance Plant Limited respectively.

Joint Company Secretaries

LEUNG Chong Shun (梁創順), aged 55, was appointed as the company secretary of the Company on 1 October 2016 and remained as the joint company secretary from March 2019. Mr. LEUNG graduated from the University of Hong Kong in November 1988 where he was awarded a bachelor degree of Laws with honors. He is qualified as solicitor in both Hong Kong and England and has been a practicing lawyer in Hong Kong since 1991.

LUO Jie (羅杰), aged 41, was appointed as a joint company secretary of the Company in March 2019. Mr. LUO graduated from Sun Yat-sen University in June 2002 where he was awarded a bachelor of Laws degree. He graduated from The Chinese University of Hong Kong in 2008 where he was awarded a Juris Doctor degree, and obtained the Postgraduate Certificate in Laws (PCLL) from the University of Hong Kong in 2009. He passed the National Judicial Examination of the PRC in 2005 and obtained the Legal Profession Qualification Certificate. He is qualified as a solicitor in Hong Kong since 2011. He joined the Company in May 2017 and was appointed as the joint company secretary in March 2019.

Senior Management

CHENG Guangyu (程光煜), aged 40, is an executive vice President. Mr. CHENG graduated from Tsinghua University with a bachelor's and doctoral degree in civil engineering in 2002 and 2007 respectively, and from Guanghua School of Management of Peking University with an EMBA degree in 2015. Mr. CHENG joined the Group in 2007 and has been responsible for overall operation management and sustainable development of property projects in certain regions under his supervision from 2012 to 2014. Since 2014, Mr. CHENG has been responsible for the overall sales and marketing management of the Group. Currently, Mr. CHENG is responsible for the overall sales and marketing management, brand management, investment planning management and product design management of the Group. Mr. CHENG also oversees the Risk Control, Audit and Supervision Center and Commercial and Culture Tourism Group. Mr. CHENG has over 13 years of experience in management of property development.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

WU Bijun (伍碧君), aged 47, was appointed as a vice President and the Chief Financial Officer in April 2014 and April 2017 respectively. Ms. WU is also the chairman of the Finance Committee and the general manager of the finance centre of the Company. Ms. WU graduated from the Department of Public Finance and Taxation of Zhongnan University of Finance and Economics (currently known as Zhongnan University of Economics and Law) with a bachelor's degree of economics majoring in public finance in 1995, and obtained an EMBA degree from China Europe International Business School in 2015. She is qualified as a Chinese certified public accountant and a Chinese certified tax agent. Ms. WU is responsible for finance and capital management of the Group. Prior to joining the Group in 2005, Ms. WU worked at Hubei Branch of China Construction Bank and was responsible for accounting and auditing management. From 1999 to 2002, Ms. WU was the chief auditor of Guangdong Foshan Zhixin Certified Public Accountants Co., Ltd. and was responsible for reviewing the auditor's reports. From 2002 to 2005, Ms. WU worked at Shunde Finance Bureau and was responsible for the financial management of foreign investment enterprises. Since joining the Group in 2005, Ms. WU has been mainly responsible for the financial management of the Group. Ms. WU has 16 years of experience in the management of real estate financial resources and approximately 26 years of experience in financial management. Ms. WU won the 1st place of "Best CFO – Property (Combined)/(Sell-Side)" at the "2019 All-Asia Executive Team" and the 1st place of "Best CFO – Property (Sell-Side)" at the "2020 All-Asia Corporate Executive Team" organized by financial magazine, Institutional Investor.

LI Xiaolin (黎曉林), aged 49, is a vice President. Mr. LI graduated from Department of Civil Engineering of Tsinghua University with a bachelor degree of architecture and structural engineering and Guanghua School of Management of Peking University with EMBA, and is a qualified PRC architecture engineer and a qualified real estate appraiser in the PRC. Prior to joining the Group in 2008, Mr. LI worked in Zhuhai Zhuguang Architecture Design Engineering Company and was responsible for architecture design, as well as in various property developers, namely New Home (Zhuhai) Real Estate Co. Ltd., Zhongshan Paramount Development Co., Ltd. and China Vanke Co., Ltd., and was responsible for property development and management. Since 2008, Mr. LI has been responsible for the overall operation, management and sustainable development of property projects in certain regions of the Group. He was designated to the general manager of the human resource management centre of the Group since February 2020 and also served as the general manager of the operation center of the Group in October 2020. Mr. LI has 24 years of experience in the management of property development.

YANG Cuilong (楊翠瓏), aged 49, is a vice President. Ms. YANG graduated from South China University of Technology with a bachelor's degree of architecture and is a national first class registered architect in the PRC and a senior engineer. In 2019, Ms. YANG also obtained an EMBA degree from Tsinghua University School of Economics and Management. Prior to joining the Group in 2000, Ms. YANG worked in Elite Architectural as director of the architectural office from 1993 to 2000 and was responsible for architecture design. Since 2000, she served as the head of general office of the projects and an assistant to President, as well as the general manager for project tendering management department of the Group. She was appointed as the vice President and served as the general manager of the cost management centre of the Group since September 2014 and was responsible for the Group's construction cost, construction tendering and cost management. Since January 2019, Ms. YANG was appointed as the general manager of the design management centre of the Group and was responsible for the design system management. Since February 2020, Ms. YANG was re-appointed as the general manager of the cost management center of the Group. Ms. YANG has 10 years of experience in architectural design and management and 19 years of experience in operation management and construction cost management for real estate.

YANG Lixing (楊麗興), aged 50, is a vice President. Ms. YANG graduated from South China University of Technology majoring in management. Ms. YANG joined the Group in 1992 and has been responsible for procurement management of the Group. Ms. YANG was appointed as the vice President in September 2014 as well as the general manager of the procurement center of the Group. Ms. YANG has 28 years of experience in the procurement management for real estate.

HUANG Yuzang (黃宇瑩), aged 45, is a vice President and was appointed as the president of Anhui region of the Group on 24 February 2020. Mr. HUANG graduated from Zhejiang University with a bachelor's degree in architecture and from Peking University with a master's degree in geography (city and urban planning). He is a first-class national registered architect. Prior to joining the Group, Mr. HUANG worked in Hong Kong Huayi Design Consultants (Shenzhen) Limited as the managing director and a design director. Mr. HUANG has 22 years of experience in architecture design with extensive practical experience in engineering and acquired dozens of awards both in Mainland China and overseas with his advanced design ideas. Mr. HUANG was recognised as "The First Top Ten Young Architect of Shenzhen", "The Ninth Chinese Architecture Academy Young Architect" and "New Real Estate Architect for the year of 2014". Mr. HUANG joined the Group in March 2015 and was responsible for the design system as the chief designer of the Group. Mr. HUANG was also appointed as the general manager of the cost management center of the Group in January 2019 and was responsible for the Group's construction cost, construction tendering and cost management.

LI Jing (李靜), aged 41, is a vice President. Ms. LI graduated from Northwest University of Political Science and Law with a bachelor's degree in law and Sun Yat-sen University with a master's degree in public administration. Prior to joining the Group, she worked for the China Communist Youth League Guangdong Committee and the Guangzhou Municipal People's Procuratorate. Ms. LI joined the Group in October 2017 and currently serves as a vice President, director of the Group General Office, director of the Targeted Poverty Alleviation and Rural Revitalization Office and vice president of Guoqiang Foundation. Ms. LI is responsible for the Group's administrative affairs, charitable endeavors, targeted poverty alleviation programs and rural revitalization efforts.

CORPORATE GOVERNANCE REPORT

The Group continues to improve its corporate governance practices, emphasising the attainment and maintenance of a quality Board, sound risk management and internal controls, and high transparency and accountability to the Shareholders. The Board and the management are committed to the principles of good corporate governance consistent with prudent management and enhancement of shareholder value. The Board believes that good corporate governance will bring long-term benefits to the Shareholders and the Group.

Corporate Governance Practices

The Company has applied the principles and has complied with the code provisions of the Corporate Governance Code in the manner as described in the Corporate Governance Report throughout the year ended 31 December 2020, save and except for the code provision E.1.2 of the Corporate Governance Code as the Chairman of the Board (who was also the chairman of the Nomination Committee, Corporate Governance Committee, Environmental, Social and Governance Committee and Executive Committee of the Company) was unable to attend the annual general meeting of the Company held on 21 May 2020 due to the travel restrictions then in place as a result of the COVID-19 pandemic.

Compliance with the Model Code

The Company has adopted the Model Code as the code of conduct for dealing in securities of the Company by the Directors. After specific enquiry, all Directors confirmed that they have complied with the required standard regarding securities transactions set out therein throughout the year ended 31 December 2020. No incident of non-compliance was noted by the Company in 2020. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

Strategic Planning

The Group has been committed to implementing a strategic management system which identifies and assesses potential opportunities and challenges, so as to formulate a long-term development strategy and a planned course of action. The strategy management department of the Group is responsible for organizing strategy research and discussions. At the start of every year, senior management of the Group reviews and develops the medium to long term strategic planning of the Group as well as annual budget planning.

Board of Directors

Composition

As at 31 December 2020, the Board consists of seven executive Directors, namely, Mr. YEUNG Kwok Keung (Chairman), Ms. YANG Huiyan (Co-Chairman), Mr. MO Bin (President), Ms. YANG Ziyang, Mr. YANG Zhicheng, Mr. SONG Jun, and Mr. SU Baiyuan, one non-executive Director, namely, Mr. CHEN Chong and five independent non-executive Directors, namely, Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung, Mr. HUANG Hongyan and Mr. TO Yau Kwok. An updated list of the Directors and their roles and functions is published on the websites of the Stock Exchange and of the Company respectively.

Ms. YANG Huiyan and Ms. YANG Ziying are the daughters of Mr. YEUNG Kwok Keung, Mr. CHEN Chong is the husband of Ms. YANG Huiyan and Mr. YANG Zhicheng is the nephew of Mr. YEUNG Kwok Keung. Save as disclosed above, none of the other Directors has or maintains any family relationship with any of the other Directors.

Independent Non-executive Directors

The independent non-executive Directors are of sufficient number and calibre for their views to carry weight. The functions of independent non-executive Directors include:

- bringing an independent view and judgment at Board meetings;
- taking the lead where potential conflicts of interests arise;
- serving on Board committees if invited; and
- scrutinizing the Company's performance and monitoring performance reporting.

The independent non-executive Directors have made a positive contribution to the development of the Company's strategies and policies through independent, constructive and informed comments. They benefit the Board and the Board committees by their skills, expertise, varied backgrounds and qualifications through regular attendance and active participation at the meetings of the Board and the Board committees.

In addition to the regular Board meetings, the Chairman met with the independent non-executive Directors without the presence of other Directors during the year ended 31 December 2020.

Composition of the Board is disclosed, and the independent non-executive Directors are identified, in all corporate communications to the Shareholders.

Confirmation of Independence

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

Board Diversity Policy

The Board has adopted a board diversity policy effective as from 6 August 2013, and has reviewed and updated the policy on 25 March 2021. The Company takes into consideration the benefits of various aspects of diversity, including but not limited to gender, age, culture, ethnicity, education background, skills, knowledge, professional experience and other factors that may be relevant from time to time towards achieving a diversified Board. Appointment to the Board is based on merit and attributes that the selected candidates will bring to the Board to complement and expand the competencies, experience and perspectives of the Board as a whole, taking into account the corporate strategy of the Company.

As at 31 December 2020, an analysis of the Board composition based on the range of diversity perspectives is set out as follows:

Number of Directors	Gender	Designation	Age Group	Years of Service	Skills and Knowledge
13	Female	Executive Director	≥60	≥5	Legal
12					Investment development management
11	Male	Non-executive Director	50–59	≥5	Administration and business management
10					Financial management
9		Independent non-executive Director	40–49	3–4	Development strategy and marketing management
8					Property development, construction and building construction management
7					
6		30–39	0–2		
5					
4					
3					
2					
1					

Each of the Board members possessed different skills and knowledge, including property development, construction and building construction management, development strategy and marketing management, financial management, administration and business management, investment development management and legal, etc.. The Board is characterized by significant diversity in terms of gender, age, designation, length of service, skills and knowledge.

Roles and Functions of the Board and the Management

The Board assumes responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs. The Board is fully responsible for the formulation of business policies and strategies in relation to the business operation of the Group, including dividend policy and risk management strategies. The management is delegated the authority and responsibilities by the Board for the day-to-day management and operation of the Group.

Appointment, Continuation of Appointment and Re-election of Directors

All executive Directors have entered into service contracts with the Company, the non-executive Director and all independent non-executive Directors have entered into letters of appointment with the Company with a specific term of two years setting out key terms and conditions of their appointments. All Directors are subject to retirement in accordance with the Articles of Association.

According to the Articles of Association, (i) any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting; (ii) any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election; and (iii) at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement at an annual general meeting at least once every three years. As such, no Directors have a term of appointment longer than three years.

Board Meetings

The Board holds at least four meetings a year at approximately quarterly intervals. Additional meetings would be arranged, if and when required. The date of each meeting is decided in advance to enable the Directors to attend the meeting in person. For those Directors who are not able to attend these meetings in person, participation by telephone conference is available.

Notice of at least 14 days shall be given for a regular Board meeting to give all Directors an opportunity to attend. The draft of the agenda of the Board meeting shall be sent together with the notice of the Board meeting to the Directors so as to allow the Directors to have sufficient time to propose matters for inclusion in the agenda. For all other Board meetings, reasonable notice will be given. To ensure that all Directors are properly informed about the matters to be discussed at each regular Board meeting, documents in relation to the regular Board meeting are sent to each Director at least three days prior to the meeting.

If a substantial Shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by a physical Board meeting rather than a written resolution.

The joint company secretaries of the Company prepare detailed minutes of each meeting. After the meeting, draft and final versions of the minutes would be sent to the Directors for comment and records respectively as soon as practicable. Minutes of Board meetings and Board committees meetings are kept by the Listing Company Secretariat of the Company and are open for inspection by any Director on reasonable notice.

During the year ended 31 December 2020, the Directors have made active contribution to the affairs of the Group and ten Board meetings were held to consider, among other things, various transactions contemplated by the Group and to review and approve the interim results and annual results of the Group. According to article 100(1) of the Articles of Association, a Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his close associates is materially interested.

Attendance Record of Directors

The attendance record of Directors at the meetings of the Board, the Board committees and the Shareholders held during the year ended 31 December 2020 is set out below:

Directors	Number of meetings attended/Number of meetings held for the year ended 31 December 2020						
	Board	Audit Committee	Nomination Committee	Remuneration Committee	Corporate Governance Committee	Environmental, Social and Governance Committee	General Meeting
Executive Directors							
Mr. YEUNG Kwok Keung (Chairman)	10/10	N/A	1/1	4/4	2/2	2/2	0/1
Ms. YANG Huiyan (Co-Chairman)	10/10	N/A	N/A	N/A	2/2	2/2	0/1
Mr. MO Bin (President)	10/10	N/A	N/A	4/4	2/2	2/2	1/1
Ms. YANG Ziyang	10/10	N/A	N/A	N/A	N/A	N/A	0/1
Mr. YANG Zhicheng	10/10	N/A	N/A	N/A	N/A	N/A	0/1
Mr. SONG Jun	10/10	N/A	N/A	N/A	N/A	N/A	0/1
Mr. SU Baiyuan	10/10	N/A	N/A	N/A	N/A	N/A	0/1
Non-executive Director							
Mr. CHEN Chong	9/10	N/A	N/A	N/A	N/A	N/A	0/1
Independent non-executive Directors							
Mr. LAI Ming, Joseph	10/10	3/3	1/1	4/4	N/A	2/2	1/1
Mr. SHEK Lai Him, Abraham	10/10	3/3	N/A	4/4	N/A	2/2	1/1
Mr. TONG Wui Tung	10/10	3/3	1/1	4/4	N/A	2/2	1/1
Mr. HUANG Hongyan	10/10	3/3	1/1	4/4	N/A	N/A	1/1
Mr. TO Yau Kwok	9/10	N/A	N/A	N/A	N/A	N/A	0/1

Access to Information

All Directors are kept informed on a timely basis of major changes that may have affected the Group's business, including those changes to relevant rules and regulations and are able to make further enquiries when necessary. Sufficient explanation and information have been provided to the Board by the management to enable the Board to make an informed assessment of financial and other information put before it for approval. They also have unrestricted access to the advice and services of the joint company secretaries of the Company, who are responsible for providing the Directors with board papers and related materials. A monthly update which gives a balanced and concise assessment of the Company's performance, position and prospects in sufficient details is provided to all Directors to enable the Board as a whole and each Director to discharge his or her duty. The Board has also agreed that the Directors may seek independent professional advice in performing their Directors' duties at the Company's expense.

Directors and Officers Liability Insurance

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

Directors' Training and Professional Development

Every newly appointed Director has been given a comprehensive, formal and tailored induction on appointment. Subsequently, the Directors will receive updates on the Listing Rules, legal and other regulatory requirements and the latest development of the Group's business and are encouraged to participate in continuous professional development to develop their knowledge and skills. During the year ended 31 December 2020, the Directors have participated in continuing professional development ("CPD"). All Directors have provided the Company with their records of training received for the year. A summary of their records of training is provided as follows:

Directors	Types of CPD	Subject of CPD
	(Note 1)	(Note 2)
Executive Directors		
Mr. YEUNG Kwok Keung (Chairman)	1, 2	A, B
Ms. YANG Huiyan (Co-Chairman)	1, 2	A, B
Mr. MO Bin (President)	1, 2	A, B
Ms. YANG Ziyang	1, 2	A, B
Mr. YANG Zhicheng	1, 2	A, B
Mr. SONG Jun	1, 2	A, B
Mr. SU Baiyuan	1, 2	A, B

Directors	Types of CPD <small>(Note 1)</small>	Subject of CPD <small>(Note 2)</small>
Non-executive Director		
Mr. CHEN Chong	1, 2	A, B
Independent non-executive Directors		
Mr. LAI Ming, Joseph	1, 2	A, B
Mr. SHEK Lai Him, Abraham	1, 2	A, B
Mr. TONG Wui Tung	1, 2	A, B
Mr. HUANG Hongyan	1, 2	A, B
Mr. TO Yau Kwok	1, 2	A, B

Note 1:

- 1 Attending in-house briefings/trainings, seminars, conferences or forums
- 2 Reading newspapers, journals and updates

Note 2:

- A. Businesses related to the Company
- B. Laws, rules and regulations, accounting standards

Chairman and President

The roles of the Chairman and the President are separated to reinforce independence, accountability and responsibility. Mr. YEUNG Kwok Keung, the Chairman, is responsible for the formulation of development strategies, investment decision making, overall project planning at the Group level, leading the Board and ensuring that the Board functions properly and effectively, whilst Mr. MO Bin, the President, is responsible for the management of the daily operation and general administration of the Group. Their respective responsibilities are clearly established and defined by the Board in writing.

In performing the role of Chairman, Mr. YEUNG Kwok Keung is responsible for, among other things:

- ensuring that good corporate governance practices and procedures are established;
- ensuring that all Directors are properly briefed on issues arising at Board meetings and that all Directors receive, in a timely manner, adequate information which must be accurate, clear, complete and reliable;
- encouraging all Directors to make a full and active contribution to the Board's affair and to voice their concerns even with different views, allowing sufficient time for discussion of issues, ensuring that Board decisions fairly reflect the Board's consensus, and taking the lead to ensure that the Board acts in the best interests of the Group;

- ensuring that appropriate steps are taken to provide effective communication with the Shareholders and their views are communicated to the Board as a whole; and
- promoting a culture of openness and debate by facilitating the effective contribution of non-executive Director and independent non-executive Directors in particular and ensuring constructive relations among executive Directors, non-executive Director and independent non-executive Directors.

In performing the role of President, Mr. MO Bin is responsible for, among other things:

- organizing and managing the Group's business;
- leading the corporate team to implement the strategies and plans established by the Board; and
- coordinating overall daily business operations of the Group.

Board Committees

The Board has established seven committees with specific written terms of reference to oversee particular aspects of the Company's affairs.

Audit Committee

The Audit Committee was established in December 2006 with written terms of reference, which are posted on the websites of the Stock Exchange and of the Company respectively. All the members of the Audit Committee are independent non-executive Directors, namely Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham, Mr. TONG Wui Tung and Mr. HUANG Hongyan. Mr. LAI Ming, Joseph, who has appropriate professional accounting qualifications and financial management expertise as required under the Listing Rules, was appointed as the chairman of the Audit Committee. None of the members of the Audit Committee is a former partner of the auditors of the Company.

The principal duties of the Audit Committee include, among other things: (i) being primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal; (ii) reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; (iii) developing and implementing a policy on engaging an external auditor to supply non-audit services; (iv) monitoring the integrity of the Company's financial statements and the annual report and accounts, half-year report and, if prepared for publication, quarterly reports, before submission of the financial statements and reports to the Board, and reviewing significant financial reporting judgments contained in them; (v) reviewing the Company's financial control, risk management and internal control systems; and (vi) discussing the risk management and internal control systems with management to ensure that management has performed its duty to have effective systems.

The Audit Committee may seek any necessary information from employees within its terms of reference and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. During the year ended 31 December 2020, the Audit Committee held three meetings and has duly discharged the above-mentioned duties. The attendance record of individual Directors at the Audit Committee meetings is set out on page 59 of this annual report.

Nomination Committee

The Nomination Committee was established in March 2012 with written terms of reference, which are posted on the websites of the Stock Exchange and of the Company respectively. The Nomination Committee is chaired by an executive Director, Mr. YEUNG Kwok Keung and consists of three other members, who are independent non-executive Directors being Mr. LAI Ming, Joseph, Mr. TONG Wui Tung and Mr. HUANG Hongyan.

The principal duties of the Nomination Committee include, among other things: (i) reviewing the policy concerning diversity of board members and the structure, size and composition of the Board and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (ii) developing and maintaining a policy for the nomination of board members which includes the nomination procedures and the process and criteria adopted by the Nomination Committee to identify, select and recommend candidates for directorship during the year and reviewing periodically the policy and the progress made towards achieving the objectives set in the policy; (iii) identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; (iv) assessing the independence of independent non-executive Directors; and (v) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors.

On 6 December 2018, the Nomination Committee and the Board respectively adopted the nomination policy of the Company:

Objectives

- The Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to Shareholders for election as Directors at general meetings for appointment or re-appointment or appoint as Directors to fill casual vacancies or as an addition to the existing Board.
- The Nomination Committee may, as it considers appropriate, nominate a number of candidates more than the number of directors to be appointed or re-appointed at a general meeting, or the number of casual vacancies to be filled.
- The Nomination Committee should ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business.

Selection Criteria

- The factors to be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate include:
 - (i) reputation for integrity;
 - (ii) accomplishment and experience in different industries;
 - (iii) commitment in respect of available time and relevant interest;
 - (iv) independence;
 - (v) diversity in all its aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, qualifications, professional experience, skills, knowledge, independence and length of service;
 - (vi) for proposed independent non-executive Directors who will be holding their seventh (or more) listed company directorship, whether the individuals would still be able to devote sufficient time to the board (including whether the individuals have extensive experience in corporate governance of listed companies, are familiar with the management of listed companies, have close and good communication with the management and other independent non-executive Directors, can make the management decision of the Company work properly, are a chairman of the board or chief executive officer or full time executive director of other listed companies, the business activity of other listed companies in which the individuals hold directorship, etc.); and
 - (vii) other factors considered to be relevant by the Nomination Committee on a case by case basis, including the requirements and restrictions as stated in the Listing Rules.

These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

- Retiring Directors are eligible for nomination by the Nomination Committee and recommendation by the Board to stand for re-election at a general meeting.
- Proposed candidates will be asked to submit the necessary personal information in a prescribed form, together with their written consent to be appointed as a Director and to the public disclosure of their personal data on any documents or the relevant websites for the purpose of or in relation to their standing for election as a Director.
- The Nomination Committee may request candidates to provide additional information and documents, if considered necessary.

Nomination Procedures

- The secretary of the Nomination Committee or the joint company secretaries of the Company shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members if any, for consideration by the Nomination Committee prior to its meeting. The Nomination Committee may also identify candidates pursuant to the criteria set out above and put forward candidates who are not nominated by Board members.
- The Nomination Committee may use any process it deems appropriate to evaluate the candidates pursuant to the criteria set out above, which may include personal interviews, background checks, presentations or written submissions by the candidates and third party references.
- For filling a casual vacancy and for addition to the existing Board, the Nomination Committee shall make recommendations for the Board's consideration, approval and appointment. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. For proposing candidates to stand for election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation to the Shareholders.
- In case of election at a general meeting, until the issue of the Shareholder circular, the nominated persons shall not assume that they have been proposed by the Board to stand for election at the general meeting.
- In order to provide information of the candidates nominated by the Board to stand for election at a general meeting, a circular will be sent to Shareholders by the Company. The names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information, as required pursuant to the applicable laws, rules and regulations (including the Listing Rules), of the proposed candidates will be included in the circular to Shareholders. In addition, where a new Director is appointed or re-designated, the Company will announce the change as soon as practicable and include details of the relevant Director as required pursuant to the Listing Rules.
- The Shareholders may propose a person for election as a Director, details of which are set out in the "Procedures for Shareholders to Propose a Person for Election as a Director" of the Company. A Shareholder can serve a notice at the registered office, head office or the registration office (such place as the Board may from time to time determine to keep a branch register of members and where (except the Board otherwise directs) the transfer or other documents of title are to be lodged for registration and are to be registered) of the Company within the lodgement period of its intention to propose a resolution to elect certain person(s) as a Director, without the Board's recommendation or the Nomination Committee's nomination, other than those candidates set out in the Shareholder circular. The particulars of the candidates so proposed will be sent to all Shareholders for information by a supplementary circular.

- A candidate is allowed to withdraw his candidature at any time before the general meeting by serving a notice in writing to the joint company secretaries of the Company.
- The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election at any general meeting. The ultimate responsibility for selection and appointment of Directors rest with the entire Board.

The Nomination Committee may seek any necessary information from employees within its terms of reference and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. During the year ended 31 December 2020, the Nomination Committee held one meeting and has duly discharged the above-mentioned duties. The attendance of individual Directors at the Nomination Committee meeting is set out on page 59 of this annual report.

Remuneration Committee

The Remuneration Committee was established in December 2006 with written terms of reference, which are posted on the websites of the Stock Exchange and of the Company respectively. The Remuneration Committee is chaired by an independent non-executive Director, Mr. TONG Wui Tung and consists of five other members, of whom two are executive Directors being Mr. YEUNG Kwok Keung and Mr. MO Bin, and three are independent non-executive Directors being Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham and Mr. HUANG Hongyan.

The principal duties of the Remuneration Committee include, among other things: (i) making recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration; (ii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (iii) making recommendations to the Board on the remuneration packages of individual executive Directors, non-executive Director and senior management with reference to their performance and terms of the service contracts.

The Remuneration Committee may consult the Chairman or the President about its remuneration proposals for the other executive Directors and senior management, seek any necessary information from senior management within its terms of reference and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. During the year ended 31 December 2020, the Remuneration Committee held four meetings and has duly discharged its duties, including but not limited to: (i) reviewing and approving the management's remuneration proposals; (ii) making recommendations to the Board on the grant of share options proposals; (iii) making recommendations to the Board on the renewal of the Director's service contracts and appointment letters; and (iv) reviewing and approving the relevant disclosures of the Company regarding remuneration and service contracts of the Directors prior to approval by the Board. The attendance of individual Directors at the Remuneration Committee meetings is set out on page 59 of this annual report.

The remuneration of the members of the senior management (other than Directors) by band for the year ended 31 December 2020 is set out below:

RMB	Number of members of senior management
6,000,001 to 7,000,000	1
19,000,001 to 20,000,000	2
20,000,001 to 21,000,000	1
30,000,001 to 31,000,000	1
58,000,001 to 59,000,000	1
69,000,001 to 70,000,000	1

Corporate Governance Committee

The Corporate Governance Committee was established in March 2012 with written terms of reference. The members of the Corporate Governance Committee are all executive Directors, namely Mr. YEUNG Kwok Keung, Ms. YANG Huiyan and Mr. MO Bin. Mr. YEUNG Kwok Keung was appointed as the chairman of the Corporate Governance Committee.

The principal duties of the Corporate Governance Committee include, among other things: (i) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to the Group's employees and Directors; and (v) reviewing the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

The Corporate Governance Committee may seek any necessary information from employees within its terms of reference and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. During the year ended 31 December 2020, the Corporate Governance Committee held two meetings and has duly discharged the above-mentioned duties. The attendance of individual Directors at the Corporate Governance Committee meetings is set out on page 59 of this annual report.

Environmental, Social and Governance Committee

The Environmental, Social and Governance Committee was established in May 2020 with written terms of reference. The Environmental, Social and Governance Committee is chaired by an executive Director, Mr. YEUNG Kwok Keung and consists of five other members, of whom two are executive Directors being Ms. YANG Huiyan and Mr. MO Bin, and three are independent non-executive Directors being Mr. LAI Ming, Joseph, Mr. SHEK Lai Him, Abraham and Mr. TONG Wui Tung.

The principal duties of the Environmental, Social and Governance Committee include, among other things: (i) formulating and reviewing the Group's environmental, social and governance ("ESG") liabilities, vision, strategies, structure, principles and policies; (ii) monitoring the channels and means of communication with the Group's stakeholders; (iii) reviewing key ESG trends and related risks and opportunities, and assess the adequacy and effectiveness of the Group's ESG structure and business model; (iv) overseeing the Group's sustainability performance; (v) overseeing the funding of the initiatives on corporate social responsibilities; and (vi) reviewing and recommending to the Board for approval of the annual sustainability report of the Company.

The Environmental, Social and Governance Committee may seek any necessary information from employees within its terms of reference and it is authorised by the Board to obtain external legal or other independent professional advice and to invite outsiders with relevant experience and expertise to attend the meetings if required. During the year ended 31 December 2020, the Environmental, Social and Governance Committee held two meetings. The attendance of individual Directors at the Environmental, Social and Governance Committee meetings is set out on page 59 of this annual report.

Executive Committee

The Executive Committee was established in June 2014 with written terms of reference. The existing members of the Executive Committee are all executive Directors, namely Mr. YEUNG Kwok Keung, Ms. YANG Huiyan, Mr. MO Bin, Ms. YANG Ziyang and Mr. YANG Zhicheng. Mr. YEUNG Kwok Keung was appointed as the chairman of the Executive Committee.

The principal duties of the Executive Committee include, among other things: (i) discussing and making decisions on matters relating to the management and operations of the Company including but not limited to corporate matters, financial/treasury planning and to form strategy; (ii) considering and making recommendations to the Board on acquisitions of or investments in business or projects; and (iii) reviewing and discussing any other matters as may from time to time be delegated by the Board.

The Executive Committee may seek any necessary information from senior management within its terms of reference and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. During the year ended 31 December 2020, the Executive Committee has passed 23 resolutions (by way of written resolutions or by way of meetings) and has duly discharged the above-mentioned duties.

Finance Committee

The Finance Committee was established in August 2014 with written terms of reference. The existing members of Finance Committee consists of seven members, of whom four are executive Directors being Ms. YANG Huiyan, Mr. MO Bin, Ms. YANG Ziyang and Mr. YANG Zhicheng, one is the Chief Financial Officer being Ms. WU Bijun, and the two other members are senior management of the finance centre of the Company. Ms. WU Bijun was appointed as the chairman of the Finance Committee.

The principal duties of the Finance Committee include, among other things: (i) approving the opening and cancelling of bank/securities accounts in name of the Company ("Accounts") and the changing of authorised signatories of the Accounts and dealing with any other matters from time to time in relation to the Accounts; (ii) executing any matters in relation to buy-back of shares of the Company pursuant to the authorisation granted by the Board from time to time and the mandate given by the Shareholders; and (iii) executing any matters in relation to the employees' share incentive scheme pursuant to the authorisation granted by the Board from time to time (unless otherwise provided for under Chapter 17 of the Listing Rules).

The Finance Committee may seek any necessary information from senior management within its terms of reference and obtain independent professional advice, at the Company's expense, to perform its responsibilities if it considers necessary. During the year ended 31 December 2020, the Finance Committee held 7 meetings and has duly discharged the above-mentioned duties.

Joint Company Secretaries

Mr. LEUNG Chong Shun and Mr. LUO Jie are joint company secretaries of the Company. Mr. LEUNG Chong Shun is a practicing lawyer in Hong Kong and is not a full-time employee of the Company. Mr. LUO Jie is a full-time employee of the Company. They are responsible for advising the Board on corporate governance and Hong Kong legal matters.

During the year ended 31 December 2020, the primary contact person of the Company with Mr. LEUNG Chong Shun is Mr. LUO Jie, the head of the Listing Company Secretariat of the Company. Mr. LEUNG Chong Shun and Mr. LUO Jie have confirmed that they have taken no less than 15 hours of relevant professional training during the year ended 31 December 2020.

Risk Management and Internal Control Systems

The Board has the overall responsibility for maintaining sound and effective risk management and internal control systems to safeguard the Group's assets and the Shareholders' interests, as well as, with the Audit Committee and the Risk Management Internal Committee, reviewing the effectiveness of these systems. The Group's risk management and internal audit department is delegated with responsibility to ensure and maintain sound risk management and internal control systems by continuously reviewing and monitoring the operation of the risk management and internal control systems and procedures so as to manage rather than eliminate the risk of failure to achieve business objectives and ensure that they can provide reasonable and not absolute assurance against material misstatement or loss and to manage risks of failure in the Group's operational systems. In addition, the Company has engaged independent consultants to conduct review of the risk management and internal control systems of the Group.

Risk Management and Internal Control

Objectives

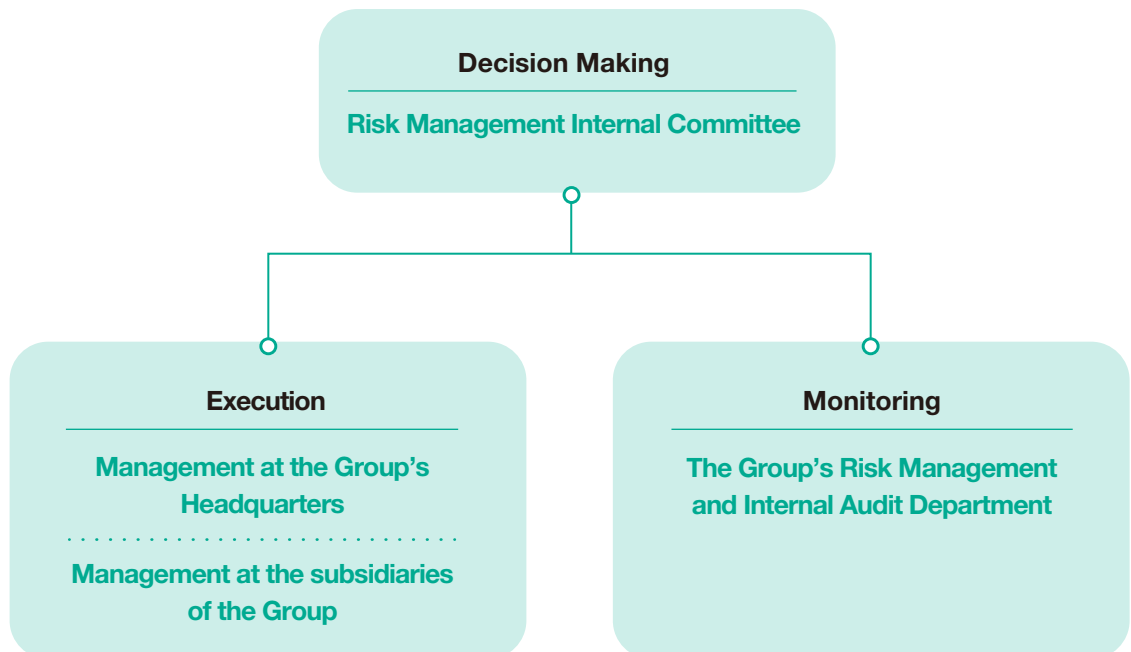
The risk management and internal control systems are designed and implemented to achieve the following business objectives:

- evaluating and determining the nature and extent of the risks that the Company is willing to take in achieving its strategic objectives
- effectiveness and efficiency of operations
- reliability of financial reporting
- compliance with applicable laws and regulations

Group Risk Management Framework

The Group's risk management and internal control systems were developed by making reference to the Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). The Group's risk management and internal control systems consist of eight interdependent integrated components. They jointly ensure the operation of the Group's risk management and internal control systems. These components are internal environment, objective setting, event identification, risk assessment, risk response, control activities, information and communication, and monitoring.

In order to enhance the effectiveness of the risk management and internal control systems, as well as to improve the level of management and risk response ability of the Group, the Board announced the establishment of the Risk Management Internal Committee on 13 May 2015. The Risk Management Internal Committee is authorized by the Audit Committee to deal with the Group's risk management matters, including overseeing the effectiveness of the Group's strategies and risk management system. On this basis, the Board established a risk management structure which consists of three levels, i.e. the Risk Management Internal Committee, risk management execution party and risk management monitoring party. The chart below shows the organization structure of the Group's risk management framework.



The roles of the key parties in our risk management structure are outlined below:

Risk Management Internal Committee (Decision Making)

- Establish and update the Company's risk management policies
- Review the Company's risk appetite, risk management strategies and risk management framework, and report the review results to the Audit Committee and provide recommendations for improvement
- Set up risks identification, assessment and management procedures
- Oversee the implementation of risk management policies and compliance with relevant statutory rules and regulations
- Report any significant risk management issues to the Audit Committee and the suggested solutions
- Review the results of the stress-testing for the major risks and the assessment on the Company's capability to withstand the stressed conditions particularly in terms of profitability, capital adequacy and liquidity
- Perform other relevant duties as requested by the Audit Committee

Management at the Group's Headquarters (Execution)

Senior management (President and Vice Presidents) are responsible for group-level risk management:

- Responsible for the design and implementation of the overall risk management systems, including organizing and coordinating cross-functional risk management work, as well as providing professional advice to significant decisions which involve considerable risks
- Under the organization and coordination of senior management, the respective functional centers participate in cross-divisional and other relevant risk management activities

Management at the subsidiaries of the Group (Execution)

- Management as divided by areas, projects, subsidiaries and branches are responsible for risk management at the respective level
- Under the organization and coordination of the Risk Management Internal Committee of the Group, the management staff members who are responsible for risk management at subsidiary level carry out risk management activities at business level according to the risk management procedures

The Group's Risk Management and Internal Audit Department (Monitoring)

- Monitor, review and evaluate the operation of risk management by the Group and its subsidiaries

During the year ended 31 December 2020, the Risk Management and Internal Audit Department assisted the Risk Management Internal Committee to coordinate an enterprise risk assessment, identify and score top ten risks at Group level, assess existing risk management measures and management action plans. Assessment results have been properly reported to the Audit Committee.

Review of the Risk Management and Internal Control Systems

Management has formulated remedial action plans to address the gaps and weakness identified during internal control self-assessment, internal control reviews and internal audits, covering 12 business areas and more than 30 key business processes. The Group's risk management and internal audit department has conducted follow-up reviews periodically to ensure remedial actions are taken on a timely basis, and has reported the results of the follow-up reviews to the Audit Committee.

The Board, in conjunction with the Audit Committee and the Risk Management Internal Committee, annually assessed and reviewed the effectiveness of the Group's risk management and internal control systems and procedures covering all material controls, including financial, operational and compliance control and considered the adequacy of resources, qualifications and experience of staff of the Group's accounting, internal audit and financing reporting function, and their training programmes and budget. The risk management and internal control systems were considered effective and adequate.

During the year ended 31 December 2020, the Audit Committee and the Risk Management Internal Committee have reviewed reports from the Group's risk management and internal audit department and independent consultants with their findings and recommendations for improvement. The external auditors have also reported any observations they identified in the course of their work to the Group, and are satisfied that there is an ongoing process in place for identifying, evaluating and managing the significant risks faced by the Group.

During the year ended 31 December 2020, the Group has implemented procedures and internal controls for the handling and dissemination of inside information. In particular, the Group:

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

- has made broad, non-exclusive disclosure of information to the public through channels such as financial reports, public announcements and its website.

Whistleblower Policy

The Group has established a whistleblower policy since 2008. Whistleblowing channels are published in all workplace. The policy is to facilitate employees, partners and customers to report complaints and internal malpractices to the Supervision Department of the Company, who will review, investigate and follow up these complaints. Once cases are verified, investigation results will be announced within the Company as warnings.

Auditor's Remuneration

For the year ended 31 December 2020, the remuneration paid/payable to the auditor of the Company is set out as follows:

Service rendered	RMB million
Audit service for 2020:	
– Annual audit services of the Company	14.8
– Others	4.6
Non-audit services in relation to:	
– Issue of corporate bonds	3.7
– Accounting advisory services	0.5
– Others	3.7

Directors' Responsibility on the Consolidated Financial Statements

The Directors acknowledge their responsibility for preparing the consolidated financial statements for the year ended 31 December 2020, which were prepared in accordance with statutory requirements and applicable accounting standards. The Board aims to present a balanced, clear and understandable assessment of the Group's position and prospects in annual reports, interim reports and other financial disclosures required by the Listing Rules.

The reporting responsibility of the external auditor of the Company on the consolidated financial statements of the Group is set out in the independent auditor's report on pages 116 to 121 of this annual report.

Communication with Shareholders

The Board adopted a shareholders' communication policy reflecting the current practices of the Company for communication with its Shareholders, which has been posted on the website of the Company. The general meeting of the Company provides a platform for Shareholders to exchange views with the Board.

Dividend Policy

The Board adopted a dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate liquidity for its working capital requirements and for future growth and shall comply with the Articles of Association and all applicable laws and regulations. The Board shall have regard to the following factors of the Group when considering the declaration and payment of dividends:

- past financial results;
- past and forecasted cash flows;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of Shareholders;
- any restrictions on payment of dividends (including contractual restrictions, i.e. from financing-related agreements); and
- any other factors that the Board may consider relevant.

The Company does not have any pre-determined dividend payout ratio. The Board will continually review, revise and update the dividend policy from time to time. If the Board decides to recommend, declare or pay dividends, the form, frequency and amount will depend upon the situation and applicable factors at the relevant time.

The dividend policy does not constitute a legally binding commitment that the Company will distribute any specific amount of dividends, nor will it in any way hold the Company liable to declare dividends at any time or from time to time.

Shareholders' Right

Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company can make a written requisition to the Board or the joint company secretaries of the Company to require an extraordinary general meeting to be convened pursuant to article 58 of the Articles of Association. The written requisition must state the objects of the meeting, and must be signed by the relevant Shareholder(s) and deposited at the registered office of the Company at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, in addition to the principal place of business in Hong Kong at Suite 1702, 17/F., Dina House, Ruttonjee Centre, 11 Duddell Street, Central, Hong Kong.

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

There are no provisions under the Articles of Association or the Companies Act, Cap 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

Shareholders may at any time send their enquiries and concerns in writing to the Board or the joint company secretaries of the Company at the principal place of business in Hong Kong or by email to ir@countrygarden.com.cn.

Constitutional Documents

During the year ended 31 December 2020, there was no change in the Company's constitutional documents.

Investor Relations

As a listed company, the Group respects voices from the Shareholders and the capital market. The Group is constantly committed to enhancing the information transparency and strengthening the level of corporate governance so as to strive for greater value for the Shareholders.

The Group formulated a systematic platform for information disclosure and communication. The Group facilitates communication through various channels such as internet networks, site visits and meetings, and timely responses to the demand from the Shareholders and investors. For the year ended 31 December 2020, the Group further optimized its monthly newsletters and results presentations in order to provide further details which improved the quality of information disclosure; the Group continued its close communication with investors by organizing annual and interim results meetings with analysts and media, reverse roadshows, exchanging ideas with senior management, investor open days, and participating in roadshows held by various financial institutions in Asia-Pacific and Europe regions. In the communication process, the Group timely introduced to investors its operating results, development strategy and business updates that enhanced investors' understanding of and confidence in the Group. Meanwhile, the dedicated team of the Group timely summarized and analyzed information of the capital market, and gave feedback to the management in a systematic manner.

The way of communication between the Group and the capital market is recognised by the capital market. During the year, Mr. MO Bin, the President of the Group, and Ms. WU Bijun, the Chief Financial Officer of the Group, was respectively awarded the "Best CEO" and the "Best CFO" in the "2020 all-Asia executive team" poll by Institutional Investors. The dedicated team of the Group was awarded the "Best IR Professionals".

Besides, the Group's efforts in information disclosure are well recognised as well. The Group's 2019 Annual Report won the below 8 awards within the year:

Award	Organizer
34th International ARC Awards — Bronze Winner — Traditional Annual Report: Real Estate Development/SVC: Residential Properties	MerComm, Inc
34th International ARC Awards — Bronze Winner — Cover Photo/Design: Real Estate Development/SVC: Residential Properties	MerComm, Inc
34th International ARC Awards — Honors — Interior Design: Real Estate Development/SVC: Residential Properties	MerComm, Inc
LACP 2019 Vision Awards — Gold Award	League of American Communications Professionals LLC (LACP)
LACP 2019 Vision Awards — Top 40 Reports in Asia-Pacific region	League of American Communications Professionals LLC (LACP)
LACP 2019 Vision Awards — Top 50 Chinese Reports of 2019	League of American Communications Professionals LLC (LACP)
LACP 2019 Vision Awards — Top 100 Reports Worldwide	League of American Communications Professionals LLC (LACP)
LACP 2019 Vision Awards — Technical Achievement Award	League of American Communications Professionals LLC (LACP)

Going forward, the dedicated investor relations team will, by way of calls, emails, online interaction platform, meetings, and site visits etc., continue its interaction with investors, listen to opinions from the market, convey information of the Group and protect the long-term trust between investors and the Group.

Major Events

Date	Events	Location
6 Jan	Huatai HK Equity China Property & Property Management Corporate Day	Hong Kong
7 Jan	BNP Paribas China Property Summit	Hong Kong
9 Jan–10 Jan	Morgan Stanley — China Cyclical Corporate Day	Hong Kong
13 Jan–15 Jan	UBS Greater China Conference 2020	Shanghai
17 Jan	Analyst and Media Luncheon	Hong Kong
27 Mar	Announcement of 2019 Annual Results <ul style="list-style-type: none"> • Press Conference • Investor Presentation 	Virtual
30 Mar–7 Apr	Post Results Roadshow	Virtual
28 Apr	Guosen Securities Virtual Strategy and Corporate Conference 2020	Virtual
7 May	Haitong Securities Corporate Virtual Conference 2020	Virtual
8 May	Hua Chuang Securities Virtual Strategy Summit 2020	Virtual
4 Jun	Nomura Investment Forum 2020	Virtual
10 Jun	CIMB 5th Annual HK/China Property Virtual Conference	Virtual
11 Jun	UBS Virtual HK/China Property Conference 2020	Virtual
17 Jun	Haitong International 2020 China Property Corporate Day	Virtual
22 Jun	JP Morgan Virtual Investment Forum	Virtual
23 Jun	Citi Asia-Pacific Property Conference 2020 (Virtual)	Virtual
23 Jun	Everbright Securities Interim Strategy Conference 2020	Virtual
14 Jul	Guosen Securities Interim Strategy Summit 2020	Virtual
25 Aug	Announcement of 2020 Interim Results <ul style="list-style-type: none"> • Press Conference • Investor Presentation 	Virtual
26 Aug–3 Sep	Post Interim Results Roadshow	Virtual
8 Sep	CITIC Securities — CLSA 27th Flagship Investors Forum	Virtual
3 Nov	Goldman Sachs China Investment Conference	Virtual
4 Nov	Citi China Investor Conference	Virtual
5 Nov	Bank of America China Investment Forum	Virtual
11 Nov	Industrial Securities Strategy Conference 2021	Shanghai
13 Nov	HUAXI Securities Capital Market Forum 2021	Chengdu
19 Nov	Morgan Stanley Virtual Asia Pacific Summit	Virtual
20 Nov	CITIC Securities Strategy Summit 2021	Shenzhen
27 Nov	Guosen Securities Strategy Summit 2021	Shenzhen
3 Dec	UBS Global Real Estate CEO/CFO Virtual Conference 2020	Virtual
11 Dec	BOCI Virtual Summit	Virtual

REPORT OF THE DIRECTORS

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

Principal Activities

The Company is an investment holding company and its subsidiaries are principally engaged in property development, construction, property investment, hotel operation, robot and agricultural businesses.

An analysis of the Group's revenue and operating results for the year ended 31 December 2020 by principal activities is set out in note 5 to the audited consolidated financial statements of the Group.

Results

The results of the Group for the year ended 31 December 2020 are set out in the audited consolidated income statement and the audited consolidated statement of comprehensive income of the Group on pages 124 to 125 of this annual report.

Business Review

The business review of the Group for the year ended 31 December 2020 is set out as below:

	Section(s) in this Annual Report	Page No. of this Annual Report
a. Fair review of the Company's business	Management Discussion and Analysis	35 to 41
b. Description of the principal risks and uncertainties the Company is facing	Management Discussion and Analysis	35 to 41
c. Particulars of important events affecting the Company that have occurred since the year ended 31 December 2020 (if any)	No such events since the year ended 31 December 2020	–
d. Indication of likely future development in the Company's business	Chairman Statement and Management Discussion and Analysis	12 to 17 and 35 to 41
e. Analysis using financial key performance indicators	Financial Summary, Financial Highlights and Management Discussion and Analysis	33, 34 and 35 to 41

	Section(s) in this Annual Report	Page No. of this Annual Report
f.	<p>Discussion on the Company's environmental policies and performance</p> <p>Country Garden has always strived to operate environmentally, make efficient use of resources and foster a green living environment in property projects that we develop. Minimising adverse impact of construction and development as well as promoting green buildings and green offices are some of our most important environmental responsibilities.</p> <p>We stringently comply with legislations related to environmental protection in markets that we operate in, and take location specific environmental conditions into concern whenever we develop a project, to minimise our impact on the natural environment.</p> <p>Further information about the Company's environmental policies and performance is described in the "Country Garden Sustainability Report 2020" (a standalone report)</p>	Not applicable
g.	<p>An account of the Company's key relationships with its employees, customers and suppliers and others that have a significant impact on the Company and on which the Company's success depend</p>	<p>Management Discussion and Analysis and Report of the Directors</p> <p>35 to 41 and 80 to 113</p>
h.	<p>Discussion on the Company's compliance with the relevant laws and regulations that have a significant impact on the Company</p>	<p>Corporate Governance Report and Report of the Directors</p> <p>54 to 79 and 80 to 113</p>

Final Dividend

The Board recommended the payment of a final dividend of RMB24.98 cents (2019 final dividend: RMB34.25 cents) per Share for the year ended 31 December 2020 to the Eligible Shareholders, with the Eligible Shareholders being given an option to elect to receive the final dividend all in new Shares or partly in new Shares and partly in cash or all in cash (the “Scrip Dividend Scheme”). The total dividends for the year would be RMB45.53 cents per Share (2019 total dividends: RMB57.12 cents).

The proposed final dividend shall be declared in RMB and shall be distributed in HKD. The final dividend to be distributed in HKD will be converted from RMB at the average central parity rate of RMB to HKD as announced by the People’s Bank of China for the period from Thursday, 27 May 2021 to Wednesday, 2 June 2021.

The Scrip Dividend Scheme is subject to the Stock Exchange granting the listing of and permission to deal in the new Shares to be issued pursuant thereto.

A circular giving full details of the Scrip Dividend Scheme together with the relevant form of election will be sent to the Eligible Shareholders on or around Tuesday, 6 July 2021. It is expected that the final dividend warrants and certificates for the new Shares (in case the Eligible Shareholders have elected to receive part or all their final dividend in the form of new Shares) will be dispatched to the Eligible Shareholders on or around Thursday, 12 August 2021.

Property, Plant and Equipment

Details of the movements in property, plant and equipment during the year ended 31 December 2020 are set out in note 6 to the audited consolidated financial statements of the Group.

Borrowings

Details of the borrowings during the year ended 31 December 2020 are set out in note 24 to the audited consolidated financial statements of the Group.

Share Capital

Details of the movements in the share capital of the Company during the year ended 31 December 2020 are set out in note 25 to the audited consolidated financial statements of the Group.

Adjustment to Conversion Price and Partial Repurchase of Convertible Bonds, and Adjustment to Strike Price of Written Call Options

On 21 November 2018, the Company, Smart Insight International Limited (the “Issuer”, a wholly-owned subsidiary of the Company), J.P. Morgan Securities plc, Goldman Sachs (Asia) L.L.C and The Hongkong and Shanghai Banking Corporation Limited (the “Joint Lead Managers”) entered into an agreement, under which the Joint Lead Managers agreed to subscribe for the 4.50% secured guaranteed convertible bonds due 2023 to be issued by the Issuer in the aggregate principal amount of HKD7,830 million (the “2023 Convertible Bonds”). On 5 December 2018, the Issuer issued the 2023 Convertible Bonds in the principal amount of HKD7,830 million. The 2023 Convertible Bonds are listed on SGX. As at the date of this report, the 2023 Convertible Bonds may be converted into Shares at the latest modified conversion price of HKD11.15 per Share during the conversion period under the terms of the 2023 Convertible Bonds.

On 21 November 2018, the Issuer entered into call option transaction(s) involving the sale of call option(s) by the Issuer to J.P. Morgan Securities plc and Goldman Sachs International or their respective affiliates with the initial strike price of HKD17.908 (the “Written Call Option(s)”). As at the date of this report, the strike price of the Written Call Options had been adjusted to the latest modified strike price of HKD15.86 per Written Call Option and its total number had been adjusted from 685,039,328 to 702,242,115 Written Call Options. The Written Call Options are exercisable only on their expiration dates ranging from 14 September 2023 to 24 November 2023. The maximum number of Shares that may be issued upon physical settlement of the Written Call Options is 702,242,115 Shares as at the date of this report.

During the year ended 31 December 2020, the Issuer had conducted partial repurchase of the 2023 Convertible Bonds in the total amount of HKD306 million (the “Partial Repurchase”). Following settlement of the Partial Repurchase, the 2023 Convertible Bonds partially repurchased had been cancelled. As at the date of this report, the total outstanding amount of the issued 2023 Convertible Bonds is HKD7,524 million and the maximum number of Shares that may be issued under the 2023 Convertible Bonds is 674,798,206 Shares. During the year ended 31 December 2020, no Shares were issued under the 2023 Convertible Bonds.

Please refer to the announcements of the Company dated 21 November 2018, 22 November 2018, 12 December 2018, 24 May 2019, 3 June 2019, 12 September 2019, 1 June 2020 and 15 September 2020, and the circular of the Company dated 11 April 2019 for further details.

Details of convertible bonds are set out in note 23 to the audited consolidated financial statements of the Group, which form part of the disclosure in this report of the Directors.

Senior Notes and Corporate Bonds Issued

During the year ended 31 December 2020, the Company has issued senior notes and corporate bonds as follows:

(a) Senior Notes

- (i) On 14 January 2020, the Company issued USD550 million 5.125% senior notes due 2027 and USD450 million 5.625% senior notes due 2030. The net proceeds after deducting the underwriting discount and other estimated expenses payable by the Group in connection with the notes issue were used for refinancing existing medium to long term offshore indebtedness, which would become due within one year.

All the senior notes are listed on SGX.

- (ii) On 27 May 2020, the Company issued USD544 million 5.4% senior notes due 2025. The net proceeds after deducting the underwriting discount and other estimated expenses payable by the Group in connection with the notes issue were used for refinancing existing medium to long term offshore indebtedness, which would become due within one year.

All the senior notes are listed on SGX.

- (iii) On 6 August 2020, the Company issued USD500 million 4.2% senior notes due 2026 and USD500 million 4.8% senior notes due 2030. The net proceeds after deducting the underwriting discount and other estimated expenses payable by the Group in connection with the notes issue were used for refinancing existing medium to long term offshore indebtedness, which would become due within one year.

All the senior notes are listed on SGX.

- (iv) On 22 October 2020, the Company issued USD500 million 3.125% senior notes due 2025 and USD500 million 3.875% senior notes due 2030. The net proceeds after deducting the underwriting discount and other estimated expenses payable by the Group in connection with the notes issue were used for refinancing existing medium to long term offshore indebtedness, which would become due within one year.

All the senior notes are listed on SGX.

(b) Corporate Bonds

As at 31 December 2020, the aggregate par value of corporate bonds newly issued or refinanced by certain subsidiaries of the Group is RMB22,209 million. The Group received net proceeds of approximately RMB22,155 million in aggregate, which were used for refinancing certain of the Group's existing indebtedness and for general working capital purposes.

During the year ended 31 December 2020, the Company has redeemed senior notes as follows:

- (i) On 4 October 2013, the Company issued USD750 million 7.25% senior notes due 2021 (the "2021 Notes"). The Company has redeemed an aggregate principal amount of USD750 million of all outstanding 2021 Notes on 28 August 2020 (the "Redemption Date") at the redemption price equals to 100.00% of the principal amount of 2021 Notes, plus accrued and unpaid interest up to (but not including) the Redemption Date, the aggregate amount paid for such redemption was USD771.75 million. The 2021 Notes had been cancelled and delisted from the SGX following the redemption. There are no outstanding 2021 Notes in issue.

Details of the senior notes and corporate bonds issued and the redemption of senior notes during the year ended 31 December 2020 and the outstanding senior notes and corporate bonds as at 31 December 2020 are set out in notes 21 and 22 to the audited consolidated financial statements of the Group, which form part of the disclosure in this report of the Directors.

Equity Linked Agreements

Save as disclosed in the sections headed "Adjustment to Conversion Price and Partial Repurchase of Convertible Bonds, and Adjustment to Strike Price of Written Call Options", "Share Option Schemes" and "Employee Incentive Scheme", no equity linked agreements were entered into during or subsisted at the end of the year ended 31 December 2020.

Directors' Right to Acquire Shares or Debentures

Save as disclosed in the sections headed "Connected Transactions" and "Share Option Schemes", at no time during the year ended 31 December 2020 was the Company, any of its subsidiaries, fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any body corporate.

Distributable Reserves

As at 31 December 2020, the distributable reserve of the Company amounted to approximately RMB7,819 million (2019: approximately RMB7,890 million).

Details of the movements in reserves during the year ended 31 December 2020 are set out in note 43 to the audited consolidated financial statements of the Group.

Donations

The total donations made by the Group during the year ended 31 December 2020 amounted to approximately RMB1,574 million (2019: approximately RMB1,431 million).

Permitted Indemnity Provision

The Articles of Association provide that every Director is entitled to be indemnified out of the assets of the Company against all losses and damages which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

The Group has taken out and maintained directors' liability insurance for the year ended 31 December 2020, which provides appropriate cover for the Directors.

The permitted indemnity provisions were in force during the year ended 31 December 2020 for the benefit of the Directors.

Financial Summary

A financial summary of the Group is set out on page 33 of this annual report.

Major Customers and Suppliers

For the year ended 31 December 2020, revenue attributable to the largest customer of the Group amounted to approximately 0.17% of the total revenue of the year and the five largest customers of the Group accounted for less than 30% of the Group's revenue of the year.

For the year ended 31 December 2020, purchases attributable to the largest supplier of the Group amounted to approximately 1.47% of the total purchases in the year and the five largest suppliers of the Group accounted for less than 30% of the Group's purchases in the year.

Directors' and Shareholders' Interests in Suppliers and Customers of the Group

The Directors, their close associates and the Shareholders (who to the knowledge of the Directors own more than 5% of the issued Shares) did not have any interests in the five largest customers and suppliers of the Group for the year ended 31 December 2020.

Management Contracts

No contracts other than employment contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2020.

Directors and Directors' Service Contracts

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

Executive Directors

Mr. YEUNG Kwok Keung (Chairman)
Ms. YANG Huiyan (Co-Chairman)
Mr. MO Bin (President)
Ms. YANG Ziyang
Mr. YANG Zhicheng
Mr. SONG Jun
Mr. SU Baiyuan

Non-executive Director

Mr. CHEN Chong

Independent non-executive Directors

Mr. LAI Ming, Joseph
Mr. SHEK Lai Him, Abraham
Mr. TONG Wui Tung
Mr. HUANG Hongyan
Mr. TO Yau Kwok

In accordance with article 84 of the Articles of Association, Mr. YEUNG Kwok Keung, Ms. YANG Ziyang, Mr. SONG Jun, Mr. TONG Wui Tung and Mr. HUANG Hongyan shall retire from office by rotation and, being eligible, offer themselves for re-election at the 2021 AGM.

No Director proposed for re-election at the 2021 AGM has entered into a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation other than statutory compensation.

Changes to Information in Respect of Directors

In accordance with rule 13.51B(1) of the Listing Rules, the changes to information required to be disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) during the year ended 31 December 2020 and up to the date of this report are set out below:

1. Directors' other directorships held in public companies the securities of which are listed on any securities market in Hong Kong or overseas:

Directors' Information	Appointment (effective)	Cessation (effective)
<p>Mr. YEUNG Kwok Keung</p> <ul style="list-style-type: none"> • Country Garden Holdings Company Limited (Stock Code: 2007) – Chairman of Environmental, Social and Governance Committee 	12 May 2020	–
<p>Ms. YANG Huiyan</p> <ul style="list-style-type: none"> • Country Garden Holdings Company Limited (Stock Code: 2007) – Member of Environmental, Social and Governance Committee 	12 May 2020	–
<p>Mr. MO Bin</p> <ul style="list-style-type: none"> • Country Garden Holdings Company Limited (Stock Code: 2007) – Member of Environmental, Social and Governance Committee • E-House (China) Enterprise Holdings Limited (Stock Code: 2048) – Non-executive director 	12 May 2020	– 31 August 2020
<p>Mr. LAI Ming, Joseph</p> <ul style="list-style-type: none"> • Country Garden Holdings Company Limited (Stock Code: 2007) – Member of Environmental, Social and Governance Committee 	12 May 2020	–

Directors' Information	Appointment (effective)	Cessation (effective)
Mr. SHEK Lai Him, Abraham		
<ul style="list-style-type: none"> • Country Garden Holdings Company Limited (Stock Code: 2007) <ul style="list-style-type: none"> – Member of Environmental, Social and Governance Committee 	12 May 2020	–
<ul style="list-style-type: none"> • Hop Hing Group Holdings Limited (Stock Code: 47) <ul style="list-style-type: none"> – Independent non-executive director 	–	2 June 2020
<ul style="list-style-type: none"> • The Hong Kong University of Science and Technology <ul style="list-style-type: none"> – Member of the court – Honorary member of the court 	1 August 2020	1 August 2020
<ul style="list-style-type: none"> • Landing International Development Limited (Stock Code: 582) <ul style="list-style-type: none"> – Independent non-executive director 	14 August 2020	–
<ul style="list-style-type: none"> • Hao Tian International Construction Investment Group Limited (Stock Code: 1341) <ul style="list-style-type: none"> – Independent non-executive director 	15 October 2020	–
<ul style="list-style-type: none"> • Goldin Financial Holdings Limited (Stock Code: 530) <ul style="list-style-type: none"> – Independent non-executive director – Vice chairman and executive director 	1 March 2021	1 March 2021
<ul style="list-style-type: none"> • Mandatory Provident Fund Schemes Authority <ul style="list-style-type: none"> – Non-executive director 	–	16 March 2021
Mr. TONG Wui Tung		
<ul style="list-style-type: none"> • Country Garden Holdings Company Limited (Stock Code: 2007) <ul style="list-style-type: none"> – Member of Environmental, Social and Governance Committee 	12 May 2020	–
Mr. HUANG Hongyan		
<ul style="list-style-type: none"> • C&S Paper Co., Ltd (Shenzhen Stock Code: 002511) <ul style="list-style-type: none"> – Independent director 	–	22 January 2021

2. Directors' service agreement and remuneration

A new service agreement has been entered into between Ms. YANG Huiyan and the Company on 30 December 2020. Under the service agreement, with effect from 1 January 2021, Ms. YANG's annual salary as a Director has been adjusted from RMB15,000,000 to RMB370,000 and she is also entitled to other fringe benefits and bonus, which will be determined at the absolute discretion of the Board with reference to the performance of the Company as well as Ms. YANG's individual performance.

A new service agreement has also been entered into between Mr. MO Bin and the Company on 29 December 2020. Under the service agreement, with effect from 1 January 2021, Mr. MO's annual salary as a Director has been adjusted from RMB15,000,000 to RMB3,000,000 as Director's salary and RMB12,000,000 as President's salary and he is also entitled to other fringe benefits and bonus, which will be determined at the absolute discretion of the Board with reference to the performance of the Company as well as Mr. MO's individual performance.

Directors' and Senior Management's Emoluments and Five Highest Paid Individuals

Details of the remuneration of the Directors and senior management, together with those of the five highest paid individuals of the Group for the year ended 31 December 2020 are set out in note 45 and note 31 to the consolidated financial statements of the Group.

The emolument payable to the Directors (including salary and other benefits) are recommended by the Remuneration Committee of the Company for the Board's approval, having regard to the Group's results, Directors' performance, duties, etc.

Directors' Interests in Contracts of Significance

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

Directors' and Their Associates' Interests in Competing Business

Mr. YEUNG Kwok Keung (being Director), Ms. YANG Meirong (Mr. YEUNG Kwok Keung's associate) and Ms. ZHOU Shuting (Mr. YEUNG Kwok Keung's associate) respectively and indirectly owned 52%, 47.58% and 0.42% interest in each of Qingyuan CG and Qingyuan Country Cultural Development Co., Ltd.. The sole director and supervisor of both companies are Ms. ZHOU Shuting and Ms. YANG Meirong respectively. Qingyuan CG is the developer of the Qingyuan Holiday Islands project situated in Qingyuan which offers various types of products including villas, townhouses and low-rise apartments, while Qingyuan Country Cultural Development Co., Ltd. operates the Qingyuan Cultural Park located in Shijiao Town, Qingcheng District in Qingyuan. Since Qingyuan CG and Qingyuan Country Cultural Development Co., Ltd. mainly conduct property development business, both companies have business

which may compete with the Group's business. Throughout the year ended 31 December 2020, the Company carried on its business independently of, and at arm's length from the business of these two companies. Save as disclosed above, as at 31 December 2020, none of the Directors and their associates (as defined in the Listing Rules) was considered to be interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

Connected Transactions and Continuing Connected Transactions

Details of connected transactions and continuing connected transactions not exempted under Chapter 14A of the Listing Rules are disclosed below.

(1) Connected Transactions

- (a) As disclosed in the Company's announcement dated 8 January 2020 ("Connected Transaction Announcement 1"), the Company, Subsidiary Guarantors and Subsidiary Guarantor Pledgors (as defined in the Connected Transaction Announcement 1) entered into a purchase agreement dated 7 January 2020 with Morgan Stanley & Co. International plc, Goldman Sachs (Asia) L.L.C. and Standard Chartered Bank in connection with the issue by the Company of the USD550 million 5.125% senior notes due 2027 (the "2027 Notes") and the USD450 million 5.625% senior notes due 2030 (the "2030 Notes") (the "First Notes Issue"). Pursuant to the First Notes Issue, on 7 January 2020, Fine Nation Group Limited ("Fine Nation") purchased the 2030 Notes in an aggregate amount of USD80 million, and Mr. MO Bin purchased the 2027 Notes in an aggregate amount of USD2 million and the 2030 Notes in an aggregate amount of USD2 million. The purchases were undertaken by Fine Nation and Mr. MO Bin as part of the First Notes Issue and enabled the Company to raise fund. The terms of the purchase are the same as other investors in the First Notes Issue.

Fine Nation is directly wholly-owned by Mr. YEUNG Kwok Keung, the Chairman and executive Director. Fine Nation is hence an associate of Mr. YEUNG Kwok Keung and thus a connected person of the Company. Accordingly, the purchase of the 2030 Notes by Fine Nation constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

Mr. MO Bin is the President and executive Director and thus a connected person of the Company. Accordingly, the purchase of the 2027 Notes and the 2030 Notes by Mr. MO Bin constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

Details of the connected transaction are set out in the Connected Transaction Announcement 1.

- (b) As disclosed in the Company's announcement dated 20 May 2020 ("Connected Transaction Announcement 2"), the Company, Subsidiary Guarantors and Subsidiary Guarantor Pledgors (as defined in the Connected Transaction Announcement 2) entered into a purchase agreement dated 19 May 2020 with Morgan Stanley & Co. International plc, Goldman Sachs (Asia) L.L.C., BNP Paribas, The Hongkong and Shanghai Banking Corporation Limited and UBS AG Hong Kong Branch in connection with the issue by the Company of the USD544 million 5.4% senior notes due 2025 (the "2025 Notes") (the "Second Notes Issue"). Pursuant to the Second Notes Issue, on 19 May 2020, Fine Nation purchased the 2025 Notes in an aggregate amount of USD50 million, and Mr. MO Bin purchased the 2025 Notes in an aggregate amount of USD5 million. The purchases were undertaken by Fine Nation and Mr. MO Bin as part of the Second Notes Issue and enabled the Company to raise fund. The terms of the purchase are the same as other investors in the Second Notes Issue.

Fine Nation is directly wholly-owned by Mr. YEUNG Kwok Keung, the Chairman and executive Director. Fine Nation is hence an associate of Mr. YEUNG Kwok Keung and thus a connected person of the Company. Accordingly, the purchase of the 2025 Notes by Fine Nation constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

Mr. MO Bin is the President and executive Director and thus a connected person of the Company. Accordingly, the purchase of the 2025 Notes by Mr. MO Bin constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

Details of the connected transaction are set out in the Connected Transaction Announcement 2.

(2) Continuing Connected Transactions

The following continuing connected transactions were recorded during the year ended 31 December 2020. During the year ended 31 December 2020, the Company has entered into certain transactions which constitute continuing connected transactions (as defined in the Listing Rules) of the Company. Pursuant to the disclosure requirements in the annual report under rule 14A.49 of the Listing Rules, details of these transactions are set out below:

(a) *Agreements of Continuing Connected Transactions*

(i) *Design Services Agreement*

Pursuant to the design services further supplemental agreement dated 22 August 2017 and the 2018 Design Services Supplemental Agreement dated 21 March 2018 entered into between Shunde Country Garden and Elite Architectural, Elite Architectural agreed to continue to provide survey work, property design and interior design services to the Group on terms no less favourable than those available to independent third parties for three years commencing from 1 January 2017 to 31 December 2019 which later extended for a further term of one year commencing on 1 January 2020 by virtue of the 2018 Design Services Supplemental Agreement and subject to the revised annual caps of not exceeding RMB3,000 million, RMB6,500 million, RMB8,000 million and RMB9,600 million for each of the four years ended 31 December 2017, 2018, 2019 and 2020 respectively.

For the year ended 31 December 2020, the total amount of survey work, property design and interior design services charged by Elite Architectural amounted to RMB3,522 million.

The engagement pursuant to the 2018 Design Services Supplemental Agreement expired on 31 December 2020. Accordingly, on 4 December 2020, Elite Architectural and Shunde Country Garden entered into a further supplemental agreement (“2020 Design Services Supplemental Agreement”), pursuant to which the 2018 Design Services Supplemental Agreement was extended for a further term of three years commencing on 1 January 2021 with annual caps for the fees for the relevant transactions being approximately RMB7,000 million, RMB7,700 million and RMB8,400 million respectively for each of the three years ending 31 December 2023.

Shunde Country Garden is a wholly-owned subsidiary of the Company, and Ms. YANG Meirong (Mr. YEUNG Kwok Keung’s associate) indirectly owned more than 50% interest in Elite Architectural. Mr. YEUNG Kwok Keung is the Chairman and an executive Director, and Elite Architectural is therefore a majority-controlled company indirectly held by the associate of Mr. YEUNG Kwok Keung. Elite Architectural is therefore a connected person of the Company under the Listing Rules. Transactions contemplated under the 2020 Design Services Supplemental Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(ii) *Property Management Services Framework Agreement*

As disclosed in the Company's announcement dated 19 March 2018, the Company proposed to spin-off and separately list CG Services, engaging in the property management business of the Group then, on the main board of the Stock Exchange by way of introduction (the "Spin-off"). CG Services was listed on the main board of the Stock Exchange on 19 June 2018. Following the completion of the Spin-off, CG Services has become a 30%-controlled company indirectly held by Ms. YANG Huiyan, the Co-Chairman, an executive Director and the controlling Shareholder. As such, CG Services is an associate of Ms. YANG Huiyan and thus a connected person of the Company.

On 1 June 2018, the Company entered into a property management services framework agreement with CG Services, which sets out the principal terms of the property management services to be provided by CG Services and its subsidiaries (collectively, the "CG Services Group") to the Group immediately after the Spin-off, in respect of the unsold property units and the sold property units prior to the agreed delivery date set out in the relevant property purchase contract for projects developed by the Group and managed by CG Services Group, for a term commencing on 19 June 2018 until 31 December 2020 (the "2018 Property Management Services Framework Agreement"). The annual caps of transactions contemplated under the 2018 Property Management Services Framework Agreement are respectively approximately RMB290 million, RMB355 million and RMB478 million for each of the three years ending 31 December 2020.

For the year ended 31 December 2020, the value of the property management services provided by the CG Services Group to the Group is RMB271 million.

Since the 2018 Property Management Services Framework Agreement expired on 31 December 2020, the Company entered into a new property management services framework agreement with CG Services on 4 December 2020 (the "2020 Property Management Services Framework Agreement"), for a term commencing on 1 January 2021 until 31 December 2023, which has been approved by the independent shareholders of CG Services. The annual caps of transactions contemplated under the 2020 Property Management Services Framework Agreement are respectively RMB416 million, RMB493 million and RMB571 million for each of the three years ending 31 December 2023.

Since CG Services is a connected person of the Company, transactions between the Group and CG Services Group therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(iii) *Sales and Leasing Agency Services Framework Agreement*

On 18 September 2018, the Company entered into a sales and leasing agency services framework agreement with CG Services, which sets out the principal terms for the provision of sales and leasing agency services in respect of unsold parking spaces of the Group and provision of sales agency services in respect of unsold property units of the Group, by the CG Services Group to the Group for a term commencing on 18 September 2018 until 31 December 2020 (the “2018 Sales and Leasing Agency Services Framework Agreement”). The annual caps of transactions contemplated under the 2018 Sales and Leasing Agency Services Framework Agreement are RMB120 million, RMB380 million and RMB450 million respectively for each of the three years ending 31 December 2020.

For the year ended 31 December 2020, the value of the sales and leasing agency services in respect of unsold parking spaces of the Group and the sales agency services in respect of unsold property units of the Group provided by the CG Services Group to the Group is RMB278 million.

Since the 2018 Sales and Leasing Agency Services Framework Agreement expired on 31 December 2020, the Company entered into a new sales and leasing agency services framework agreement with CG Services on 4 December 2020 (the “2020 Sales and Leasing Agency Services Framework Agreement”), for a term commencing on 1 January 2021 until 31 December 2023, which has been approved by independent shareholders of CG Services. The annual caps of transactions contemplated under the 2020 Sales and Leasing Agency Services Framework Agreement are respectively RMB700 million, RMB850 million and RMB1,000 million for each of the three years ending 31 December 2023.

Since CG Services is a connected person of the Company (see above), transactions between the Group and CG Services Group therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(iv) *Consultancy and Other Services Framework Agreement*

The consultancy and other services framework agreement dated 1 June 2018 (the “2018 Consultancy and Other Services Framework Agreement”) and consultancy and other services supplemental agreement dated 18 September 2018 (the “2018 Consultancy and Other Services Supplemental Agreement”) were entered into between the Company and CG Services, which set out the principal terms of the consultancy and other services to be provided by CG Services Group to the Group, such as consultancy services to the on-site sales office of the Group and cleaning services for the properties developed by the Group before delivery to homeowners (the “Consultancy Services”), for a term commencing on 19 June 2018 until 31 December 2020. The annual caps of transactions contemplated under the 2018 Consultancy and Other Services Framework Agreement were revised pursuant to the 2018 Consultancy and Other Services Supplemental Agreement to respectively approximately RMB633 million, RMB898 million and RMB1,007 million for each of the three years ending 31 December 2020.

The advertising and domestic services framework agreement dated 23 August 2019 (the “Advertising and Domestic Services Framework Agreement”) was entered into between the Company and CG Services, which set out the principal terms for the provision of advertising services (which comprise installation, maintenance and dismantling services) by the CG Services Group to the Group in relation to advertisements to be displayed at certain advertising spaces located in the common areas of the property projects managed by the CG Services Group (the “Advertising Services”) and domestic services including home cleaning, household appliances cleaning, garden maintenance, home maintenance and other domestic services by the CG Services Group to the purchasers of property units of the Group (the “Domestic Services”), for a term commencing on 23 August 2019 until 31 December 2020. The annual caps of transactions contemplated under the Advertising and Domestic Services Framework Agreement for each of the two years ending 31 December 2020 are respectively RMB2 million and RMB4 million for the Advertising Services and respectively RMB9 million and RMB18 million for the Domestic Services.

On 18 March 2020, the Company entered into an elevators installation and other services framework agreement with CG Services (the “Elevators Installation and Other Services Framework Agreement”), which sets out the principal terms for provision of elevator products installation, supporting services and other services to be provided by the CG Services Group to the Group (the “Elevators Installation Services”), for a term commencing on 18 March 2020 until 31 December 2020. The annual cap of transactions contemplated under the Elevators Installation and Other Services Framework Agreement for the year ending 31 December 2020 is RMB460 million.

For the year ended 31 December 2020, the values of the Consultancy Services, Advertising Services, Domestic Services and Elevators Installation Services provided by the CG Services Group to the Group were respectively RMB569 million, RMB2 million, RMB9 million and RMB22 million.

Since the 2018 Consultancy and Other Services Framework Agreement, 2018 Consultancy and Other Services Supplemental Agreement, Advertising and Domestic Services Framework Agreement and Elevators Installation and Other Services Framework Agreement expired on 31 December 2020, the Company entered into a new consultancy and other services framework agreement with CG Services on 4 December 2020 (the “2020 Consultancy and Other Services Framework Agreement”), which sets out the principal terms for provision of the Consultancy Services, the Advertising Services, the Domestic Services and the Elevators Installation Services and other services (including technology services, after-sales maintenance and warranty services for houses and buildings, turnkey furnishing services, hotel management services, institutional food services, disinfection and pest control services and other services) to be provided by the CG Services Group to the Group, for a term commencing on 1 January 2021 until 31 December 2023, which has been approved by independent shareholders of CG Services. The annual caps of transactions contemplated under the 2020 Consultancy and Other Services Framework Agreement are respectively RMB1,500 million, RMB1,800 million and RMB2,200 million for each of the three years ending 31 December 2023.

Since CG Services is a connected person of the Company (see above), transactions between the Group and CG Services Group therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

The above continuing connected transactions are all subject to the reporting, annual review and announcement requirements but exempted from independent Shareholders’ approval requirement under the Listing Rules.

(b) Annual Review of Continuing Connected Transactions

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

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better or, if there were not sufficient comparable transactions to judge whether they were on normal commercial terms or better, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and
- (iii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

For the purpose of rule 14A.56 of the Listing Rules, PricewaterhouseCoopers, the auditor of the Company, has provided a letter to the Board, confirming that nothing has come to their attention that causes them to believe that the continuing connected transactions:

- (i) have not been approved by the Board;
- (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
- (iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
- (iv) have exceeded the cap.

(c) Others

The connected transactions and continuing connected transactions disclosed above also constitute related party transactions under the Hong Kong Financial Reporting Standards. A summary of significant related party transactions made during the year ended 31 December 2020 is disclosed in note 42 to the financial statements.

Certain items under note 42(a) to the financial statements also constitute connected or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

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

Share Option Schemes

(a) 2007 Share Option Scheme

On 20 March 2007, the 2007 Share Option Scheme was approved and adopted by the then Shareholders for a period of 10 years commencing on the adoption date. The 2007 Share Option Scheme has expired on 19 March 2017. A summary of the principal terms of the 2007 Share Option Scheme is set out as follows:

(i) Purpose of the 2007 Share Option Scheme

The purpose of the 2007 Share Option Scheme was to provide incentives to the participants.

(ii) Eligible Participants

The participants of the 2007 Share Option Scheme were employees of the Company and its subsidiaries including the executive Directors and non-executive Directors.

(iii) Grant of Options

The Board was entitled at any time, within 10 years after the date of adoption of the 2007 Share Option Scheme, to make an offer of the grant of an option to any participant. Following the date of expiry of the 2007 Share Option Scheme, no subsequent options may be granted under the 2007 Share Option Scheme.

(iv) Payment on Acceptance of Option Offer

HKD1.00 was payable by the participant to the Company on acceptance of the option offer as consideration for the grant within 28 days from the date upon which the option offer was made.

(v) Subscription Price of Shares

The subscription price of an option to subscribe for Shares granted pursuant to the 2007 Share Option Scheme was the highest of:

- the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which an option offer was made to a participant, which had to be a business day;
- the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date on which an option offer was made; and
- the nominal value of a Share.

(vi) Maximum Number of Shares Available for Subscription

The total number of Shares which might be issued upon exercise of all options to be granted under the 2007 Share Option Scheme must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the global offering and the capitalization issue of the Company. The 10% limit might be refreshed with the approval by ordinary resolution of the Shareholders. The maximum number of Shares which might be issued upon exercise of all outstanding options granted and yet to be exercised under the 2007 Share Option Scheme must not exceed 30% of the issued share capital of the Company from time to time. As at 19 March 2017 (the date of expiry of the 2007 Share Option Scheme), a total of 1,636,000,000 Shares (including options to subscribe for 14,061,871 Shares that have been granted but not yet lapsed or exercised as at that date) (representing approximately 7.66% of the issued share capital of the Company as at 19 March 2017) were available for issue under the 2007 Share Option Scheme. As at 31 December 2020, 7,074,026 options granted under the 2007 Share Option Scheme remained outstanding. The number of Shares issued upon exercise of all these options represented approximately 0.03% of the issued share capital of the Company as at 31 December 2020.

(vii) Maximum Entitlement of Shares of each Participant

- The total number of Shares issued and to be issued upon exercise of all options granted under the 2007 Share Option Scheme and any other share option schemes of the Company to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.
- Where Shares issued and to be issued upon exercise of all options already granted and to be granted under the 2007 Share Option Scheme and any other share option scheme of the Company (including options exercised, cancelled and outstanding) to a participant who is a substantial Shareholder or an independent non-executive Director, or any of his or her associate in the 12-month period up to and including the date of grant, (1) representing in aggregate more than 0.1% of the total number of Shares in issue; and (2) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HKD5,000,000, the proposed grant of option must be approved by the Shareholders by poll in general meeting.

(viii) Option Period

The exercise period of any option granted under the 2007 Share Option Scheme was not longer than 10 years from the date of grant of the relevant option. The Board had the authority to determine the minimum period for which an option had to be held before it could be exercised.

During the year ended 31 December 2020, details of movements in the share options under the 2007 Share Option Scheme are as follows:

Category and name of grantees	Outstanding at 1 January 2020	Options to subscribe for Shares				Outstanding at 31 December 2020	Exercise price per Share HKD	Date of grant	Exercisable period
		Granted during the year ¹	Exercised during the year	Cancelled during the year	Lapsed during the year				
Directors									
Mr. YANG Zhicheng	1,515,933	-	-	-	-	1,515,933	4.773	13.12.2013	13.12.2018-12.12.2023
	1,509,074	-	-	-	-	1,509,074	3.332	16.03.2016	16.03.2021-15.03.2026
	525,597	-	-	-	-	525,597	3.106	11.05.2016	11.05.2021-10.05.2026
	449,031	-	-	-	-	449,031	3.740	19.08.2016	19.08.2021-18.08.2026
Mr. SONG Jun	736,487	-	-	-	-	736,487	3.332	16.03.2016	16.03.2021-15.03.2026
	1,074,264	-	-	-	-	1,074,264	3.106	11.05.2016	11.05.2021-10.05.2026
	816,050	-	-	-	-	816,050	3.740	19.08.2016	19.08.2021-18.08.2026
Sub-total	6,626,436	-	-	-	-	6,626,436			
Employees of the Group	1,185,882	-	-	-	924,634	261,248	4.773	13.12.2013	13.12.2018-12.12.2023
Sub-total	1,185,882	-	-	-	924,634	261,248			
Other Participants	186,342	-	-	-	-	186,342	3.332	16.03.2016	16.03.2021-15.03.2026
Sub-total	186,342	-	-	-	-	186,342			
Total	7,998,660	-	-	-	924,634	7,074,026			

Note:

- During the year ended 31 December 2020, no share options were granted by the Company in accordance with the terms of the 2007 Share Option Scheme.

(b) 2017 Share Option Scheme

In view of the expiry of the 2007 Share Option Scheme on 19 March 2017, the 2017 Share Option Scheme was approved and adopted by the Shareholders at the annual general meeting of the Company held on 18 May 2017 for the period of 10 years commencing on the adoption date and ending 17 May 2027. A summary of the principal terms of the 2017 Share Option Scheme is set out as follows:

(i) Purpose of the 2017 Share Option Scheme

The purpose is to provide the people and the parties working for the interests of the Group with an opportunity to obtain equity interest in the Company, thus linking their interest with the interest of the Group and thereby providing them with incentives to work better for the interest of the Group and/or rewards for their contribution and support to the Group.

(ii) Eligible Participants

The following persons are eligible to participate in the 2017 Share Option Scheme:

- any executive or non-executive directors of each member of the Group and their associates; and
- any full-time employees of each member of the Group.

(iii) Grant of Options

The Board shall be entitled at any time and from time to time, within 10 years after the date of adoption of the 2017 Share Option Scheme, to make an offer of the grant of an option to any participant.

(iv) Payment on Acceptance of Option Offer

HKD1.00 is payable by the participant to the Company on acceptance of the option offer as consideration for the grant within 28 days from the date upon which the option offer is made.

(v) **Subscription Price of Shares**

The subscription price of an option to subscribe for Shares granted pursuant to the 2017 Share Option Scheme shall be at least the highest of:

- the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant, which must be a business day;
- the price being the average of the closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and
- the nominal or par value of a Share on the date of grant.

(vi) **Maximum Number of Shares Available for Subscription**

- The total number of Shares which may be issued upon exercise of all options to be granted under the 2017 Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the adoption date (the "Original Scheme Limit"), unless the Company obtains an approval from its Shareholders pursuant to the scheme rules of the 2017 Share Option Scheme.
- The Company may seek approval of its Shareholders in general meeting for refreshing the Original Scheme Limit.
- The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2017 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of Shares in issue from time to time.
- As at the date of this report, a total number of 2,086,775,641 Shares (including options to subscribe for 10,789,553 Shares that have been granted but not yet lapsed or exercised) (representing approximately 9.47% of the issued share capital of the Company as at the date of this report) were available for issue under the 2017 Share Option Scheme.

(vii) Maximum Entitlement of Shares of each Participant

- Unless approved by the Shareholders, the total number of Shares issued and to be issued upon exercise of all options granted under the 2017 Share Option Scheme or any other share option schemes of the Company to each participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue.
- Where any proposed grant of options would result in Shares issued and to be issued upon exercise of all options already granted and to be granted under the 2017 Share Option Scheme and any other share option scheme of the Company (including options exercised, cancelled and outstanding) to a participant who is a substantial Shareholder or an independent non-executive Director, or their respective associates in the 12-month period up to and including the date of grant, (1) representing in aggregate more than 0.1% of the total number of Shares in issue; and (2) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HKD5,000,000, the proposed grant of option must be approved by the Shareholders by poll in general meeting.

(viii) Option Period

The period within which the options must be exercised will be specified by the Company at the time of grant. This period shall not be longer than 10 years from the date of grant, but subject to the provisions for early termination thereof under the 2017 Share Option Scheme. The Board may also provide restrictions on the exercise of an option during the period an option may be exercised. Unless otherwise determined by the Board and specified in the offer letter at the time of the grant, there is neither any performance target that needs to be achieved by the grantee before an option can be exercised nor any minimum period for which an option must be held before the option can be exercised.

During the year ended 31 December 2020, details of movements in the share options under the 2017 Share Option Scheme are as follows:

Category and name of grantees	Outstanding at 1 January 2020	Granted during the year ¹	Options to subscribe for Shares			Outstanding at 31 December 2020	Exercise price per Share HKD	Date of grant ²	Exercisable period
			Exercised during the year	Cancelled during the year	Lapsed during the year				
Directors									
Mr. MO Bin	9,825,134	-	9,825,134 ³	-	-	-	11.092	05.12.2019	05.12.2019-04.12.2029
	-	18,587,411	18,587,411 ³	-	-	-	9.030	30.03.2020	30.03.2020-29.03.2030
Mr. YANG Zhicheng	484,454	-	-	-	-	484,454	8.250	22.05.2017	22.05.2022-21.05.2027
	495,084	-	-	-	-	495,084	10.100	24.08.2017	24.08.2022-23.08.2027
	205,255	-	-	-	-	205,255	12.980	08.12.2017	08.12.2022-07.12.2027
	434,145	-	-	-	-	434,145	9.654	06.12.2018	06.12.2023-05.12.2028
	348,158	-	-	-	-	348,158	12.044	25.03.2019	25.03.2024-24.03.2029
	429,995	-	-	-	-	429,995	12.408	09.05.2019	09.05.2024-08.05.2029
	744,899	-	-	-	-	744,899	9.834	23.08.2019	23.08.2024-22.08.2029
	432,848	-	-	-	-	432,848	11.092	05.12.2019	05.12.2024-04.12.2029
	-	237,303	-	-	-	237,303	10.040	12.05.2020	12.05.2025-11.05.2030
	-	189,361	-	-	-	189,361	10.160	24.07.2020	24.07.2025-23.07.2030
	-	248,853	-	-	-	248,853	10.332	03.12.2020	03.12.2025-02.12.2030
Mr. SONG Jun	1,157,991	-	-	-	-	1,157,991	8.250	22.05.2017	22.05.2022-21.05.2027
	483,325	-	-	-	-	483,325	10.100	24.08.2017	24.08.2022-23.08.2027
	454,562	-	-	-	-	454,562	12.980	08.12.2017	08.12.2022-07.12.2027
	421,667	-	-	-	-	421,667	16.460	21.03.2018	21.03.2023-20.03.2028
	258,092	-	-	-	-	258,092	16.280	10.05.2018	10.05.2023-09.05.2028
	202,300	-	-	-	-	202,300	12.240	22.08.2018	22.08.2023-21.08.2028
	185,762	-	-	-	-	185,762	9.654	06.12.2018	06.12.2023-05.12.2028
	66,723	-	-	-	-	66,723	12.044	25.03.2019	25.03.2024-24.03.2029
	294,537	-	-	-	-	294,537	9.834	23.08.2019	23.08.2024-22.08.2029
	206,292	-	-	-	-	206,292	11.092	05.12.2019	05.12.2024-04.12.2029
	-	109,619	-	-	-	109,619	10.040	12.05.2020	12.05.2025-11.05.2030
	-	291,254	-	-	-	291,254	10.160	24.07.2020	24.07.2025-23.07.2030
	-	130,535	-	-	-	130,535	10.332	03.12.2020	03.12.2025-02.12.2030

Category and name of grantees	Outstanding at 1 January 2020	Granted during the year ¹	Options to subscribe for Shares			Outstanding at 31 December 2020	Exercise price per Share HKD	Date of grant ²	Exercisable period
			Exercised during the year	Cancelled during the year	Lapsed during the year				
Mr. SU Baiyuan	1,135,435	-	-	-	-	1,135,435	8,250	22.05.2017	22.05.2022–21.05.2027
	526,868	-	-	-	-	526,868	16,460	21.03.2018	21.03.2023–20.03.2028
	320,165	-	-	-	-	320,165	12,408	09.05.2019	09.05.2024–08.05.2029
	-	176,545	-	-	-	176,545	10,040	12.05.2020	12.05.2025–11.05.2030
Sub-total	19,113,691	19,970,881	28,412,545	-	-	10,672,027			
Other Participant	117,526	-	-	-	-	117,526	8,250	22.05.2017	22.05.2022–21.05.2027
Sub-total	117,526	-	-	-	-	117,526			
Total	19,231,217	19,970,881	28,412,545	-	-	10,789,553			

Notes:

- During the year ended 31 December 2020, share options of 19,970,881 Shares with a fair value on the grant dates of approximately RMB165 million were granted by the Company to eligible persons in accordance with the terms of the 2017 Share Option Scheme.
- The closing price of the Shares immediately before the date of grant of 30 March 2020, 12 May 2020, 24 July 2020 and 3 December 2020 was HKD9.09, HKD10.24, HKD10.08 and HKD10.30 respectively.
- The weighted average closing price of these Shares immediately before 23 January 2020 and 1 April 2020 (the dates on which the relevant share options were exercised) was HKD10.04.
- The total value of the share options granted under the 2017 Share Option Scheme are not fully recognised in the financial statements of the Company until they are vested. The Directors consider that it is not appropriate to disclose the value of the share options granted to the participants during the year, since any valuation of such share options would be subject to a number of assumptions that would be subjective and uncertain.

Employee Incentive Scheme

The trust deed in respect of the Employee Incentive Scheme for rewarding the contribution of the senior management and employees of the Group which excludes any connected persons of the Company, together with the scheme rules, were approved by the Board. The purpose of the Employee Incentive Scheme is to provide the participants with an opportunity to hold a personal stake in the Company so as to motivate such participants and to enhance their performance and efficiency. The trustee of the Employee Incentive Scheme is Power Great Enterprises Limited ("Power Great"), a wholly-owned subsidiary of the Company. During the year ended 31 December 2020, Power Great had been distributed fractional entitlements of a total of 283 Shares under the scrip dividend scheme in relation to the 2019 final dividend of the Company, but had not acquired any Shares by other way. During the year ended 31 December 2020, share awards for 42,651,245 Shares were granted under the Employee Incentive Scheme subject to completion of registration and transfer procedures pursuant to the terms of Employee Incentive Scheme. As at 31 December 2020, the total number of Shares in relation to share awards that were granted under the Employee Incentive Scheme was 172,460,782 Shares (being the net number of the Shares after deduction of the exercised and lapsed share awards). As at 31 December 2020, the cumulative total number of the Shares held by Power Great under the Employee Incentive Scheme was 281,926,904 Shares (including Shares which had been granted to the relevant employees with the registration and transfer procedures yet to be completed) (31 December 2019: 293,187,105 Shares). Details of the employee share schemes (including the Employee Incentive Scheme) during the year are set out in note 26 to the audited consolidated financial statements of the Group.

The Board will continue to monitor the Employee Incentive Scheme for motivating the senior management and employees of the Group and consider when it may be appropriate and/or desirable to modify or replace the Employee Incentive Scheme with and/or adopt any other incentive scheme.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

The Directors and chief executive of the Company who held office at 31 December 2020 had the following interests in the shares, underlying shares and debentures of the Company and its associated corporation (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

Long positions in the Shares, underlying Shares and debentures of the Company

Name of Directors	Capacity	Number of Shares held	Number of underlying Shares held	Total	Percentage of total issued Shares as at 31 December 2020	Amount of debentures held
Mr. YEUNG Kwok Keung	Interest of controlled corporation	-	-	-	-	USD 591,000,000 ¹
Ms. YANG Huiyan	Interest of controlled corporation	12,939,520,919 ²	-	12,939,520,919	58.72%	-
Mr. MO Bin	Beneficial owner	68,054,572	-	68,054,572	0.30%	USD 25,000,000
Ms. YANG Ziying	Interest of controlled corporation	4,810,000 ³	-	4,810,000	0.02%	USD 18,000,000 ⁴
Mr. YANG Zhicheng	Beneficial owner	-	8,249,990 ⁵	8,249,990	0.03%	-
Mr. SONG Jun	Beneficial owner	-	6,889,460 ⁵	6,889,460	0.03%	-
Mr. SU Baiyuan	Beneficial owner	463,721	2,159,013 ⁵	2,622,734	-	-
	Interest of spouse	446,226 ⁶	-	446,226	-	-
				3,068,960	0.01%	
Mr. CHEN Chong	Interest of spouse	12,939,520,919 ⁷	-	12,939,520,919	58.72%	-
Mr. LAI Ming, Joseph	Beneficial owner	1,074,050	-	1,074,050	0.01%	-
Mr. SHEK Lai Him, Abraham	Beneficial owner	1,100,361	-	1,100,361	0.01%	-
Mr. TONG Wui Tung	Beneficial owner	1,014,786	-	1,014,786	0.01%	-

Notes:

- The amount of debentures represents the debentures held by Fine Nation Group Limited in which Mr. YEUNG Kwok Keung beneficially owns the entire issued share capital.
- These Shares represent Shares held by Concrete Win Limited in which Ms. YANG Huiyan beneficially owns the entire issued share capital.
- These Shares represent Shares held by Harvest Blossom Limited in which Ms. YANG Ziying beneficially owns the entire issued share capital.
- The amount of debentures represents the debentures held by Shiny Dragon Assets Limited in which Ms. YANG Ziying beneficially owns the entire issued share capital.
- The relevant interests are unlisted physically settled options granted pursuant to the Share Option Schemes. Upon exercise of the share options in accordance with the Share Option Schemes, ordinary shares of HKD0.10 each in the share capital of the Company are issuable. The share options are personal to the respective Directors. Further details of the share options are set out in the "Share Option Schemes" of this report.
- These Shares represent Shares held by Ms. LIU Qing who is the spouse of Mr. SU Baiyuan.
- These Shares represent Shares held by Ms. YANG Huiyan who is the spouse of Mr. CHEN Chong.

Save as disclosed above, during the year ended 31 December 2020, none of the Directors, their spouse or children under the age of 18 had any rights to subscribe for equity or debt securities of the Company, nor has any of them exercised such rights.

Interests and Short Positions of Shareholders Disclosable Under the SFO

As at 31 December 2020, according to the register kept by the Company under Section 336 of the SFO, the following companies and persons, other than the Directors and chief executive of the Company, had long positions of 5% or more in the Shares and underlying Shares which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

Long positions in the Shares

Name of Shareholders	Capacity	Number of ordinary Shares held	Percentage of total issued Shares as at 31 December 2020
Concrete Win Limited	Beneficial owner	12,939,520,919 ¹	58.72%
Ping An Insurance (Group) Company of China, Ltd.	Interest of controlled corporation	1,951,053,750 ²	8.85% ²
Ping An Life Insurance Company of China, Ltd.	Beneficial owner	1,947,066,000 ^{2, 3}	8.83% ^{2, 3}

Notes:

- * As at 31 December 2020, the total number of the issued Shares is 22,035,408,726 Shares.
- These Shares are held by Concrete Win Limited, the entire issued share capital of which is beneficially owned by Ms. YANG Huiyan.
 - Ping An Insurance (Group) Company of China, Ltd. is a joint stock limited company incorporated in the PRC, the H shares of which are listed on the main board of the Stock Exchange (Stock Code: 2318) and the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 601318). Ping An Insurance (Group) Company of China, Ltd. is deemed to be interested in the 1,951,053,750 Shares (held and managed by its indirectly wholly owned subsidiary, Ping An of China Asset Management (Hong Kong) Company Limited as investment manager), of which 1,947,066,000 Shares were beneficially owned by its 99.51% owned subsidiary, Ping An Life Insurance Company of China, Ltd.. Disclosure of the number of ordinary Shares held is made pursuant to the last Disclosure of Interests notice as of 31 December 2020 (date of relevant event: 14 February 2018).
 - These Shares are beneficially owned by Ping An Life Insurance Company of China, Ltd.. Disclosure of the number of ordinary Shares held is made pursuant to the last Disclosure of Interests notice as of 31 December 2020 (date of relevant event: 14 February 2018).

Save as disclosed above, the Company has not been notified by any other person (other than the Directors and chief executive of the Company) who had an interest or short positions of 5% or more in the Shares and underlying Shares for the year ended 31 December 2020 which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

Purchase, Sale or Redemption of Listed Securities

During the year ended 31 December 2020, the Issuer partially repurchased and cancelled the 2023 Convertible Bonds in the total amount of HKD306 million from SGX. For further details, please refer to the section headed “Adjustment to Conversion Price and Partial Repurchase of Convertible Bonds, and Adjustment to Strike Price of Written Call Options” in this report of the directors.

Neither the Company nor any of its subsidiaries has purchased, bought back, sold or redeemed any of the Shares during the year ended 31 December 2020. For details of purchase, sale or redemption by the Company or any of its subsidiaries of its other listed securities during the year ended 31 December 2020, please refer to the notes 21, 22 and 23 to the “Notes to the Consolidated Financial Statements” of this annual report.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Articles of Association or the law of the Cayman Islands, being the jurisdiction in which the Company was incorporated, under which the Company would be obliged to offer new Shares on a pro-rata basis to the existing Shareholders.

Disclosure under Rule 13.18 of the Listing Rules

On 17 October 2017, the Company, as the borrower, entered into a facility agreement (the “2017 Facility Agreement”) with, inter alia, various banks and financial institutions as lenders (the “2017 Facility Lenders”) and China Construction Bank Corporation, Hong Kong Branch, as the facility agent, pursuant to which the 2017 Facility Lenders have agreed to make available a dual tranche transferable term loan facility denominated in HKD and USD in an amount of HKD2,454 million and USD945 million (increased from USD935 million to USD945 million with effect from 17 January 2018 as allowed by the terms of the 2017 Facility Agreement), respectively (collectively, the “2017 Loans”) to the Company for a term of four years commencing from the date of the 2017 Facility Agreement. The 2017 Loans obtained under the 2017 Facility Agreement shall be applied by the Company for financing the general corporate purposes of the Group. Pursuant to the terms of the 2017 Facility Agreement, among others, (i) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall be the largest beneficial owner of the entire issued share capital of the Company; (ii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall beneficially own at least 40% of the entire issued share capital of the Company; (iii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung shall have control over the Company; and (iv) either Mr. YEUNG Kwok Keung or Ms. YANG Huiyan shall be the chairperson of the Board. Failure to comply with any of the above requirements will constitute a prepayment event under the 2017 Facility Agreement.

On 28 December 2018, the Company, as the borrower, entered into a facility agreement (the “2018 Facility Agreement”) with, inter alia, various banks and financial institutions as lenders (the “2018 Lenders”), Industrial and Commercial Bank of China (Asia) Limited as the facility agent and The Hongkong and Shanghai Banking Corporation Limited and Industrial and Commercial Bank of China (Asia) Limited as the mandated lead arrangers and bookrunners and coordinators, pursuant to which the 2018 Lenders have agreed to make available a dual tranche transferable term loan facility denominated in HKD and USD in an amount of HKD3,970 million (increased from HKD3,470 million to HKD3,970 million with effect from 19 March 2019 as allowed by the term of the 2018 Facility Agreement) and USD560.5 million (increased from USD486 million to USD560.5 million with effect from 15 January 2019 as allowed by the term of the 2018 Facility Agreement), respectively (collectively, the “2018 Loans”) to the Company for terms of 36 months commencing from the date of the 2018 Facility Agreement for the Tranche A1 Facility (as defined in the 2018 Facility Agreement) and Tranche A2 Facility (as defined in the 2018 Facility Agreement) and 24 months commencing from the date of the 2018 Facility Agreement for the Tranche B1 Facility (as defined in the 2018 Facility Agreement) and Tranche B2 Facility (as defined in the 2018 Facility Agreement). The 2018 Loans obtained under the 2018 Facility Agreement shall be applied by the Company for refinancing any existing indebtedness of the Group. Pursuant to the terms of the 2018 Facility Agreement, among others, (i) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall be the largest beneficial owner of the entire issued share capital of the Company; (ii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall beneficially own at least 40% of the entire issued share capital of the Company; (iii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung shall have control over the Company; and (iv) either Mr. YEUNG Kwok Keung or Ms. YANG Huiyan shall be the chairperson of the Board. Failure to comply with any of the above requirements will constitute a prepayment event under the 2018 Facility Agreement.

On 23 July 2019, the Company, as the borrower, entered into a facility agreement (the “2019 Facility Agreement”) with various financial institutions as the original lenders (the “2019 Original Lenders”) and Bank of China (Hong Kong) Limited as the facility agent, pursuant to which the 2019 Original Lenders have agreed to make available a dual tranche transferrable term loan facilities with a greenshoe option denominated in HKD and USD in an amount of HKD4,300 million and USD826 million (increased from USD626 million to USD826 million with effect from 23 October 2019 as allowed by the term of the 2019 Facility Agreement), respectively (collectively, the “2019 Loans”) to the Company for a term of 48 months commencing from the date of the 2019 Facility Agreement. The 2019 Loans obtained under the 2019 Facility Agreement shall be applied by the Company for refinancing any other existing offshore financial indebtedness owed by the Company or any member of the Group and financing costs and expenses to be incurred under the 2019 Facility Agreement. Pursuant to the terms of the 2019 Facility Agreement, among others, (i) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall be the largest beneficial owner of the entire issued share capital of the Company; (ii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall beneficially own at least 40% of the entire issued share capital of the Company; (iii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung shall have control over the Company; and (iv) either Mr. YEUNG Kwok Keung or Ms. YANG Huiyan shall be the chairperson of the Board. Failure to comply with any of the above requirements will constitute a prepayment event under the 2019 Facility Agreement.

On 24 April 2020, the Company, as the borrower, entered into a facility agreement (the “2020 First Facility Agreement”) with BNP Paribas as the original lender (the “2020 First Original Lender”), pursuant to which the 2020 First Original Lender has agreed to make available a term loan facility in an amount of USD140 million (the “2020 First Loans”) to the Company for a term of 36 months commencing from the date of the 2020 First Facility Agreement. The 2020 First Loans obtained under the 2020 First Facility Agreement shall be applied by the Company towards the general corporate funding requirements of the Group. Pursuant to the terms of the 2020 First Facility Agreement, among others, (i) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall beneficially own at least 40% of the entire issued share capital of the Company; and (ii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung shall have control over the Company. Failure to comply with any of the above requirements will constitute a prepayment event under the 2020 First Facility Agreement. All the outstanding loans, accrued interest, all other amounts due and payable under the 2020 First Facility Agreement have been fully repaid on 28 December 2020.

On 21 October 2020, the Company, as the borrower, entered into a facility agreement (the “2020 Second Facility Agreement”) with various financial institutions as the original lenders (the “2020 Second Facility Original Lenders”) and Bank of China (Hong Kong) Limited as the facility agent, pursuant to which the 2020 Second Facility Original Lenders have agreed to make available a dual tranche term loan facilities with a lender accession option denominated in HKD and USD in an amount of HKD8,133.3 million and USD453 million, respectively (collectively, the “2020 Second Loans”) to the Company for a term of 48 months commencing from the date of the 2020 Second Facility Agreement. The 2020 Second Loans obtained under the 2020 Second Facility Agreement shall be applied by the Company for refinancing in full the loan made available to the Company pursuant to a facility agreement dated 8 December 2016; and refinancing any other existing offshore financial indebtedness of the Group and financing costs and expenses to be incurred under the 2020 Second Facility Agreement. Pursuant to the terms of the 2020 Second Facility Agreement, among others, (i) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall be the largest beneficial owner of the entire issued share capital of the Company; (ii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung, in aggregate, shall beneficially own at least 40% of the entire issued share capital of the Company; (iii) Ms. YANG Huiyan and Mr. YEUNG Kwok Keung shall have control over the Company; and (iv) either Mr. YEUNG Kwok Keung or Ms. YANG Huiyan shall be the chairperson of the Board. Failure to comply with any of the above requirements will constitute a prepayment event under the 2020 Second Facility Agreement.

Corporate Governance

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report contained in this annual report.

Sufficiency of Public Float

Rules 8.08(1)(a) and (b) of the Listing Rules require there to be an open market in the securities for which listing is sought and for a sufficient public float of an issuer’s listed securities to be maintained. This normally means that (i) at least 25% of the issuer’s total number of issued shares must at all times

be held by the public; and (ii) where an issuer has more than one class of securities apart from the class of securities for which listing is sought, the total amount of securities of the issuer held by the public (on all regulated market(s) including the Stock Exchange) at the time of listing must be at least 25% of the issuer's total number of issued shares.

However, the class of securities for which listing is sought must not be less than 15% of the issuer's total number of issued shares for issuers having an expected market capitalization at the time of listing of not less than HKD125 million (the requirement was HKD50 million at the time of listing of the Company).

The Group has applied to the Stock Exchange to request the Stock Exchange to exercise, and the Stock Exchange exercised its discretion under rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of the Company of 15% (assuming the over-allotment option would not be exercised) or such higher percentage of 16.87%, which represented the issued share capital as would have been held by the public in the event that the whole or a part of the over-allotment option had been exercised (the over-allotment option was exercised by the Company, which had an expected market capitalization at the time of listing of over HKD10,000 million), on the basis that the Stock Exchange was satisfied that the number of Shares concerned and the extent of their distribution would enable the market to operate properly with the lower percentage, and on the condition that the Company would make appropriate disclosure of the lower prescribed percentage of public float in the prospectus of the Company issued on 3 April 2007 and confirm the sufficiency of public float in its successive annual reports after listing. At the time of listing of the Company on 20 April 2007, the market capitalization of the Company exceeded HKD10,000 million.

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

Auditor

The consolidated financial statements for the year ended 31 December 2020 have been audited by PricewaterhouseCoopers. A resolution for the re-appointment of PricewaterhouseCoopers as the Company's auditor for the ensuing year is to be proposed at the 2021 AGM.

Professional Tax Advice Recommended

If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, they are advised to consult an expert.

Closure of Registers of Members

For the purposes of determining the Shareholders' eligibility to attend, speak and vote at the 2021 AGM, and the Eligible Shareholders' entitlement to the proposed final dividend, the registers of members of the Company ("Registers of Members") will be closed as appropriate as set out below:

(i) For determining the Shareholders' eligibility to attend, speak and vote at the 2021 AGM:

Latest time to lodge transfer documents for registration with the Company's branch share registrar and transfer office in Hong Kong	At 4:30 p.m. on Friday, 14 May 2021
Record Date	Friday, 14 May 2021
Closure of the Registers of Members	Monday, 17 May 2021 to Monday, 24 May 2021 (both days inclusive)

(ii) Subject to the passing of the final dividend proposal agenda at the 2021 AGM, for determining the Eligible Shareholders' entitlement to the proposed final dividend:

Ex-dividend date	Thursday, 3 June 2021
Latest time to lodge transfer documents for registration with the Company's branch share registrar and transfer office in Hong Kong	At 4:30 p.m. on Friday, 4 June 2021
Closure of the Registers of Members	Monday, 7 June 2021 to Tuesday, 8 June 2021 (both days inclusive)
Record Date	Tuesday, 8 June 2021

For purposes mentioned above, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

For and on behalf of the Board

YEUNG Kwok Keung

Chairman

Foshan, Guangdong Province, the PRC, 25 March 2021

FINANCIAL STATEMENTS



碧桂园

BIG+
APARTMENT
国际社区

世界商务区



INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

To the Shareholders of Country Garden Holdings Company Limited
(incorporated in the Cayman Islands with limited liability)

Opinion**What we have audited**

The consolidated financial statements of Country Garden Holdings Company Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 122 to 250, which comprise:

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

Our opinion

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

Basis for Opinion

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

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

Independence

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

Key Audit Matters

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

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

- Recognition of revenue from sales of properties over time
- Assessment of net realisable value of properties under development and completed properties held for sale

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Recognition of revenue from sales of properties over time</p> <p>Refer to note 4 ‘Critical accounting estimates and judgements’ and note 5 ‘Revenue and segment information’ to the consolidated financial statements.</p> <p>Revenue from sales of properties is recognised over time when the Group’s performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, the revenue is recognised at a point in time when the buyer obtains control of the completed property. For the year ended 31 December 2020, revenue of the Group from sales of properties was RMB449,341 million, of which RMB92,067 million was recognised on the over time basis.</p> <p>For all property sales, the Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Significant management’s judgements were involved in determining whether there is an enforceable right to payment which depends on the terms of sales contract and the interpretation of the applicable laws governing the sales contracts. The Group obtained legal counsel opinion regarding the enforceability of the right to payment for sales contracts. Management uses judgements in interpreting the applicable laws, based on legal counsel opinion, to identify sales contracts with right to payment and those without.</p>	<p>To address this key audit matter, we performed audit procedures as follows:</p> <p>In assessing the appropriateness of management’s judgements as to whether the Group has the enforceable right to payment in those sales contracts where revenue is recognised over time, we have:</p> <ul style="list-style-type: none"> (i) Understood and evaluated management’s procedures in identifying sales contracts with or without right to payment. (ii) Reviewed the key terms of a sample of sales contracts to assess the presence of right to payment based on the contract terms. (iii) Obtained and reviewed the opinion of the Group’s legal counsel, in particular, the legal counsel’s interpretation of the applicable laws and their implication on the assessment of the enforceability of the right to payment. (iv) Assessed the competence, experience and objectivity of the legal counsel engaged by the management. <p>In respect of the completeness of the estimated total contract costs and the accuracy of progress towards complete satisfaction of the performance obligation, we have:</p> <ul style="list-style-type: none"> (i) Compared the actual costs of completed projects to management’s prior estimations to assess the accuracy of management’s historical cost estimation and reliability and appropriateness of the cost estimation methodology.

INDEPENDENT AUDITOR'S REPORT

Key Audit Matter

In addition, for the revenue from sales of properties recognised over time, the Group recognises revenue by measuring the progress towards complete satisfaction of the performance obligation at the year end. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the construction costs incurred up to the end of the year as a percentage of total estimated costs for each property unit in the sale contract. The Group calculated the cost allocation based on type of properties and saleable floor areas. Significant judgements and estimations are required in determining the completeness of the estimated total construction costs and the accuracy of progress towards complete satisfaction of the performance obligation at the year end, which are subject to high degree of estimation uncertainty. The inherent risk in relation to the recognition of revenue from sales of properties over time is considered relatively higher due to uncertainty of significant assumptions used.

Given the involvement of significant judgements and estimations, recognition of revenue from sales of properties over time is considered a key audit matter.

How our audit addressed the Key Audit Matter

- (ii) Understood, evaluated and tested the internal controls over the generation of cost data of the project and property unit and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors.
- (iii) Challenged the reasonableness of the basis for cost allocation and checked the accuracy of the cost allocation among property units.
- (iv) Challenged the reasonableness of the cost budgets for the project and property unit under development by comparison to the actual cost of completed projects and property units, taking into account the type of properties and saleable floor areas.
- (v) Compared the estimated total development costs of the project and property unit under development to the budget approved by management.
- (vi) Tested the development costs incurred by tracing to the supporting documents and the reports from external or internal supervising engineers.

We found that the significant judgements and estimations used in determining whether the Group has the enforceable right to payment, the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the year end were supportable by available evidence.

Key Audit Matter

Assessment of net realisable value of properties under development and completed properties held for sale

Refer to note 4 'Critical accounting estimates and judgements', note 8 'Properties under development' and note 11 'Completed properties held for sale' to the consolidated financial statements.

The properties under development ("PUD") and completed properties held for sale ("PHS") of the Group amounted to RMB1,141,360 million and RMB49,587 million respectively as at 31 December 2020, which in total accounted for approximately 59% of the Group's total assets. The carrying amounts of PUD and PHS are stated at the lower of cost and net realisable value ("NRV").

Determination of NRV of PUD and PHS involved critical accounting estimates on the selling price, variable selling expenses and, for PUD, the costs to completion. The judgements and estimations are subject to high degree of estimation uncertainty. The inherent risk in relation to the assessment of NRV of properties under development and completed properties held for sale is considered relatively higher due to uncertainty of significant assumptions used.

Given the significant balance of PUD and PHS and the involvement of critical accounting estimates, the assessment of NRV of these properties is considered a key audit matter.

How our audit addressed the Key Audit Matter

We obtained management's NRV assessment on PUD and PHS and performed audit procedures as follows:

- (i) Understood, evaluated and tested the internal controls over the assessment of NRV of properties under development and completed properties held for sale and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors.
- (ii) Compared the relevant PUD and PHS balances as at 31 December 2020, on a sample basis, against the result of management's NRV assessment made in the prior year to reconsider, with hindsight, the accuracy of management's historical NRV assessment and reliability and appropriateness of the NRV assessment methodology.
- (iii) Tested management's key estimates, on a sample basis, for:
 - Selling price which is estimated based on the prevailing market conditions. We compared the estimated selling price to the recent market transactions by making reference to the Group's selling price of pre-sale units in the same project or the prevailing market price of comparable properties with similar type, size and location.
 - Variable selling expenses which are estimated based on certain percentage of selling price. We compared the above estimated percentage with the actual average selling expenses to revenue ratio of the Group in recent years.
 - Estimated costs to completion for PUD. We reconciled the estimated costs to completion to the budget approved by management and examined the construction contracts or compared the anticipated completion costs to the actual costs of similar type of completed properties of the Group.

We found the key estimates used in the assessment of NRV of PUD and PHS were supportable by available evidence.

INDEPENDENT AUDITOR'S REPORT

Other Information

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

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

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

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

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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 Audit Committee is 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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Lam Sung Wan.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 March 2021

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December	
		2020 RMB million	2019 RMB million
Non-current assets			
Property, plant and equipment	6	26,345	24,240
Investment properties	7	15,659	12,923
Intangible assets		1,423	745
Right-of-use assets		4,858	4,447
Properties under development	8	106,696	134,150
Investments in joint ventures	9(b)	41,011	34,954
Investments in associates	9(c)	22,430	17,159
Financial assets at fair value through other comprehensive income	10	3,985	3,282
Derivative financial instruments	20	812	2,648
Trade and other receivables	13	13,968	14,056
Deferred income tax assets	28	36,466	27,031
		273,653	275,635
Current assets			
Properties under development	8	1,034,664	810,300
Completed properties held for sale	11	49,587	45,781
Inventories	12	10,907	11,781
Trade and other receivables	13	410,937	438,195
Contract assets and contract acquisition costs	14	21,960	24,020
Prepaid income tax		23,781	24,712
Restricted cash	15	16,470	19,363
Cash and cash equivalents	16	167,153	248,985
Financial assets at fair value through profit or loss	17	6,596	7,933
Derivative financial instruments	20	101	447
		1,742,156	1,631,517
Current liabilities			
Contract liabilities	19	695,614	646,996
Trade and other payables	18	660,293	594,548
Receipts under securitisation arrangements		–	279
Current income tax liabilities		39,519	40,367
Senior notes	21	2,219	7,343
Corporate bonds	22	25,784	28,850
Convertible bonds	23	20	22
Bank and other borrowings	24	68,218	80,057
Lease liabilities		208	258
Derivative financial instruments	20	1,084	32
		1,492,959	1,398,752
Net current assets		249,197	232,765
Total assets less current liabilities		522,850	508,400

	Note	As at 31 December	
		2020 RMB million	2019 RMB million
Non-current liabilities			
Senior notes	21	71,191	57,550
Corporate bonds	22	14,696	17,550
Convertible bonds	23	5,252	5,495
Bank and other borrowings	24	139,105	172,736
Lease liabilities		447	651
Deferred government grants		152	215
Deferred income tax liabilities	28	32,472	32,763
Derivative financial instruments	20	2,532	2,832
		265,847	289,792
Equity attributable to owners of the Company			
Share capital and premium	25	31,495	29,751
Other reserves	27	17,457	12,472
Retained earnings	27	126,150	109,716
		175,102	151,939
Non-controlling interests		81,901	66,669
Total equity		257,003	218,608
Total equity and non-current liabilities		522,850	508,400

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 122 to 250 were approved by the Board of Directors on 25 March 2021 and were signed on its behalf.

MO Bin
Director

YANG Ziyang
Director

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December	
		2020 RMB million	2019 RMB million
Revenue	5	462,856	485,908
Cost of sales	30	(361,951)	(359,271)
Gross profit		100,905	126,637
Other income and gains — net	29	2,816	3,288
Gains arising from changes in fair value of and transfer to investment properties	7	13	126
Selling and marketing costs	30	(13,752)	(16,365)
Administrative expenses	30	(13,919)	(17,538)
Research and development expenses	30	(2,649)	(1,973)
Net impairment losses on financial and contract assets	3(a)(iii)	(1,449)	(1,515)
Operating profit		71,965	92,660
Finance income	32	7,344	2,371
Finance costs	32	(38)	(1,200)
Finance income — net	32	7,306	1,171
Share of results of joint ventures and associates	9(b), 9(c)	6,258	5,108
Profit before income tax		85,529	98,939
Income tax expenses	33	(31,411)	(37,737)
Profit for the year		54,118	61,202
Profit attributable to:			
— Owners of the Company		35,022	39,550
— Non-controlling interests		19,096	21,652
		54,118	61,202
Earnings per share attributable to owners of the Company (expressed in RMB yuan per share)			
Basic	36	1.62	1.85
Diluted	36	1.57	1.79

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2020 RMB million	2019 RMB million
Profit for the year		54,118	61,202
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
– Change in fair value of financial assets at fair value through other comprehensive income	27	826	195
– Revaluation gains on properties upon transfer from right-of-use assets		–	91
Items that may be reclassified to profit or loss:			
– Deferred losses on cash flow hedges	20(e)	(115)	(36)
– Deferred gains of hedging	20(e)	843	487
– Currency translation differences		(753)	(565)
Total other comprehensive income for the year, net of tax		801	172
Total comprehensive income for the year		54,919	61,374
Total comprehensive income attributable to:			
– Owners of the Company		35,925	39,749
– Non-controlling interests		18,994	21,625
		54,919	61,374

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				Non-controlling interests RMB million	Total equity RMB million
	Share capital and premium RMB million	Other reserves RMB million	Retained earnings RMB million	Total RMB million		
Balance at 1 January 2020	29,751	12,472	109,716	151,939	66,669	218,608
Comprehensive income						
Profit for the year	-	-	35,022	35,022	19,096	54,118
Other comprehensive income	-	893	10	903	(102)	801
Total comprehensive income for the year	-	893	35,032	35,925	18,994	54,919
Transactions with owners in their capacity as owners						
Capital injections from non-controlling interests	-	-	-	-	3,561	3,561
Transfer to statutory reserve	-	6,831	(6,831)	-	-	-
Issue of shares as a result of scrip dividend (notes 25, 34 and 35(d))	1,466	-	(1,466)	-	-	-
Cash dividends	-	-	(10,554)	(10,554)	(5,598)	(16,152)
Employee share schemes						
– Value of employee services (note 26)	-	405	-	405	-	405
– Exercise of employee share schemes (notes 25 and 27)	278	(25)	-	253	-	253
Non-controlling interests arising from business combinations (note 41)	-	-	-	-	2,694	2,694
Disposals of subsidiaries (note 40)	-	(253)	253	-	(3,278)	(3,278)
Changes in ownership interests in subsidiaries without change of control (note 39)	-	(2,866)	-	(2,866)	(1,141)	(4,007)
Total transactions with owners	1,744	4,092	(18,598)	(12,762)	(3,762)	(16,524)
Balance at 31 December 2020	31,495	17,457	126,150	175,102	81,901	257,003

	Attributable to owners of the Company				Non-controlling interests RMB million	Total equity RMB million
	Share capital and premium RMB million	Other reserves RMB million	Retained earnings RMB million	Total RMB million		
Balance at 1 January 2019	27,881	8,247	85,202	121,330	52,078	173,408
Comprehensive income						
Profit for the year	-	-	39,550	39,550	21,652	61,202
Other comprehensive income	-	166	33	199	(27)	172
Total comprehensive income for the year	-	166	39,583	39,749	21,625	61,374
Transactions with owners in their capacity as owners						
Capital injections from non-controlling interests	-	-	-	-	1,413	1,413
Transfer to statutory reserve	-	3,863	(3,863)	-	-	-
Issue of shares as a result of scrip dividend (notes 25 and 35(d))	2,048	-	(2,048)	-	-	-
Buy-back of shares (note 25)	(322)	-	-	(322)	-	(322)
Cash dividends	-	-	(9,468)	(9,468)	(2,598)	(12,066)
Employee share schemes						
– Value of employee services (note 26)	-	336	-	336	-	336
– Exercise of employee share schemes (notes 25 and 27)	144	(9)	-	135	-	135
Redemption of convertible bonds upon maturity	-	(220)	220	-	-	-
Non-controlling interests arising from business combinations	-	-	-	-	1,739	1,739
Disposals of subsidiaries	-	(90)	90	-	(6,765)	(6,765)
Changes in ownership interests in subsidiaries without change of control	-	179	-	179	(823)	(644)
Total transactions with owners	1,870	4,059	(15,069)	(9,140)	(7,034)	(16,174)
Balance at 31 December 2019	29,751	12,472	109,716	151,939	66,669	218,608

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT

	Note	Year ended 31 December	
		2020 RMB million	2019 RMB million
Cash flows from operating activities			
Cash generated from operations	35(a)	42,821	79,036
Income tax paid		(42,156)	(41,041)
Interest paid		(22,296)	(23,329)
Net cash (used in)/generated from operating activities		(21,631)	14,666
Cash flows from investing activities			
Net cash inflow/(outflow) on business combinations	41	3,619	(972)
Proceeds from disposals of property, plant and equipment	35(b)	565	450
Net cash outflow on disposals of subsidiaries	40	(4,073)	(6,600)
Purchases of property, plant and equipment		(2,998)	(2,693)
Payments for investment properties	7	(456)	(341)
Purchases of intangible assets		(580)	(135)
Purchases of right-of-use assets		(490)	(1,274)
Net increase in payments related to investments in joint ventures		(4,363)	(3,533)
Net increase in payments related to investments in associates		(2,199)	(1,333)
Net increase in deposits and advances related to equity transactions		(1,819)	(8,514)
Repayments from loans to third parties		3	680
Payments for financial assets at fair value through other comprehensive income		(521)	(1,462)
Proceeds from disposals of financial assets at fair value through other comprehensive income		427	236
Payments for financial assets at fair value through profit or loss		(16,235)	(22,342)
Proceeds from disposals of financial assets at fair value through profit or loss		18,652	26,363
Dividend income from financial assets at fair value through other comprehensive income		–	8
Interest received	32	4,102	2,371
Dividend income from joint ventures and associates	9(b), 9(c)	449	–
Net cash used in investing activities		(5,917)	(19,091)

	Note	Year ended 31 December	
		2020 RMB million	2019 RMB million
Cash flows from financing activities			
Capital injections from non-controlling interests		3,561	1,413
Buy-back of shares	25	–	(322)
Net cash outflow on transactions with non-controlling interests		(1,409)	(644)
Issue of shares pursuant to share option scheme		–	135
Issue of senior notes	21	24,131	23,081
Redemption and repayment of senior notes		(11,400)	(1,723)
Issue of corporate bonds		17,537	11,743
Repayment of corporate bonds		(23,421)	(7,650)
Redemption of convertible bonds		(245)	(7,869)
Settlement of derivative financial instruments		(646)	(213)
Repayments of receipts under securitisation arrangements		(279)	(551)
Principal elements of lease payments		(243)	(252)
Dividends paid to owners of the Company		(10,554)	(9,468)
Dividends paid to non-controlling interests		(5,598)	(942)
Proceeds from bank and other borrowings	35(c)	141,534	112,046
Repayments of bank and other borrowings	35(c)	(187,104)	(93,527)
Net cash (used in)/generated from financing activities		(54,136)	25,257
Net (decrease)/increase in cash and cash equivalents		(81,684)	20,832
Cash and cash equivalents at the beginning of the year		248,985	228,343
Exchange losses on cash and cash equivalents		(148)	(190)
Cash and cash equivalents at the end of the year	16	167,153	248,985

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 General information

Country Garden Holdings Company Limited (the “Company”) was incorporated in the Cayman Islands on 10 November 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands. The Company is engaged in investment holding and its subsidiaries (collectively, the “Group”) are principally engaged in the property development, construction, property investment and hotel operation.

The shares of the Company are listed on Stock Exchange.

These consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors on 25 March 2021.

2 Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

(i) **Compliance with Hong Kong Financial Reporting Standards (“HKFRS”) and the Hong Kong Companies Ordinance**

The consolidated financial statements of the Group have been prepared in accordance with applicable HKFRS and requirements under the Hong Kong Companies Ordinance Cap. 622.

(ii) **Historical cost convention**

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss (“FVTPL”), financial assets at fair value through other comprehensive income (“FVOCI”), derivative financial instruments and investment properties, which are carried at fair value.

(iii) **New and amended standards adopted by the Group**

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

- Definition of Material – Amendments to HKAS 1 and HKAS 8
- Definition of a Business – Amendments to HKFRS 3
- Interest Rate Benchmark Reform – Amendments to HKAS 39, HKFRS 9 and HKFRS 7
- Revised Conceptual Framework for Financial Reporting

2 Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

(iii) New and amended standards adopted by the Group (Continued)

The Group also elected to adopt the following amendment early:

- COVID-19-Related Rent Concessions – Amendments to HKFRS 16

The amendment listed above did not have a material impact on the amounts recognised in prior periods and is not expected to significantly affect the current or future periods.

(iv) New, amended standards and interpretations not yet adopted

Except for the Amendment to HKFRS 16 which become effective this period, new and amended standards and interpretations to existing standards that have been issued and relevant to the Group but are not effective for the financial year beginning on 1 January 2020 and have not been early adopted:

		Effective for the financial year beginning on or after
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest rate benchmark reform – phase 2	1 January 2021
Amendments to HKAS 16	Property, plant and equipment – proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous contracts – cost of fulfilling a contract	1 January 2022
Amendments to HKFRS 3	Reference to the conceptual framework	1 January 2022
Annual Improvements	Annual improvements to HKFRS Standards 2018–2020 cycle	1 January 2022
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of financial statements – classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The above new and amended standards and interpretations to existing standards are effective for annual periods beginning after 1 January 2021 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group except for HKFRS 17. The Group will assess the impact of HKFRS 17 on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)**2.2 Subsidiaries****2.2.1 Consolidation**

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

(i) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

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

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

2 Summary of significant accounting policies (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(i) *Business combinations (Continued)*

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(ii) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) *Disposals of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/ permitted by applicable HKFRS.

2.2.2 Separate financial statements

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)**2.3 Associates**

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. On acquisition of the investment, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

- Goodwill relating to an associate is included in the carrying amount of the investment. Amortisation of that goodwill is not permitted.
- Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

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

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of results of an associate' in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in profit or loss.

2 Summary of significant accounting policies *(Continued)*

2.4 Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. On acquisition of the investment, any difference between the cost of the investment and the entity's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as follows:

- Goodwill relating to a joint venture is included in the carrying amount of the investment. Amortisation of that goodwill is not permitted.
- Any excess of the entity's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the joint venture's profit or loss in the period in which the investment is acquired.

Joint ventures are accounted for using the equity method. Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognises the amount adjacent to 'share of results of a joint venture' in profit or loss.

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

2.5 Segment reporting

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)**2.6 Foreign currency translation****(i) Functional and presentation currency**

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges or qualifying net investment hedges.

Foreign exchange gains and losses that relate to cash and cash equivalents are presented in the consolidated income statement within 'finance income — net'. Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement within 'finance income — net', except when capitalised on the basis set out in note 2.26. All other foreign exchange gains and losses are presented in the consolidated income statement within 'other income and gains — net'.

(iii) Group companies

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

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

2 Summary of significant accounting policies (Continued)

2.7 Property, plant and equipment

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

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

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

Buildings	20–40 years
Machinery	5–10 years
Transportation equipment	5–10 years
Furniture, fitting and equipment	5–8 years

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

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

Construction in progress represents the direct costs of construction incurred of property, plant and equipment less any impairment losses. No provision for depreciation is made on construction in progress until such time the relevant assets are completed and put into use. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

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

2.8 Investment properties

Investment properties, principally freehold office buildings, are held for long-term rental yields and are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequently, they are carried at fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)**2.8 Investment properties (Continued)**

Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets. Changes in fair values are recorded in profit or loss as part of a valuation gain or loss.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under HKAS 16. Any resulting increase in the carrying amount of the property is recognised in profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and increase directly to equity in revaluation surplus within equity. Any resulting decrease in the carrying amount of the property is initially charged in other comprehensive income against any previously recognised revaluation surplus, with any remaining decrease charged to profit or loss. For a transfer from completed properties held for sale or properties under development to investment properties that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.

The Group shall transfer a property from investment property to property under development when it commences related development with a view to sale. For a transfer from investment property that is carried at fair value to property under development, related property under development shall be recognised at fair value at the transfer date.

2.9 Intangible assets**(i) Goodwill**

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

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

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

2 Summary of significant accounting policies (Continued)

2.9 Intangible assets (Continued)

(ii) Computer software

Acquired computer software programmes are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful lives of 5 to 10 years on a straight-line basis. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

(iii) Research and development expenses

Research and development expenditures that do not meet the capitalised criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

2.10 Leases

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

Contracts may contain both lease and non-lease components. The Group has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

The Group leases various properties. These property lease agreements do not impose any covenants, but leased properties may not be used as security for borrowing purposes.

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)***2.10 Leases** *(Continued)*

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

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

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

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

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

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

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

Payments associated with short-term leases of equipment and vehicles and low-value assets leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

2 Summary of significant accounting policies (Continued)

2.10 Leases (Continued)

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (note 7). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.11 Impairment of non-financial assets

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

2.12 Financial assets

(i) Classification

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

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

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)**2.12 Financial assets (Continued)****(ii) Recognition and measurement**

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, 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 income statement.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through other comprehensive income:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'other income and gains — net'. Interest income from these financial assets is included in finance income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or financial assets at FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated income statement within 'other income and gains — net' in the period in which it arises. Interest income from these financial assets is included in the 'finance income'.

2 Summary of significant accounting policies (Continued)

2.12 Financial assets (Continued)

(ii) Recognition and measurement (Continued)

Equity instruments

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

Changes in the fair value of financial assets at FVTPL are recognised in 'other income and gains — net' in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at FVOCI are not reported separately from other changes in fair value.

2.13 Impairment of financial assets and contract assets

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and financial assets at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3(a)(iii) details how the Group determines whether there has been a significant increase in credit risk.

For contract assets and all trade and other receivables (excluding deposits for acquisitions of companies, prepayment and loans to third parties), the Group applies the simplified approach permitted by HKFRS 9 — Financial instruments ("HKFRS 9"), which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.14 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedges items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)**2.14 Derivative financial instruments and hedging activities (Continued)**

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

(i) Cash flow hedge that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity, limited to the cumulative change in fair value of the hedged item on a present value basis from the inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within 'finance income/(costs) — net'.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the option contract as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the option contracts are recognised in the cash flow hedge reserve within equity. The changes in the time value of the option contracts that relate to the hedged item ("aligned time value") are recognised within other comprehensive income in the costs of hedging reserve within equity. The aligned time value at the date of designation of the option as a hedging instrument is amortised on a systematic and rational basis to profit or loss over the period.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ("aligned forward element") is recognised within other comprehensive income in the costs of hedging reserve within equity. The aligned forward element at the date of designation of the forward contract as a hedging instrument is amortised on a systematic and rational basis to profit or loss over the period.

When a financial instrument that involves exchanges of cash flows that are denominated in different currencies is used in a hedge transaction, the foreign currency basis spread of the instrument is separated and excluded from the designated hedging instrument. The change in fair value of this excluded portion (to the extent it relates to the hedged item) is recognised in other comprehensive income and is accumulated in a separate component of equity. For time-period related hedged items, the currency basis spread at the date of designation (to the extent that it relates to the hedged item) is amortised on a systematic and rational basis to profit or loss over the period.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

(ii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in 'other income and gains-net'.

2 Summary of significant accounting policies (Continued)

2.15 Offsetting financial instruments

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

2.16 Properties under development

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

Development cost of property comprises cost of land use rights, construction costs, depreciation of machinery and equipment, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

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

Costs to fulfill a contract comprise the development cost and land use right cost directly related to an existing contract that will be used to satisfy performance obligations in the future. The costs to fulfill a contract are recorded in properties under development if they are expected to be recovered. The amount is amortised on a systematic basis, consistent with the pattern of revenue recognition of the contract to which the asset relates.

2.17 Completed properties held for sale

Completed properties remaining unsold at year end are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

2.18 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)**2.19 Trade and other receivables**

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.20 Contract assets and contract liabilities

Upon entering into a contract with a buyer, the Group obtains rights to receive consideration from the buyer and assumes performance obligations to transfer goods or provide services to the buyer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

The Group recognises the incremental costs of obtaining a contract with a buyer as contract acquisition cost within contract assets if the Group expects to recover those costs.

2.21 Cash and cash equivalents

Cash and cash equivalents includes cash in hand and at banks, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.22 Share capital

Ordinary shares are classified as equity.

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

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the owners of Company until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effect is included in equity attributable to the owners of Company.

2 Summary of significant accounting policies (Continued)

2.23 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to construction of hotel properties are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets when they are completed and ready for use.

2.24 Trade and other payables

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

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

2.25 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 12 months after the end of the reporting period.

2.26 Borrowing costs

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

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)**2.26 Borrowing costs (Continued)**

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

2.27 Senior notes

Senior notes issued by the Company that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the debt component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the debt component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

2.28 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.

2.29 Convertible bonds

The fair value of the liability portion of a convertible bond is determined using a market interest rate for a non-convertible bond with similar terms. This amount is recorded as a liability on an amortised cost basis until conversion or maturity of the bonds. The remaining of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity or derivative liability according to the conversion feature embedded. Any directly attributable transaction costs are allocated to the liability and equity or derivative liability component in proportion to their initial carrying amounts.

Subsequent to initial recognition, the liability component of a convertible bond is measured at amortised cost using the effective interest method. The equity component of a convertible bond is not re-measured subsequent to initial recognition except on conversion or expiry. The derivative liability component of a convertible bond is measured at fair value with changes in fair value recognised in profit or loss.

2 Summary of significant accounting policies (Continued)

2.30 Current and deferred income tax

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

(i) **Current income tax**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of statement of financial position in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(ii) **Deferred income tax**

Inside basis differences

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

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

Outside basis differences

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)**2.30 Current and deferred income tax (Continued)****(ii) Deferred income tax (Continued)**

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

(iii) Offsetting

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

2.31 Employee benefits**(i) Pension obligations**

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group contributes on a monthly basis to various defined contribution benefit plans organised by the relevant governmental authorities. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Assets of the plans are held and managed by government authorities and are separated from those of the Group.

(ii) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonus and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.32 Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the Group receives services from employees as consideration for equity instruments (including shares options and awarded shares) of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions (for example, an entity's share price);

2 Summary of significant accounting policies *(Continued)*

2.32 Share-based payments *(Continued)*

- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions.

Non-market performance and service conditions are included in assumptions about the number of equity instruments that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

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

The grant by the Company of equity instruments over its equity instruments to the employees of subsidiaries in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity in the parent entity accounts.

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

When the share options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital.

2.33 Provisions and contingent liabilities

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies *(Continued)***2.33 Provisions and contingent liabilities** *(Continued)*

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

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.34 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and provision of services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the Group companies. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from contracts with customers

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

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

2 Summary of significant accounting policies (Continued)

2.34 Revenue recognition (Continued)

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

If contracts involve the sale of multiple services, the transaction price will be allocated to each performance obligation based on their relative stand-alone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

(i) Sales of properties and rendering of construction services

Revenue from sales of properties is recognised over time when the Group's performance under the sale contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise revenue from sales of property is recognised at point in time.

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

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

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

For rendering of construction services, usually there is only one single performance in a contract, the Group's performance creates or enhances an asset or work in progress that the buyer controls as the asset is created or enhanced, thus 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 end of the reporting period as a percentage of total estimated costs for each contract.

(ii) Hotel operation

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

Revenue from other sources

Rental income

Rental income from properties leasing under operating leases is recognised on a straight-line basis over the lease terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 Summary of significant accounting policies (Continued)**2.35 Interest income**

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

2.36 Dividend income

Dividend income is recognised when the right to receive payment is established.

2.37 Dividend distribution

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

2.38 Insurance contracts

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

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

The Group regards its financial guarantee contracts provided in respect of mortgage facilities for certain property buyers and financial guarantee contracts provided to its related parties as insurance contracts.

3 Financial risk management

The Group conducts its operations mainly in the PRC and is subject to special considerations and significant risks. These include risks associated with, among others, the political, economic and legal environment, influence of national authorities over pricing regulation and competition in the industry.

The Group's activities expose it to a variety of financial risks: market risk (mainly including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. The property industry is highly sensitive to the economic environment in the PRC, which will affect the volumes of property transactions and selling prices. The Group mainly relies on sales of properties and debt financing to fund its operations. The Group has alternative plans (refer to note 3(a)(iv)) to monitor liquidity risk should there be significant adverse changes on the Group's cash flow projections.

3 Financial risk management (Continued)

(a) Financial risk factors

(i) Foreign exchange risk

The Group's businesses are principally conducted in RMB. The majority of its assets is denominated in RMB. The majority of its non-RMB assets and liabilities are bank deposits and borrowings denominated in Hong Kong Dollar ("HKD") and United States Dollar ("USD"). The Group is subject to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities which are denominated in non-RMB and net investment in foreign operations.

The Group applies various types of derivative financial instruments (foreign exchange forward contracts, foreign currency option contracts, cross currency swaps and foreign exchange structured derivatives contracts) to mitigate exposures arising from the fluctuations in foreign currencies of debts.

The Group seeks to apply, wherever possible, hedge accounting to present its financial statements in accordance with the economic purpose of the hedging activity. The Group determines the economic relationship between the hedged items and the hedging instruments by reviewing their critical terms and performing a quantitative assessment as needed. As a result, the Group concludes that the risk being hedged for the hedged items and the risk inherent in the hedging instruments are sufficiently aligned. The main sources of hedge ineffectiveness are considered to be the effects of mismatch in timing and currency pair. In most of the cases, the hedging instruments have a one-to-one hedge ratio with the hedged items. In view of the structure of the hedging activities, no significant ineffectiveness is expected at inception.

The aggregated carrying amount of the foreign currency denominated monetary assets and monetary liabilities of group companies at the respective dates of statement of financial position are as follows:

	2020 RMB million	2019 RMB million
Assets		
HKD	953	242
USD	823	2,626
Other currencies	513	314
	2,289	3,182
Liabilities		
HKD	16,134	14,070
USD	92,521	88,920
Other currencies	3,711	4,737
	112,366	107,727

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)**(a) Financial risk factors (Continued)****(i) Foreign exchange risk (Continued)**

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. Should RMB strengthened/weakened by 5% against the relevant currencies, the effects on profit before tax for the year without taking into account the hedging effects would be as follows:

	Change of profit before tax – increase/(decrease)	
	2020 RMB million	2019 RMB million
RMB against HKD:		
Strengthened by 5%	759	691
Weakened by 5%	(759)	(691)
RMB against USD:		
Strengthened by 5%	4,585	4,315
Weakened by 5%	(4,585)	(4,315)

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from interest-bearing bank deposits, senior notes, corporate bonds, convertible bonds, receipts under securitisation arrangements, bank and other borrowings and lease liabilities. Bank deposits, bank and other borrowings issued at variable rates expose the Group to cash flow interest-rate risk. Senior notes, corporate bonds, convertible bonds and receipts under securitisation arrangements issued at fixed rates expose the Group to fair value interest rate risk.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration including refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit or loss of a defined interest rate shift. For each scenario, the same interest rate shift is used for all currencies. The scenarios are run only for financial liabilities that represent the major interest-bearing positions.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(ii) Cash flow and fair value interest rate risk (Continued)

The Group currently does not use any interest rate swaps to hedge its exposure to interest rate risk. However, the Group will consider hedging significant interest rate exposure should the need arise.

The exposure of the Group's total borrowings (notes 21, 22, 23 and 24) and lease liabilities to interest rate changes and the contractual maturity dates of the total borrowings at the end of the year are as follows:

	2020 RMB million	2019 RMB million
Variable rate borrowings	176,788	215,175
Fixed rate borrowings and lease liabilities		
— repricing or maturity dates:		
1 year or less	34,833	48,792
1–2 years	29,142	36,348
2–5 years	57,994	49,197
Over 5 years	28,383	21,000
	327,140	370,512

As at 31 December 2020, borrowings of the Group which were bearing at floating rates amounted to approximately RMB176,788 million (2019: RMB215,175 million). As at 31 December 2020, should the interest rate be increased/decreased by 50 basis points with all other factors remain unchanged and without taking into account interest capitalisation, the finance costs of the Group would be increased/decreased by approximately RMB884 million (2019: RMB1,076 million).

(iii) Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables, contract assets, derivative financial assets and cash deposits with banks.

The carrying amounts of trade and other receivables, contract assets, derivative financial assets, restricted cash and cash and cash equivalents represent the Group's maximum exposure to credit risk in relation to financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)**(a) Financial risk factors (Continued)****(iii) Credit risk (Continued)**

To manage this risk, bank deposits and derivative financial instruments are mainly placed or entered with state-owned financial institutions and reputable banks which are all high-credit-quality financial institutions. The Group has policies in place to ensure that sales are made to buyers with an appropriate financial strength and appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. For properties that are still under construction and the buyers choose to pay by bank mortgage, the Group typically provides guarantees to banks in connection with the buyers' borrowing of mortgage loans to finance their purchases of the properties. If a buyer defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the buyer's deposits and sell the property to recover any amounts paid by the Group to the bank. Unless the selling price would drop by more than the buyer's deposits received, the Group may not be in a loss position in selling those properties out. In this regard, the directors of the Company consider that the Group's credit risk is largely mitigated. In addition, the Group reviews regularly the recoverable amount of each individual trade receivables and contract assets to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and buyers.

The Group has arranged bank financing for certain buyers of property units and provided guarantees to secure obligations of such buyers for repayments. Detailed disclosure of these guarantees is made in note 37. No credit limits were exceeded during the year, and management does not expect any significant losses from non-performance by these counterparties.

For other receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experience and available forward-looking information. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

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

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk (Continued)

- actual or expected significant changes in the operating results of the borrower;
- significant increases in credit risk on other financial instruments of the same borrower; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

i. Loans to third parties

The Group uses four categories for loans which reflect their credit risk and how the loan loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit ratings. The ratings for the third parties are B as compared with the market ratings of similar companies by certain credit rating agencies.

A summary of the assumptions underlying the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Buyers have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Underperforming	Loans for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 60 days past due	Lifetime expected losses
Write-off	Interest and/or principal repayments are 120 days past due and there is no reasonable expectation of recovery	Asset is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)**(a) Financial risk factors (Continued)****(iii) Credit risk (Continued)***i. Loans to third parties (Continued)*

As at 31 December 2020 and 2019, the internal credit rating of loans to third parties were performing. The Group required certain third parties to provide guarantees or pledge collaterals as securities against the loans.

Over the terms of the loans, the Group accounts for its credit risk by appropriately providing for the expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of loan, and adjusts for forward looking macroeconomic data. As at 31 December 2020, the Group provided for credit losses against loans to third parties as follows:

Company internal credit rating	External credit rating	Expected credit loss rate	Basis for recognition of expected credit loss provision	Basis for calculation of interest revenue
Performing	B	1%~12%	12 months expected losses	Gross carrying amount

No significant change to estimation techniques or assumptions was made during the year.

As at 31 December 2020, the gross carrying amount of loans to third parties was RMB12 million (2019: RMB16 million). After deducting impairment provision of RMB1 million (2019: RMB2 million), the maximum exposure to loss was RMB11 million (2019: RMB14 million). The Group made no write-off of loans to third parties during the year (2019: nil).

ii. Trade and other receivables (excluding deposits for acquisitions of companies, prepayments and loans to third parties) and contract assets

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

The Group applies the 12 months expected losses approach to provide for expected credit losses prescribed by HKFRS 9 for other receivables (excluding deposits for acquisitions of companies, prepayments and loans to third parties), and the Group accounts for its credit risk by appropriately providing for the expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for other receivables (excluding deposits for acquisitions of companies, prepayments and loans to third parties), and adjusts for forward looking macroeconomic data.

Expected loss rate of contract assets is assessed to be 0.1% (2019: 0.1%). As at 31 December 2020, the loss allowance provision for contract assets was not material.

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iii) Credit risk (Continued)

- ii. Trade and other receivables (excluding deposits for acquisitions of companies, prepayments and loans to third parties) and contract assets (Continued)

As at 31 December 2020, the loss allowance provision was determined as follows:

2020

Trade receivables	Current	More than 90 days past due	More than 180 days past due	Total
Expected loss rate	0.1%	2.0%	5.0%	
Gross carrying amount (RMB million)	31,065	2,091	2,799	35,955
Loss allowance provision (RMB million)	31	42	140	213

Other receivables (excluding deposits for acquisitions of companies, prepayments and loans to third parties)	Current	More than 180 days past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
Expected loss rate	0.1%	1.0%	10.0%	15.0%	20.0%	
Gross carrying amount (RMB million)	225,248	17,765	20,364	10,279	4,044	277,700
Loss allowance provision (RMB million)	225	178	2,036	1,542	809	4,790

2019

Trade receivables	Current	More than 90 days past due	More than 180 days past due	Total
Expected loss rate	0.1%	2.0%	5.0%	
Gross carrying amount (RMB million)	36,019	2,205	1,810	40,034
Loss allowance provision (RMB million)	36	44	91	171

Other receivables (excluding deposits for acquisitions of companies, prepayments and loans to third parties)	Current	More than 180 days past due	More than 1 year past due	More than 2 years past due	More than 3 years past due	Total
Expected loss rate	0.1%	1.0%	10.0%	15.0%	20.0%	
Gross carrying amount (RMB million)	254,736	22,648	13,746	6,005	3,132	300,267
Loss allowance provision (RMB million)	255	226	1,375	901	626	3,383

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)**(a) Financial risk factors (Continued)****(iii) Credit risk (Continued)**

- ii. Trade and other receivables (excluding deposits for acquisitions of companies, prepayments and loans to third parties) and contract assets (Continued)

As at 31 December 2020, the loss allowance provision for trade and other receivables (excluding deposits for acquisitions of companies, prepayments and loans to third parties) reconciles to the opening loss allowance for that provision as follows:

	Trade receivables RMB million	Other receivables (excluding deposits for acquisitions of companies, prepayments and loans to third parties) RMB million	Total RMB million
Loss allowance as at 1 January 2019	127	1,905	2,032
Provision for loss allowance recognised in profit or loss during the year	44	1,478	1,522
Loss allowance as at 31 December 2019 and 1 January 2020	171	3,383	3,554
Provision for loss allowance recognised in profit or loss during the year	42	1,407	1,449
Loss allowance as at 31 December 2020	213	4,790	5,003

As at 31 December 2020, the gross carrying amount of trade and other receivables (excluding deposits for acquisitions of companies, prepayments and loans to third parties) was RMB313,655 million (2019: RMB340,301 million) and the maximum exposure to loss was RMB308,652 million (2019: RMB336,747 million). The Group made no write-off of trade and other receivables (excluding deposits for acquisitions of companies, prepayments and loans to third parties) and contract assets during the year (2019: nil).

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(iv) Liquidity risk

Management aims at maintaining sufficient cash to meet funding requirement for operations and monitors rolling forecasts of the Group's cash on the basis of expected cash flow. The directors of the Company have prepared cash flow projections for the year ending 31 December 2021. Key assumptions used in the preparation of the cash flow projections for the year ending 31 December 2021 include: (1) construction payments match receipt of the relevant proceeds from pre-sales; (2) available project loan facility is expected to be no less than that of 2020; and (3) no breach of debt covenants is anticipated in 2021, as the management will closely monitor the compliance status of the covenants for all borrowings.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include reducing the amount of acquisition of land, adjusting and further slowing down the construction progress as appropriate to ensure available resources for the development of properties for sale, implementing cost control measures and accelerating sales with more flexible pricing. The Group will base on its assessment of the relevant future costs and benefits to pursue such options as appropriate. The directors of the Company consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

The table below analyses the Group's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity grouping based on the remaining period at the date of the statement of financial position to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows and include interest, if applicable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)**(a) Financial risk factors** (Continued)**(iv) Liquidity risk** (Continued)

	Less than 1 year RMB million	Between 1 and 2 years RMB million	Between 2 and 5 years RMB million	Over 5 years RMB million	Total RMB million
At 31 December 2020					
Senior notes	5,079	14,932	41,455	30,674	92,140
Bank and other borrowings	79,227	81,399	62,324	6,555	229,505
Corporate bonds	26,897	5,873	9,767	189	42,726
Convertible bonds	285	285	6,617	–	7,187
Trade and other payables (excluding other taxes payable and salaries payable)	601,152	–	–	–	601,152
Derivative financial instruments	1,084	333	2,199	–	3,616
Lease liabilities	285	140	265	124	814
Total	714,009	102,962	122,627	37,542	977,140

3 Financial risk management (Continued)

(a) Financial risk factors (Continued)

(iv) Liquidity risk (Continued)

	Less than 1 year RMB million	Between 1 and 2 years RMB million	Between 2 and 5 years RMB million	Over 5 years RMB million	Total RMB million
At 31 December 2019					
Senior notes	10,198	9,649	38,672	22,569	81,088
Bank and other borrowings	96,261	132,663	51,777	2,817	283,518
Corporate bonds	29,781	12,856	6,244	–	48,881
Convertible bonds	316	316	7,330	–	7,962
Receipts under securitisation arrangements	286	–	–	–	286
Trade and other payables (excluding other taxes payable and salaries payable)	532,772	–	–	–	532,772
Derivative financial instruments	32	44	2,788	–	2,864
Lease liabilities	310	182	267	454	1,213
Total	669,956	155,710	107,078	25,840	958,584

(b) Capital management

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

In order to optimise the capital structure, the Group may adjust the amount of dividends paid to shareholders, buy back of shares, issue new shares or sell assets.

Consistent with other companies in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including senior notes, corporate bonds, convertible bonds and bank and other borrowings as shown in the consolidated statement of financial position) less cash and cash equivalents and restricted cash.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)**(b) Capital management (Continued)**

The gearing ratio as at 31 December 2020 and 2019 were as follows:

	2020 RMB million	2019 RMB million
Total borrowings (notes 21, 22, 23 and 24)	326,485	369,603
Less: Cash and cash equivalents (note 16)	(167,153)	(248,985)
Restricted cash (note 15)	(16,470)	(19,363)
Net debt	142,862	101,255
Total equity	257,003	218,608
Gearing ratio	56%	46%

The directors of the Company consider the Group's gearing ratio is within the healthy range.

(c) Fair value estimation

The table below analyses financial instruments carried or presented at fair value, by level of the inputs to valuation techniques used to measure fair value. The different levels are defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs) (level 3).

3 Financial risk management (Continued)

(c) Fair value estimation (Continued)

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
At 31 December 2020				
Assets				
Financial assets at FVOCI	2,393	255	1,337	3,985
Derivative financial instruments	–	913	–	913
Financial assets at FVTPL	1,540	1,783	3,273	6,596
Total	3,933	2,951	4,610	11,494
Liabilities				
Derivative financial instruments	–	3,616	–	3,616
	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
At 31 December 2019				
Assets				
Financial assets at FVOCI	63	–	3,219	3,282
Derivative financial instruments	–	3,095	–	3,095
Financial assets at FVTPL	195	7,738	–	7,933
Total	258	10,833	3,219	14,310
Liabilities				
Derivative financial instruments	–	2,864	–	2,864

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)**(c) Fair value estimation (Continued)****(i) Financial instruments in level 2**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation techniques used to derive level 2 fair values

Level 2 derivative financial instruments comprise foreign exchange forward contracts, foreign currency option contracts, foreign exchange structured derivatives contracts and cross currency swaps. The fair value of these derivative financial instruments was determined using forward exchange rates and interest rates that are quoted by financial institutions.

For Level 2 financial assets at FVOCI and FVTPL, fair values are generally obtained through the use of valuation methodologies with observable market inputs.

(ii) Financial instruments in level 3

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

	2020	2019
	RMB million	RMB million
Opening balance	3,219	1,702
Additions	3,264	1,462
Fair value changes	(352)	291
Disposals	(701)	(236)
Transfer to Level 1	(820)	–
Closing balance	4,610	3,219

There is no unrealised gain or loss recognised in profit or loss in the current year (2019: nil) attributable to balances held at the end of the reporting period.

The Group transferred its equity interest in two companies listed on the New York Stock Exchange (the “NYSE”) from level 3 to level 1 as the shares of the two companies were actively traded during the year.

There were no changes in valuation techniques during the year.

3 Financial risk management (Continued)

(d) Financial instruments by category

	2020			
	Assets at FVOCI RMB million	Assets at FVTPL RMB million	Assets at amortised cost RMB million	Total RMB million
Assets as per consolidated statement of financial position				
Financial assets at FVOCI	3,985	–	–	3,985
Trade and other receivables excluding deposits and prepayments	–	–	308,663	308,663
Restricted cash	–	–	16,470	16,470
Cash and cash equivalents	–	–	167,153	167,153
Derivative financial instruments	–	913	–	913
Financial assets at FVTPL	–	6,596	–	6,596
Total	3,985	7,509	492,286	503,780
	2019			
	Assets at FVOCI RMB million	Assets at FVTPL RMB million	Assets at amortised cost RMB million	Total RMB million
Assets as per consolidated statement of financial position				
Financial assets at FVOCI	3,282	–	–	3,282
Trade and other receivables excluding deposits and prepayments	–	–	336,761	336,761
Restricted cash	–	–	19,363	19,363
Cash and cash equivalents	–	–	248,985	248,985
Derivative financial instruments	–	3,095	–	3,095
Financial assets at FVTPL	–	7,933	–	7,933
Total	3,282	11,028	605,109	619,419

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 Financial risk management (Continued)

(d) Financial instruments by category (Continued)

	2020		
	Liabilities at amortised cost RMB million	Liabilities at FVTPL RMB million	Total RMB million
Liabilities as per consolidated statement of financial position			
Senior notes	73,410	–	73,410
Convertible bonds	5,272	–	5,272
Corporate bonds	40,480	–	40,480
Bank and other borrowings	207,323	–	207,323
Trade and other payables (excluding other taxes payable and salaries payable)	601,152	–	601,152
Derivative financial instruments	–	3,616	3,616
Lease liabilities	655	–	655
Total	928,292	3,616	931,908
	2019		
	Liabilities at amortised cost RMB million	Liabilities at FVTPL RMB million	Total RMB million
Liabilities as per consolidated statement of financial position			
Senior notes	64,893	–	64,893
Convertible bonds	5,517	–	5,517
Corporate bonds	46,400	–	46,400
Bank and other borrowings	252,793	–	252,793
Trade and other payables (excluding other taxes payable and salaries payable)	532,772	–	532,772
Receipts under securitisation arrangements	279	–	279
Derivative financial instruments	–	2,864	2,864
Lease liabilities	909	–	909
Total	903,563	2,864	906,427

4 Critical accounting estimates and judgements

Estimates and judgements used in preparing the consolidated financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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 may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Revenue recognition

Revenue from sales of properties is recognised over time when the Group's performance under a sales contract does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise the revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the buyer and thus the property unit does not have an alternative use to the Group. Significant management's judgements were involved in determining whether there is an enforceable right to payment which depends on the terms of sales contract and the interpretation of the applicable laws governing the sales contracts. The Group obtained legal counsel opinion regarding the enforceability of the right to payment for sales contracts. Management uses judgements in interpreting the applicable laws, based on legal counsel opinion, to identify sales contracts with right to payment and those without.

In addition, for the revenue from sales of properties recognised over time, the Group recognises revenue by measuring the progress towards complete satisfaction of the performance obligation at the year end. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the construction costs incurred up to the end of the year as a percentage of total estimated costs for each property unit in the sale contract. The Group calculated the cost allocation based on type of properties and saleable floor areas. Significant judgements and estimations are required in determining the completeness of the estimated total construction costs and the accuracy of progress towards complete satisfaction of the performance obligation at the year end.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 Critical accounting estimates and judgements (Continued)**(b) Estimates for net realisable value of properties under development and completed properties held for sale**

The carrying amounts of properties under development and completed properties held for sale amounted to RMB1,141,360 million (2019: RMB944,450 million) and RMB49,587 million (2019: RMB45,781 million) respectively as at 31 December 2020, which in total accounted for approximately 59% (2019: 52%) of the Group's total assets. The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their net realisable values based on the realisability of these properties. Net realisable value for properties under development is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion. Net realisable value for completed properties held for sale is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. Based on management's best estimates, there was no material impairment for properties under development and completed properties held for sale as at 31 December 2020.

(c) Current and deferred income tax

Significant judgements are required in determining the provision for income tax. There are many transactions and calculations for which the ultimate 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 difference will impact the income tax and deferred income tax provision in the period in which such determination is made.

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

(d) Land appreciation taxes

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

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

5 Revenue and segment information

The executive directors of the Company review the Group's internal reporting in order to assess performance and allocate resources. The executive directors of the Company have determined the operating segments based on these reports.

The executive directors of the Company assessed the performance and operations of the Group and concluded that the Group only has two reportable segments — Property development and Construction. The Others segment mainly includes property investment, hotel operation, smart construction, robotic catering, new retail, modern agriculture and other businesses which are individually and collectively insignificant for segment reporting purposes.

In 2020, the Group began to include the financial assets at FVOCI and financial assets at FVTPL into the segment assets. The segment information below at 31 December 2019 has been revised so that the segment disclosures are comparable.

The executive directors of the Company assess the performance of the operating segments based on a measure of operating profit adjusted by excluding fair value changes on derivative financial instruments, and including share of results of joint ventures and associates.

Segment assets consist primarily of property, plant and equipment, intangible assets, right-of-use assets, investment properties, financial assets at FVOCI, financial assets at FVTPL, properties under development, investments in joint ventures, investments in associates, completed properties held for sale, inventories, receivables, prepaid income tax, contract assets and contract acquisition costs and operating cash. They exclude derivative financial instruments and deferred income tax assets. Segment liabilities consist primarily of operating liabilities. They exclude receipts under securitisation arrangements, current income tax liabilities, senior notes, corporate bonds, convertible bonds, bank and other borrowings, derivative financial instruments and deferred income tax liabilities.

Capital expenditure comprises additions to property, plant and equipment (note 6), investment properties (note 7), intangible assets and right-of-use assets, excluding those arising from business combinations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Revenue and segment information *(Continued)*

Revenue consists of the following:

	2020	2019
	RMB million	RMB million
Sales of properties	449,341	475,012
Rendering of construction services	8,779	6,219
Rental income	526	412
Rendering of hotel services and others	4,210	4,265
	462,856	485,908

Sales between segments are carried out according to the terms and conditions agreed by the respective segments' management.

The Group's revenue is mainly attributable to the market in Mainland China and over 90% of the Group's non-current assets are located in Mainland China. No geographical information is therefore presented.

The Group has a large number of customers, none of whom contributed 10% or more of the Group's revenue.

5 Revenue and segment information (Continued)

The segment information provided to the executive directors of the Company for the reportable segments for the year ended 31 December 2020 is as follows:

	Property development RMB million	Construction RMB million	Others RMB million	Total RMB million
Revenue from contracts with customers	449,341	51,806	26,836	527,983
— Recognised at a point in time	357,274	—	25,375	382,649
— Recognised over time	92,067	51,806	1,461	145,334
Revenue from other source				
— Rental income	—	—	537	537
Segment revenue	449,341	51,806	27,373	528,520
Inter-segment revenue	—	(43,027)	(22,637)	(65,664)
Revenue from external customers	449,341	8,779	4,736	462,856
Share of results of joint ventures and associates	6,335	—	(77)	6,258
Gains arising from changes in fair value of and transfer to investment properties	—	—	13	13
Depreciation and amortisation expenses of property, plant and equipment, intangible assets and right-of-use assets	830	53	1,184	2,067
Net impairment losses on financial and contract assets	1,339	24	86	1,449
Segment results	79,977	385	(1,651)	78,711
At 31 December 2020				
Total segment assets after elimination of inter-segment balances	1,828,224	32,884	117,322	1,978,430
Investments in joint ventures and associates	63,244	—	197	63,441
Capital expenditure	994	290	3,883	5,167
Total segment liabilities after elimination of inter-segment balances	1,241,088	31,988	83,638	1,356,714

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 Revenue and segment information (Continued)

The segment information provided to the executive directors of the Company for the reportable segments for the year ended 31 December 2019 is as follows:

	Property development RMB million	Construction RMB million	Others RMB million	Total RMB million
Revenue from contracts with customers	475,012	51,141	22,806	548,959
— Recognised at a point in time	378,450	—	20,851	399,301
— Recognised over time	96,562	51,141	1,955	149,658
Revenue from other source				
— Rental income	—	—	412	412
Segment revenue	475,012	51,141	23,218	549,371
Inter-segment revenue	—	(44,922)	(18,541)	(63,463)
Revenue from external customers	475,012	6,219	4,677	485,908
Share of results of joint ventures and associates	5,217	—	(109)	5,108
Gains arising from changes in fair value of and transfer to investment properties	—	—	126	126
Depreciation and amortisation expenses of property, plant and equipment, intangible assets and right-of-use assets	750	50	748	1,548
Net impairment losses on financial and contract assets	1,396	31	88	1,515
Segment results	97,601	244	(385)	97,460
At 31 December 2019				
Total segment assets after elimination of inter-segment balances	1,721,377	37,801	117,848	1,877,026
Investments in joint ventures and associates	51,861	—	252	52,113
Capital expenditure	2,091	157	2,960	5,208
Total segment liabilities after elimination of inter-segment balances	1,120,310	30,489	91,869	1,242,668

5 Revenue and segment information (Continued)

Reportable segment results are reconciled to net profit as follows:

	2020 RMB million	2019 RMB million
Total segment results	78,711	97,460
Changes in fair value of derivative financial instruments	(488)	308
Finance income — net	7,306	1,171
Profit before income tax	85,529	98,939
Income tax expenses	(31,411)	(37,737)
Profit for the year	54,118	61,202

Reportable segments' assets and liabilities are reconciled to total assets and total liabilities as follows:

	2020 RMB million	2019 RMB million
Total segment assets after elimination of inter-segment balances	1,978,430	1,877,026
Derivative financial instruments	913	3,095
Deferred income tax assets	36,466	27,031
Total assets	2,015,809	1,907,152
Total segment liabilities after elimination of inter-segment balances	1,356,714	1,242,668
Receipts under securitisation arrangements	—	279
Current income tax liabilities	39,519	40,367
Senior notes	73,410	64,893
Corporate bonds	40,480	46,400
Convertible bonds	5,272	5,517
Bank and other borrowings	207,323	252,793
Derivative financial instruments	3,616	2,864
Deferred income tax liabilities	32,472	32,763
Total liabilities	1,758,806	1,688,544

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Property, plant and equipment

	Buildings and land RMB million	Machinery RMB million	Transportation equipment RMB million	Furniture, fitting and equipment RMB million	Construction in progress RMB million	Total RMB million
Year ended 31 December 2020						
Opening net book amount	17,275	865	388	561	5,151	24,240
Acquisitions of subsidiaries (note 41)	1,635	17	8	45	12	1,717
Additions	457	1,094	508	175	1,157	3,391
Transfer	2,547	–	–	–	(2,547)	–
Disposals of subsidiaries	(364)	(13)	(1)	(1)	(9)	(388)
Other disposals	(230)	(19)	(193)	(86)	–	(528)
Depreciation	(831)	(374)	(208)	(495)	–	(1,908)
Exchange differences	(98)	(13)	(19)	(4)	(45)	(179)
Closing net book amount	20,391	1,557	483	195	3,719	26,345
At 31 December 2020						
Cost	25,075	2,711	1,289	2,937	3,719	35,731
Accumulated depreciation	(4,684)	(1,154)	(806)	(2,742)	–	(9,386)
Net book amount	20,391	1,557	483	195	3,719	26,345

6 Property, plant and equipment (Continued)

	Buildings and land RMB million	Machinery RMB million	Transportation equipment RMB million	Furniture, fitting and equipment RMB million	Construction in progress RMB million	Total RMB million
Year ended						
31 December 2019						
Opening net book amount	15,988	617	659	987	5,170	23,421
Acquisitions of subsidiaries	124	3	5	67	56	255
Additions	118	496	18	107	1,954	2,693
Transfer	1,940	–	–	–	(1,940)	–
Disposals of subsidiaries	(273)	(8)	–	–	(115)	(396)
Other disposals	(73)	(35)	(96)	(174)	–	(378)
Depreciation	(601)	(217)	(202)	(445)	–	(1,465)
Exchange differences	52	9	4	19	26	110
Closing net book amount	17,275	865	388	561	5,151	24,240
At 31 December 2019						
Cost	20,550	1,603	1,650	2,725	5,151	31,679
Accumulated depreciation	(3,275)	(738)	(1,262)	(2,164)	–	(7,439)
Net book amount	17,275	865	388	561	5,151	24,240

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 Property, plant and equipment (Continued)

Depreciation charge was capitalised or expensed in the following categories in the consolidated statement of financial position or the consolidated income statement respectively:

	2020 RMB million	2019 RMB million
Properties under development	372	366
Cost of sales	562	344
Selling and marketing costs	194	85
Administrative expenses and research and development expenses	780	670
	1,908	1,465

As at 31 December 2020, buildings with net book value of RMB2,589 million (2019: RMB3,338 million) were pledged as collateral for the Group's bank and other borrowings (note 24).

As at 31 December 2020, title certificates of buildings with net book value of RMB3,699 million (2019: RMB1,990 million) were still in the process of being obtained.

7 Investment properties

	2020 RMB million	2019 RMB million
At 1 January	12,923	16,435
Acquisitions of subsidiaries (note 41)	165	–
Transfer from properties under development and completed properties held for sale	4,383	1,278
Other additions	456	341
Transfer from right-of-use assets	–	153
Revaluation gains upon transfer from right-of-use assets	–	121
Revaluation gains upon transfer from properties under development and completed properties held for sale	790	340
Fair value changes	(777)	(214)
Transfer to properties under development	(1,134)	(1,655)
Disposals of subsidiaries	(1,147)	(3,876)
At 31 December	15,659	12,923
Gains arising from changes in fair value of and transfer to investment properties represent:		
– revaluation gains upon transfer of properties under development and completed properties held for sale	790	340
– fair value changes	(777)	(214)
	13	126

7 Investment properties (Continued)

The Group's policy is to recognise change of fair value hierarchy levels as of the date of the event or change in circumstances that caused the change. At 31 December 2020 and 2019, the Group had only level 3 investment properties.

Valuation processes of the Group

The Group's investment properties were valued at transfer or business acquisition dates, and at 31 December 2020 and 2019 by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent and professionally qualified valuer who hold recognised relevant professional qualifications and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates the highest and best use.

Discussions of valuation processes and results are held between management and the valuers on a semi-annual basis, in line with the Group's interim and annual reporting dates.

At each half year-end, management:

- Verifies all major inputs to the independent valuation reports;
- Assesses property valuations movements when compared to the prior year valuation reports; and
- Holds discussions with the independent valuer.

Valuation techniques

Valuations are based on:

- (i) Direct comparison approach assuming sale of each of these properties in its existing state with the benefit of vacant possession. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as locations and property size; or
- (ii) Income capitalisation approach taking into account the current rents of the property interests and the reversionary potentials of the tenancies, term yield and reversionary yield are then applied respectively to derive the market value of the property; or
- (iii) Residual method of valuation which is commonly used in valuing development sites by establishing the market value of the properties on an "as-if" completed basis with appropriate deduction on land and construction costs, professional fees, contingency, marketing and legal cost, and interest payments to be incurred as well as anticipated developer's profits.

There were no changes to the valuation techniques during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 Investment properties (Continued)**Valuation techniques** (Continued)

Information about fair value measurements using significant unobservable inputs (level 3)

	Fair value as at 31 December 2020 RMB million	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	14,532	Income capitalisation	The rate of return/ capitalisation rate Monthly rental (RMB/square meter/ month)	3.0%–6.0% per annum 46–248
		Direct comparison	Adjusted market price (RMB/square meter)	3,700–36,900
Investment properties under construction	1,127	Residual method	Budgeted construction costs to be incurred (RMB/square meter) Remaining percentage to completion Anticipated developer's profit margin	170–2,100 6%–62% 15%–20%

7 Investment properties (Continued)

Valuation techniques (Continued)

Information about fair value measurements using significant unobservable inputs (level 3) (Continued)

	Fair value as at 31 December 2019 RMB million	Valuation techniques	Unobservable inputs	Range of unobservable inputs
Completed investment properties	11,784	Income capitalisation	The rate of return/ capitalisation rate Monthly rental (RMB/square meter/ month)	3.0%–6.0% per annum 17–298
		Direct comparison	Adjusted market price (RMB/square meter)	3,700–36,800
Investment properties under construction	865	Residual method	Budgeted construction costs to be incurred (RMB/square meter) Remaining percentage to completion Anticipated developer's profit margin	54–1,815 1%–29% 6%–20%
Investment properties as sublease	274	Income capitalisation	The rate of return Monthly rental (RMB/ square meter/month)	3.5% per annum 78–121

Relationships of unobservable inputs to fair value are as follows:

- The higher rate of return/capitalisation rate, the lower fair value;
- The higher expected vacancy rate, the lower fair value;
- The higher monthly rental, the higher fair value;
- The higher market price, the higher fair value;
- The higher budgeted construction cost to be incurred, the lower fair value;
- The higher remaining percentage to completion, the lower fair value; and
- The higher the anticipated developer's profit margin, the lower fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7 Investment properties (Continued)**Valuation techniques** (Continued)**Amounts recognised in profit or loss for investment properties**

	2020 RMB million	2019 RMB million
Rental income (note 5)	526	412
Direct operating expenses	(230)	(119)
	296	293

As at 31 December 2020, no investment properties (2019: RMB43 million) were pledged as collateral for the Group's bank and other borrowings (note 24).

Leasing arrangements

The investment properties are generally leased to tenants under operating leases with rentals payable monthly. There are no other variable lease payments that depend on an index or rate.

Although the Group is exposed to changes in the residual value at the end of the current leases, the Group typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

For minimum lease payments receivable on leases of investment properties, refer to note 38(b).

8 Properties under development

	2020 RMB million	2019 RMB million
Properties under development expected to be completed and delivered:		
– Within one operating cycle included under current assets	1,034,664	810,300
– Beyond one operating cycle included under non-current assets	106,696	134,150
	1,141,360	944,450
Amounts comprise:		
– Construction costs including depreciation and staff cost capitalised	581,025	448,359
– Land costs	534,303	472,920
– Borrowing costs capitalised	26,032	23,171
	1,141,360	944,450

One operating cycle of the Group's property development generally ranges from one to two years.

At 31 December 2020, properties under development included the costs to fulfil those contracts, the revenue of which is recognised over time, amounting to RMB25,849 million (2019: RMB21,807 million).

8 Properties under development (Continued)

Cost of sales for the year included RMB9,684 million (2019: RMB10,986 million) of costs brought forward from prior year to fulfil those contracts revenue of which is recognised over time.

The capitalisation rate used to determine the amount of interest on general borrowings incurred eligible for capitalisation in 2020 was 6.35% per annum (2019: 6.65% per annum).

The properties under development of the Group are located in:

	2020 RMB million	2019 RMB million
Mainland China	1,126,286	923,942
United States	4,376	4,841
Malaysia	2,033	4,474
Australia	2,358	2,124
Indonesia	2,068	1,957
Hong Kong	877	4,107
Others	3,362	3,005
	1,141,360	944,450

As at 31 December 2020, land use rights included in properties under development of RMB83,000 million (2019: RMB86,736 million) were pledged as collateral for the Group's bank and other borrowings (note 24).

9(a) Subsidiaries

The principal subsidiaries at 31 December 2020 are listed in note 44.

The directors of the Company consider that none of the non-controlling interests of the individual subsidiaries were significant to the Group and thus the individual financial information of these subsidiaries are not disclosed.

9(b) Investments in joint ventures

	2020 RMB million	2019 RMB million
At 1 January	34,954	27,891
Additions	6,087	7,478
Disposals	(1,993)	(3,196)
Dividends	(327)	–
Share of results	2,290	2,781
– Gains arising from negative goodwill	–	82
– Others	2,290	2,699
At 31 December	41,011	34,954

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9(b) Investments in joint ventures *(Continued)*

The balance comprises the following:

	2020	2019
	RMB million	RMB million
Unlisted investments		
– Share of net assets	40,579	34,512
– Goodwill	432	442
	41,011	34,954

Additions during the year mainly included the acquisitions of shares in a number of property development companies and the investments in a number of newly established property development companies together with certain third parties. None of these acquisitions was individually significant to the Group. Summary of the acquisitions during the year is as follows:

Total identifiable net assets of joint ventures acquired

	RMB million
Assets	11,508
Liabilities	(11,309)
Total identifiable net assets	199

Reconciliation to the Group's interests in the joint ventures

	RMB million
Fair values of the consideration for the acquisitions	108
Fair values of the Group's share of identifiable net assets	(67)
Goodwill	41

9(b) Investments in joint ventures (Continued)

The goodwill arose from the acquisitions of certain property development companies, which is mainly attributable to economies of scale expected from the acquisitions.

As at 31 December 2020, certain borrowings of joint ventures were guaranteed by the Group (note 37) and/or secured by the Group's certain interests in joint ventures with an aggregate carrying value of RMB4,293 million (2019: RMB5,448 million). As at 31 December 2020, there were no significant commitments relating to the Group's interests in the joint ventures.

The directors of the Company consider that none of the joint ventures as at 31 December 2020 and 2019 was significant to the Group and thus the individual financial information of the joint ventures was not disclosed. The summarised financial information of individually immaterial joint ventures on an aggregate basis is as follows:

	2020 RMB million	2019 RMB million
Carrying amount in the consolidated financial statements	41,011	34,954
Share of profit for the year	2,290	2,781
Share of total comprehensive income for the year	2,290	2,781

9(c) Investments in associates

	2020 RMB million	2019 RMB million
At 1 January	17,159	18,768
Additions	2,884	1,946
Disposals	(1,459)	(5,882)
Dividends	(122)	–
Share of results	3,968	2,327
– Gains arising from negative goodwill	9	–
– Others	3,959	2,327
At 31 December	22,430	17,159

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9(c) Investments in associates (Continued)

Additions during the year mainly included the acquisitions of shares in a number of property development companies and the investments in a number of newly established property development companies together with third parties. None of the acquisition was individually significant to the Group. Summary of the acquisitions during the year is as follows:

Total identifiable net assets of associates acquired

	RMB million
Assets	29,056
Liabilities	(12,293)
Total identifiable net assets	16,763

Reconciliation to the Group's interests in the associates

	RMB million
Fair values of the consideration for the acquisitions	669
Fair values of the Group's share of identifiable net assets	(678)
Negative goodwill	(9)

The negative goodwill was mainly resulted from the fact that the associates partners intended to cooperate with the Group to resolve liquidity issues or bring in industry expertise.

As at 31 December 2020, certain borrowings of associates were guaranteed by the Group (note 37) and/or secured by the Group's certain interests in associates with an aggregate carrying value of RMB1,186 million (2019: RMB3,164 million).

9(c) Investments in associates *(Continued)*

The directors of the Company consider that none of the associates as at 31 December 2020 and 2019 was significant to the Group and thus the individual financial information of the associates was not disclosed. The summarised financial information of individually immaterial associates on an aggregate basis is as follows:

	2020	2019
	RMB million	RMB million
Carrying amount in the consolidated financial statements	22,430	17,159
Share of profits for the year	3,968	2,327
Share of total comprehensive income for the year	3,968	2,327

10 Financial assets at fair value through other comprehensive income

	2020	2019
	RMB million	RMB million
Listed equity securities	2,648	595
Unlisted equity investments	1,337	2,687
	3,985	3,282

The investments mainly represent equity investments in various investment fund companies, investment holding companies and venture capital fund companies. The fair values of these investments were determined mainly based on direct comparison approach by making reference to quoted market price or recent transaction prices of similar deals.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11 Completed properties held for sale

	2020	2019
	RMB million	RMB million
Completed properties held for sale	49,587	45,781

The completed properties held for sale are mainly located in Mainland China.

12 Inventories

	2020	2019
	RMB million	RMB million
Construction materials and other inventories	10,907	11,781

Inventories were mainly charged to properties under development upon utilisation.

13 Trade and other receivables

	2020	2019
	RMB million	RMB million
Included in current assets		
– Trade receivables – net (note (a))	35,742	39,863
– Other receivables – net (note (b))	272,910	296,884
– Loans to third parties – net (note (c))	11	14
– Prepayments for land (note (d))	67,009	49,597
– Other prepayments (note (e))	35,265	51,837
	410,937	438,195
Included in non-current assets		
– Deposits for acquisitions of companies (note (f))	13,968	14,056
	424,905	452,251

As at 31 December 2020, the carrying value of trade and other receivables approximated their fair value.

13 Trade and other receivables (Continued)

(a) Details of trade receivables are as follows:

	2020	2019
	RMB million	RMB million
Trade receivables	35,955	40,034
Less: allowance for impairment	(213)	(171)
Trade receivables — net	35,742	39,863

Trade receivables mainly arise from sales of properties. Property buyers are generally granted credit terms of 1 to 6 months. The ageing analysis of trade receivables based on property delivery date is as follows:

	2020	2019
	RMB million	RMB million
Within 90 days	30,238	35,156
Over 90 days and within 180 days	2,593	2,558
Over 180 days and within 365 days	2,542	1,665
Over 365 days	582	655
	35,955	40,034

As at 31 December 2020 and 2019, trade receivables were mainly denominated in RMB.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2020, a provision of RMB213 million (2019: RMB171 million) was made against the gross amounts of trade receivables (note 3 (a)(iii)).

There is no concentration of credit risk with respect to trade receivables as the Group has a large number of buyers. Trade receivables were collateralised by the titles of the properties sold.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 Trade and other receivables (Continued)

(b) Details of other receivables are as follows:

	2020	2019
	RMB million	RMB million
Amounts due from joint ventures, associates and other related parties	99,506	114,474
Land auction and other deposits	9,106	14,357
Others (i)	169,088	171,436
	277,700	300,267
Less: allowance for impairment	(4,790)	(3,383)
Other receivables — net	272,910	296,884

(i) These receivables mainly included current accounts due from the other shareholders of certain subsidiaries, joint ventures and associates of the Group for various payments on their behalf, which are mainly interest-free, unsecured and repayable according to contract terms.

(c) As at 31 December 2020, loans to third parties bear interest at rates of 10% per annum (2019: 10% per annum), of which RMB12 million (2019: RMB16 million) were secured by certain properties and land use rights of the third parties.

	2020	2019
	RMB million	RMB million
Loans to third parties	12	16
Less: allowance for impairment	(1)	(2)
Loans to third parties — net	11	14

(d) Prepayments for land are related to prepaid land acquisition costs while relevant land use right certificates have not been obtained as at 31 December 2020.

(e) Other prepayments mainly included prepaid value-added taxes and prepayments for purchases of construction materials and services.

(f) Amounts represent deposits paid for acquisitions of certain property development companies which have not been completed as at the year end.

14 Contract assets and contract acquisition costs

Details of contract assets and contract acquisition costs are as follows:

	2020	2019
	RMB million	RMB million
Contract assets related to sales of properties (note (i))	7,200	10,422
Contract assets related to construction services (note (i))	6,067	4,500
Contract acquisition costs (note (ii))	8,693	9,098
Total contract assets and contract acquisition costs	21,960	24,020

Notes:

- (i) Contract assets consist of unbilled amount resulting from sale of properties and construction when revenue recognised exceeds the amount billed to the buyer.
- (ii) Management expected the contract acquisition costs, represented primarily sale commission and stamp duty paid/payable for obtaining property sale contracts are recoverable. The Group has deferred them and will charge them to profit or loss when the related revenue is recognised. For the year ended 31 December 2020, the total amount charged to profit or loss was RMB4,196 million (2019: RMB3,717 million) and there was no impairment loss in relation to the remaining balance.

15 Restricted cash

The balance mainly represented unreleased guarantee deposits for construction of pre-sale properties denominated in RMB and RM placed in designated bank accounts as at 31 December 2020, and will be released in accordance with certain construction progress milestones.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 Cash and cash equivalents

	2020	2019
	RMB million	RMB million
Cash at banks and on hand	183,623	265,798
Short-term bank deposits	–	2,550
	183,623	268,348
Less: restricted cash (note 15)	(16,470)	(19,363)
	167,153	248,985

Cash and deposits are denominated in the following currencies:

	2020	2019
	RMB million	RMB million
Denominated in RMB	178,231	259,193
Denominated in HKD	1,220	969
Denominated in USD	1,349	3,086
Denominated in RM	2,245	4,294
Denominated in other currencies	578	806
	183,623	268,348

The conversion of RMB and RM denominated balances into other currencies and the remittance of bank balances and cash out of the PRC and Malaysia are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC and Malaysian governments.

As at 31 December 2020, the balance of guarantee deposits for construction of pre-sale properties included in cash and cash equivalents was approximately RMB51,064 million.

17 Financial assets at fair value through profit or loss

	2020 RMB million	2019 RMB million
Listed equity security (note (a))	1,540	195
Unlisted equity investments (note (a))	3,273	–
Wealth management products (note (b))	1,783	7,738
	6,596	7,933

(a) The investments mainly represent listed and unlisted equity investments in various industries. The fair values of these investments were determined mainly based on direct comparison approach by making reference to quoted market price, recent transaction prices of similar deals or valuation reports.

(b) Wealth management products are mainly investments in financial products issued by financial institutions. The carrying values of these investments approximated their fair values as at 31 December 2020.

18 Trade and other payables

	2020 RMB million	2019 RMB million
Trade payables (note (a))	389,384	329,305
Other payables (note (b))	211,768	203,467
Other taxes payable (note (c))	49,275	51,427
Salaries payable	9,866	10,349
	660,293	594,548

As at 31 December 2020, the carrying amounts of trade and other payables approximated their fair values.

(a) The ageing analysis of trade payables based on the date of invoice is as follows:

	2020 RMB million	2019 RMB million
Within 90 days	325,453	274,669
Over 90 days and within 180 days	52,330	43,438
Over 180 days and within 365 days	7,449	7,273
Over 365 days	4,152	3,925
	389,384	329,305

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18 Trade and other payables (Continued)

- (b) Other payables mainly included deposits from property buyers and current accounts due to certain joint ventures, associates and other shareholders of certain subsidiaries, joint ventures and associates of the Group and outstanding considerations to acquire certain subsidiaries, joint ventures and associates. These amounts are mainly interest-free, unsecured and repayable according to contract terms.
- (c) Other taxes payable mainly included output value-added taxes related to receipt in advance from customers amounted to approximately RMB68,578 million, value-added taxes payable and other taxes.

19 Contract liabilities

	2020 RMB million	2019 RMB million
Contract liabilities	695,614	646,996

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

(a) Revenue recognised in relation to contract liabilities

	2020 RMB million	2019 RMB million
Revenue recognised that was included in the contract liability balance at the beginning of the year	339,327	337,873

20 Derivative financial instruments

	2020		2019	
	Assets RMB million	Liabilities RMB million	Assets RMB million	Liabilities RMB million
<u>Qualified for hedge accounting</u>				
– Foreign currency option contracts (note (a))	40	432	321	19
– Foreign exchange structured derivatives contracts (note (b))	–	109	314	10
– Foreign exchange forward contracts (note (c))	–	1,159	423	41
– Cross currency swaps (note (d))	–	80	42	–
<u>Not qualified for hedge accounting</u>				
– Foreign exchange forward contracts	84	46	81	20
– Foreign currency option contracts	–	55	10	7
– Cross currency swaps	52	8	65	11
– Interest rate swaps	–	164	–	–
<u>Others</u>				
– Embedded financial derivative of convertible bonds (note 23)	–	1,563	–	2,756
– Purchased call options (note (f))	737	–	1,839	–
	913	3,616	3,095	2,864
Analysed as:				
Current	101	1,084	447	32
Non-current	812	2,532	2,648	2,832
	913	3,616	3,095	2,864

The total notional principal amounts of the derivative financial instruments for hedging purpose at 31 December 2020 were RMB74,620 million (2019: RMB87,936 million), of which RMB61,401 million (2019: RMB70,286 million) were qualified for hedge accounting (cash flow hedge). These contracts will mature during the years from 2021 to 2026 (2019: 2020 to 2026).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20 Derivative financial instruments (Continued)

The effects of applying hedge accounting on the Group's financial position and performance are as follows:

(a) Derivative financial instruments – foreign currency option contracts

	2020	2019
Carrying amount (RMB million)	(392)	302
Notional amount (RMB million)	29,395	23,218
Maturity date	13 January 2021 to 11 December 2026	8 January 2020 to 11 December 2026
Hedge ratio*	1:1	1:1
Change in foreign exchange risk component of outstanding hedging instruments during the year (RMB million)	(851)	210
Change in value of hedged item used to determine hedge effectiveness during the year (RMB million)	894	(94)
Strike rate (USD:RMB range)	6.5800–7.1250	6.4800–7.0490

(b) Derivative financial instruments – foreign exchange structured derivatives contracts (note (i))

	2020	2019
Carrying amount (RMB million)	(109)	304
Notional amount (RMB million)	3,654	11,650
Maturity date	22 July 2022 to 25 July 2022	9 March 2020 to 25 July 2022
Hedge ratio*	1:1	1:1
Change in foreign exchange risk component of outstanding hedging instruments during the year (RMB million)	(393)	117
Change in value of hedged item used to determine hedge effectiveness during the year (RMB million)	399	(173)
Strike rate (USD:RMB range)	6.6250–6.8000	6.4930–6.9370

- (i) Foreign exchange structured derivatives contracts are cross-currency swaps with options against exchange rate risk of interest and principal repayment.

20 Derivative financial instruments (Continued)

(c) Derivative financial instruments – Foreign exchange forward contracts

	2020	2019
Carrying amount (RMB million)	(1,159)	382
Notional amount (RMB million)	26,586	31,943
Maturity date	13 January 2021 to 17 January 2025	24 September 2020 to 12 April 2023
Hedge ratio*	1:1	1:1
Change in foreign exchange risk component of outstanding hedging instruments during the year (RMB million)	(1,964)	273
Change in value of hedged item used to determine hedge effectiveness during the year (RMB million)	1,927	(286)
Strike rate (USD:RMB range)	6.6000–7.0960	6.6000–7.0960
Strike rate (HKD:RMB range)	0.9010	0.9010

(d) Derivative financial instruments – Cross currency swaps

	2020	2019
Carrying amount (RMB million)	(80)	42
Notional amount (RMB million)	1,766	3,475
Maturity date	19 October 2021	7 December 2020 to 19 October 2021
Hedge ratio*	1:1	1:1
Change in foreign exchange risk component of outstanding hedging instruments during the year (RMB million)	(261)	168
Change in value of hedged item used to determine hedge effectiveness during the year (RMB million)	233	(149)
Strike rate (HKD:RMB range)	0.8600–0.8760	0.8600–0.8790

* The foreign currency option contracts, foreign exchange structured derivatives contracts, foreign exchange forward contracts and cross currency swap are denominated in the same currency as the highly probable future debt payments (USD and HKD), therefore the hedge ratio is 1:1.

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20 Derivative financial instruments (Continued)

(e) Reserves

	2020 RMB million	2019 RMB million
<u>Cash flow hedge reserve</u>		
At 1 January	(15)	21
Change in fair value of hedging instrument recognised in other comprehensive income for the year (effective portion)	(3,469)	768
Reclassified to profit or loss	3,354	(804)
At 31 December	(130)	(15)
	2020 RMB million	2019 RMB million
<u>Deferred costs of hedging reserve — deferred time value</u>		
At 1 January	(157)	(644)
Gains of hedging deferred for the year	433	60
Reclassified to profit or loss	410	427
At 31 December	686	(157)

- (f) In November 2018, the Group entered into call option transactions involving: i) the sale of call options by certain third parties to the Group with a strike price equal to the conversion price of the 2023 Convertible Bonds at a total premium of approximately HKD2,793 million (the “Purchased Call Options”); and ii) the sale of call options by the Group to certain third parties with a strike price of HKD17.908 (subsequent adjusted to HKD16.94) at a total premium of approximately HKD1,528 million (the “Written Call Options”). The Purchased Call Options and the Written Call Options are expected generally to reduce or offset the potential dilution upon conversion of the 2023 Convertible Bonds and/or offset any cash payments the Group is required to make in excess of the principal amount of the 2023 Convertible Bonds being converted, as the case may be. The Purchased Call Options and the Written Call Options will cover, subject to anti-dilution adjustments substantially similar to those applicable to the 2023 Convertible Bonds, the equivalent number of ordinary shares of the Company underlying the 2023 Convertible Bonds. The premium paid for the Purchased Call Options and the premium received and receivable for the Written Call Options are accounted for as derivative financial assets and other reserve within equity (note 27) respectively in the consolidated statement of financial position.

21 Senior notes

	2020	2019
	RMB million	RMB million
At 1 January	64,893	41,716
Additions (note (a))	24,131	23,081
Early redemption (note (a))	(5,151)	–
Repayment on maturity (note (a))	(6,233)	(1,723)
Interest expenses	4,398	3,909
Coupon interest paid	(3,735)	(3,361)
Currency translation differences	(4,893)	1,271
At 31 December	73,410	64,893
Less : current portion included in current liabilities	(2,219)	(7,343)
Included in non-current liabilities	71,191	57,550

Senior notes were repayable as follows:

	2020	2019
	RMB million	RMB million
Within 1 year	2,219	7,343
Between 1 and 2 years	10,881	6,072
Between 2 and 5 years	33,014	31,009
Over 5 years	27,296	20,469
	73,410	64,893

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 Senior notes (Continued)

(a) The Group has issued the following senior notes:

Name of notes	Par value Million	Interest rate	Issue date	Term of the notes
Carried forward from prior years and remained outstanding at 31 December 2020:				
2023 Notes II	USD650	4.750%	28 September 2016	7 years
2026 Notes	USD350	5.625%	15 December 2016	10 years
2022 Notes	USD700	4.750%	25 July 2017	5 years
2023 Notes III — tranche I	USD250	4.750%	17 January 2018	5 years
2023 Notes III — tranche II *	USD375	4.750%	31 July 2018	4.5 years
2025 Notes — tranche I	USD600	5.125%	17 January 2018	7 years
2025 Notes — tranche II **	USD150	5.125%	4 September 2018	6.4 years
2021 Notes II	RMB950	5.800%	12 March 2018	3 years
2022 Notes II	USD425	7.125%	27 September 2018	3.5 years
2024 Notes — tranche I	USD550	8.000%	27 September 2018	5.5 years
2022 Notes III	USD550	7.125%	25 January 2019	3 years
2024 Notes — tranche II ***	USD450	8.000%	25 January 2019	5 years
2024 Notes II	USD550	6.500%	8 April 2019	5 years
2026 Notes II — tranche I	USD950	7.250%	8 April 2019	7 years
2026 Notes II — tranche II ****	USD400	7.250%	18 July 2019	6.7 years
2025 Notes II	USD500	6.150%	17 September 2019	6 years
Issued during the year:				
2027 Notes	USD550	5.125%	14 January 2020	7 years
2030 Notes	USD450	5.625%	14 January 2020	10 years
2025 Notes III	USD544	5.400%	27 May 2020	5 years
2026 Notes III	USD500	4.200%	6 August 2020	5.5 years
2030 Notes II	USD500	4.800%	6 August 2020	10 years
2025 Notes IV	USD500	3.125%	22 October 2020	5 years
2030 Notes III	USD500	3.875%	22 October 2020	10 years
Repaid during the year on maturity or before maturity:				
2020 Notes	USD900	7.500%	9 March 2015	5 years
2021 Notes	USD750	7.250%	4 October 2013	7.5 years

21 Senior notes *(Continued)*

- * 2023 Notes III — tranche II was consolidated and form a single series with the 2023 Notes III — tranche I.
- ** 2025 Notes — tranche II was consolidated and form a single series with the 2025 Notes — tranche I.
- *** 2024 Notes — tranche II was consolidated and form a single series with the 2024 Notes — tranche I.
- **** 2026 Notes II — tranche II was consolidated and form a single series with the 2026 Notes II — tranche I.

(i) The weighted average effective interest rate of the senior notes is 6.08% (2019: 7.45%).

- (b) As at 31 December 2020, all senior notes are listed on SGX, and contain various early redemption options and put option.

Early redemption options exercisable by the Group are regarded as embedded derivatives not closely related to the host contract. The directors of the Company consider that the fair value of the above early redemption options was insignificant on initial recognition and at 31 December 2020 and 2019.

The holders of the 2026 Notes have a put option to request the Company to repurchase the 2026 Notes on 15 December 2021 at the price equal to 100% of the principle amounts of the 2026 Notes. The directors of the Company consider that the fair value of this put option was insignificant on initial recognition and at 31 December 2020 and 2019.

The fair values of the senior notes at 31 December 2020 were approximately RMB77,724 million (2019: RMB67,759 million). The fair value is calculated using the market prices of the senior notes on the date of consolidated statement of financial position as they are listed on SGX and the fair value measurement is categorised within level 1 of the fair value hierarchy.

- (c) The Group's senior notes are guaranteed by certain subsidiaries of the Group and are subject to the fulfilment of covenants relating to certain debt servicing financial indicators. The Group regularly monitors its compliance with these covenants. As at 31 December 2020, none of these covenants had been breached.

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22 Corporate bonds

	2020	2019
	RMB million	RMB million
At 1 January	46,400	41,908
Additions (note (a))	22,155	11,743
Repayment	(28,039)	(7,650)
Interest expenses	2,723	2,928
Coupon interest paid	(2,691)	(2,566)
Currency translation differences	(68)	37
At 31 December	40,480	46,400
Less : current portion included in current liabilities	(25,784)	(28,850)
Included in non-current liabilities	14,696	17,550

The Group's corporate bonds are repayable as follows:

	2020	2019
	RMB million	RMB million
Within 1 year	25,784	28,850
Between 1 and 2 years	5,226	11,884
Between 2 and 5 years	9,308	5,666
Over 5 years	162	-
	40,480	46,400

22 Corporate bonds (Continued)

(a) The Group's corporate bonds comprised the followings as at 31 December 2020:

Name of bond	Par value RMB million	Interest rate	Issue date	Term of the bond
RMB corporate bonds tranche I of the Company issued in 2016*	3,775	6.30%	2 March 2020	1 year
RMB corporate bonds tranche III of the Company issued in 2016	510	5.60%	2 August 2019	2 years
RMB corporate bonds tranche IV of the Company issued in 2016 — series II (note (c))	5,830	5.65%	2 September 2016	7 years
RMB corporate bonds of Giant Leap issued in 2016 — series II (notes (b) and (c))	2,000	3.90%	21 October 2016	7 years
RMB private corporate bonds of Giant Leap issued in 2019 — tranche I (notes (b))*	1,765	4.30%	26 April 2020	1 year
RMB Ultra-short-term financing bonds of Giant Leap issued in 2020 — tranche I (notes (b))	200	3.00%	23 April 2020	270 days
RMB Ultra-short-term financing bonds of Giant Leap issued in 2020 — tranche II (notes (b))	2,000	3.94%	28 July 2020	270 days
RMB Ultra-short-term financing bonds of Giant Leap issued in 2020 — tranche III (notes (b))	800	3.62%	19 August 2020	270 days
RMB corporate bonds of Giant Leap issued in 2020 - tranche I (notes (b) and (c))	2,000	4.28%	15 September 2020	4 years
RMB corporate bonds of Giant Leap issued in 2020 — tranche II (notes (b) and (c))	2,000	4.64%	23 November 2020	4 years
RMB private corporate bonds of Country Garden Property issued in 2018 — tranche I*	318	6.60%	16 November 2020	1 year
RMB private house leasing bonds of Country Garden Property issued in 2019 — tranche I (note (c))	567	5.95%	1 April 2019	4 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 Corporate bonds (Continued)

(a) The Group's corporate bonds comprised the followings as at 31 December 2020: (Continued)

Name of bond	Par value RMB million	Interest rate	Issue date	Term of the bond
RMB corporate bonds of Country Garden Property issued in 2019 — tranche I (note (c))	590	5.03%	2 April 2019	5 years
RMB corporate bonds of Country Garden Property issued in 2019 — tranche II (note (c))	2,210	5.14%	1 August 2019	4 years
RMB private bonds of Country Garden Property issued in 2019 — tranche I (note (c))	1,850	6.80%	26 September 2019	4 years
RMB corporate bonds of Country Garden Property issued in 2019 — tranche III (note (c))	3,000	4.98%	20 November 2019	4 years
RMB corporate bonds of Country Garden Property issued in 2020 — tranche I (note (c))	3,400	4.20%	1 April 2020	5 years
RMB corporate bonds of Country Garden Property issued in 2020 — tranche II (note (c))	1,360	4.19%	7 July 2020	5 years
RMB corporate bonds of Country Garden Property issued in 2020 — tranche III (note (c))	2,000	4.38%	24 September 2020	5 years
RMB corporate bonds of Country Garden Property issued in 2020 — tranche IV (note (c))	1,778	4.15%	3 November 2020	5 years
RM private corporate bonds of Malaysia Country Garden issued in 2018 (note (b))	325	6.60%	23 February 2018	5 years
RM private corporate bonds of Malaysia Country Garden issued in 2019 - tranche III (note (b))	213	6.40%	18 March 2019	3 years
RM private corporate bonds of Malaysia Country Garden issued in 2019 — tranche IV (note (b))	116	6.40%	8 May 2019	3 years
RM private corporate bonds of Malaysia Country Garden issued in 2020 — tranche V (note (b))	166	5.70%	2 March 2020	7 years
RM private corporate bonds of Malaysia Country Garden issued in 2020 — tranche VI (note (b))	166	4.75%	2 March 2020	1 year

22 Corporate bonds (Continued)

- (a) The Group's corporate bonds comprised the followings as at 31 December 2020: (Continued)

Name of bond	Par value RMB million	Interest rate	Issue date	Term of the bond
RM private corporate bonds of Malaysia Country Garden issued in 2020 — tranche VII (note (b))	481	5.25%	27 March 2020	5 years
THB private corporate bonds of Risland (Thailand) Company Limited issued in 2019 (notes (b))	334	4.75%	24 July 2019	3 years

* Refinanced during the year.

The weighted average effective interest rate of the corporate bonds is 5.10% (2019: 6.09%).

- (b) The corporate bonds issued by Giant Leap, Malaysia Country Garden and Risland (Thailand) Company Limited were guaranteed by certain subsidiaries of the Group.
- (c) RMB corporate bonds tranche IV of the Company issued in 2016 — series II, RMB corporate bonds of Giant Leap issued in 2016 — series II, RMB corporate bonds of Giant Leap issued in 2020 — tranche I, RMB corporate bonds of Giant Leap issued in 2020 — tranche II and RMB corporate bonds issued in 2019 and 2020 by Country Garden Property contain a debt component, put options and coupon rate adjustment options.

Debt component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The directors of the Company consider that the fair values of the above put options and coupon rate adjustment options were insignificant on initial recognition and at 31 December 2019 and 2020.

- (d) Certain corporate bonds will mature within one year to the contractual repricing dates, which is included in current liabilities of the consolidated statement of financial position.

The fair values of the corporate bonds at 31 December 2020 were RMB41,131 million (2019: RMB47,818 million). Except for RMB private corporate bonds issued by Giant Leap and Country Garden Property in 2019 and 2020, all RMB public corporate bonds issued by Giant Leap and Country Garden Property in 2019 and 2020 are categorised within level 1 of the fair value hierarchy as they are listed on the Shanghai Stock Exchange and National Association of Financial Market Institutional Investors. The fair value measurement of other corporate bonds is categorised within level 3 of the fair value hierarchy as they are private placements. The fair values of these corporate bonds are calculated based on the discounted cash flows of the principal and interest payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23 Convertible bonds

On 16 January 2018, the Group entered into a subscription agreement for HKD-settled convertible bonds in an aggregate principal amount of HKD15,600 million (equivalent to approximately RMB12,634 million) due 27 January 2019 (the “2019 Convertible Bonds”). The Group has redeemed all of the outstanding 2019 Convertible Bonds upon maturity.

On 21 November 2018, the Group entered into a subscription agreement for HKD-settled convertible bonds in an aggregate principal amount of HKD7,830 million (equivalent to approximately RMB6,868 million) due 5 December 2023 (the “2023 Convertible Bonds”), with an initial conversion price of HKD12.584 per share. On 5 December 2018, the 2023 Convertible Bonds were issued. The conversion price was subsequently modified to HKD11.15 per share as a result of payment of dividend in 2019 and 2020. The initial value of the liability component was calculated using a market interest rate for an equivalent non-convertible bond of the Company. As at 31 December 2020, the fair value of the embedded financial derivative of convertible bond was RMB1,563 million (2019: RMB2,756 million) (note 20).

Movement of the 2019 Convertible Bonds and the 2023 Convertible Bonds is set out as follows:

	2020	2019
	RMB million	RMB million
Liability component as at 1 January	5,517	13,168
Early redemption	(223)	–
Redemption	–	(7,869)
Interest expenses	595	628
Coupon interest paid	(304)	(373)
Currency translation differences	(313)	(37)
Liability component as at 31 December	5,272	5,517
Less: current portion included in current liabilities	(20)	(22)
Included in non-current liabilities	5,252	5,495

Interest expenses are calculated by applying the effective interest rate of 11.84% per annum to the liability component (2019: 11.84% per annum).

23 Convertible bonds (Continued)

- (a) The 2023 Convertible Bonds are guaranteed by the Company and certain subsidiaries of the Group and secured by the equity interests in certain subsidiaries of the Group.
- (b) As at 31 December 2020, there has been no conversion of the 2023 Convertible Bonds. The Group partially redeemed the 2023 Convertible Bonds in the aggregate amount of HKD306 million during 2020. The loss on the early redemption was approximately RMB22 million.

24 Bank and other borrowings

	2020 RMB million	2019 RMB million
Non-current liabilities:		
– secured	121,768	133,637
– unsecured	66,478	95,879
Less: current portion of non-current liabilities	(49,141)	(56,780)
	139,105	172,736
Included in current liabilities:		
– secured	10,340	11,237
– unsecured	8,737	12,040
Current portion of non-current liabilities	49,141	56,780
	68,218	80,057
Total bank and other borrowings	207,323	252,793

The Group's borrowings as at 31 December 2020 of RMB132,108 million (2019: RMB144,874 million) were secured by the Group's equity investment interests and/or certain properties, right-of-use assets and equipment of the Group (notes 6, 7 and 8) with total carrying values of RMB87,099 million (2019: RMB91,728 million).

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24 Bank and other borrowings (Continued)

At 31 December 2020, the Group's bank and other borrowings were repayable as follows:

	2020	2019
	RMB million	RMB million
Within 1 year	68,218	80,057
Between 1 and 2 years	74,012	121,590
Between 2 and 5 years	58,868	48,499
Over 5 years	6,225	2,647
	207,323	252,793

The weighted average effective interest rate for the year ended 31 December 2020 was 6.36% per annum (2019: 6.63% per annum).

The carrying amounts of the bank and other borrowings approximated their fair values as these borrowings are mainly floating-rate borrowings.

The carrying amounts of the bank and other borrowings are denominated in the following currencies:

	2020	2019
	RMB million	RMB million
RMB	159,982	201,638
HKD	16,543	15,803
USD	22,851	26,747
RM	3,397	2,625
Other	4,550	5,980
	207,323	252,793

Certain of the Group's bank and other borrowings are subject to the fulfilment of covenants relating to certain debt servicing financial indicators. The Group regularly monitors its compliance with these covenants. As at 31 December 2020, none of these covenants had been breached.

25 Share capital and premium

	Number of ordinary shares million	Nominal value of ordinary shares HKD million	Equivalent nominal value of ordinary shares RMB million	Share premium RMB million	Total RMB million	Treasury shares RMB million	Group total RMB million
Authorised							
At 1 January 2019, 31 December 2019 and 2020, HKD0.10 per share	100,000	10,000					
Issued and fully paid							
At 1 January 2019	21,646	2,164	2,032	28,201	30,233	(2,352)	27,881
Issue of shares as a result of scrip dividend	221	22	20	2,028	2,048	–	2,048
Exercise of employee share schemes	14	2	1	143	144	–	144
Buy-back of shares	–	–	–	–	–	(322)	(322)
Cancellation of shares	(36)	(4)	(3)	(319)	(322)	322	–
At 31 December 2019	21,845	2,184	2,050	30,053	32,103	(2,352)	29,751
Issued and fully paid							
At 1 January 2020	21,845	2,184	2,050	30,053	32,103	(2,352)	29,751
Issue of shares as a result of scrip dividend (note 34)	162	16	15	1,451	1,466	–	1,466
Exercise of employee share schemes	28	3	2	183	185	93	278
At 31 December 2020	22,035	2,203	2,067	31,687	33,754	(2,259)	31,495

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26 Employee share schemes

The share-based compensation expenses recognised during the year are as follows:

	2020 RMB million	2019 RMB million
Share option scheme	145	104
Share award scheme	260	232
	405	336

(a) Share option scheme

Since 13 December 2013, the Group granted certain share options to certain directors of the Company and employees in connection with a profit sharing incentive scheme (the “Incentive Scheme”) adopted by the Group. Pursuant to the Incentive Scheme, certain portion of the bonus calculated in accordance with the Incentive Scheme to certain senior management and employees is settled in cash, while the remaining portion is settled in the Company’s shares as the consideration for the costs to exercise the share options. The vesting period of the share options is generally 5 years from their respective grant dates. The fair value of the share options at the grant date approximated the portion of bonus which is to be settled in the Company’s shares.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2020		2019	
	Weighted- average exercise price (HKD per share)	Number of options	Weighted- average exercise price (HKD per share)	Number of options
At 1 January	8.884	27,229,877	9.502	23,193,300
Granted	9.108	19,970,881	11.565	25,024,778
Exercised	9.743	(28,412,545)	10.982	(14,470,236)
Lapsed	4.773	(924,634)	–	–
Cancelled	–	–	16.720	(6,517,965)
At 31 December	7.981	17,863,579	8.884	27,229,877

26 Employee share schemes (Continued)

(a) Share option scheme (Continued)

Particulars of share options outstanding as at 31 December 2020 are as follows:

Date of grant	Expiry date	Exercise price in HKD per share	Number of share options granted	Number of share options lapsed	Number of share options exercised	Number of share options cancelled	Number of share options outstanding
30 November 2012	29 November 2022	3.646	3,044,358	–	3,044,358	–	–
13 December 2013	12 December 2023	4.773	6,264,738	1,468,704	3,018,853	–	1,777,181
16 March 2016	15 March 2026	3.332	2,431,903	–	–	–	2,431,903
11 May 2016	10 May 2026	3.106	1,599,861	–	–	–	1,599,861
19 August 2016	18 August 2026	3.740	1,265,081	–	–	–	1,265,081
22 May 2017	21 May 2027	8.250	2,895,406	–	–	–	2,895,406
24 August 2017	23 August 2027	10.100	978,409	–	–	–	978,409
8 December 2017	7 December 2027	12.980	659,817	–	–	–	659,817
21 March 2018	20 March 2028	16.460	948,535	–	–	–	948,535
10 May 2018	9 May 2028	16.280	258,092	–	–	–	258,092
18 May 2018	17 May 2018	16.720	6,517,965	–	–	6,517,965	–
22 August 2018	21 August 2028	12.240	202,300	–	–	–	202,300
6 December 2018	5 December 2028	9.654	619,907	–	–	–	619,907
25 March 2019	24 March 2029	12.044	12,770,908	–	12,356,027	–	414,881
9 May 2019	8 May 2029	12.408	750,160	–	–	–	750,160
23 August 2019	22 August 2029	9.834	1,039,436	–	–	–	1,039,436
5 December 2019	4 December 2029	11.092	10,464,274	–	9,825,134	–	639,140
30 March 2020	29 March 2030	9.030	18,587,411	–	18,587,411	–	–
12 May 2020	11 May 2030	10.040	523,467	–	–	–	523,467
24 July 2020	23 July 2030	10.160	480,615	–	–	–	480,615
3 December 2020	2 December 2030	10.332	379,388	–	–	–	379,388
							17,863,579

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26 Employee share schemes (Continued)**(a) Share option scheme** (Continued)

The Group has to estimate the expected percentage of grantees that will stay within the Group at the end of vesting periods (the “Expected Retention Rate”) of the shares option scheme in order to determine the amount of share-based compensation expenses charged to profit or loss. As at 31 December 2020, the Expected Retention Rate was assessed to be 100% (2019: 100%).

(b) Share award scheme

Pursuant to the Incentive Scheme, certain portion of the bonus to certain senior management and employees, calculated in accordance with the Incentive Scheme is settled in cash, while the remaining portion is settled in the Company’s shares (the “Awarded Shares”). The vesting period of the Awarded Shares is 5 years from their respective grant dates.

The Group planned to use treasury shares to award the grantees of the Awarded Shares. The Awarded Shares are held by a wholly-owned subsidiary of the Company, on behalf of these senior management and employees until the end of vesting periods.

The fair value of these Awarded Shares at the grant date approximated the portion of bonus which is to be settled in the Company’s shares.

Movements in the number of Awarded Shares are as follows:

	2020	2019
At 1 January	152,433,711	124,083,683
Granted	42,651,245	41,742,919
Lapsed	(11,363,690)	(13,392,891)
Exercised	(11,260,484)	–
At 31 December	172,460,782	152,433,711

The Group has to estimate the Expected Retention Rate of the share award scheme in order to determine the amount of share-based compensation expenses charged to profit or loss. As at 31 December 2020, the Expected Retention Rate was assessed to be 100% (2019: 100%).

27 Other reserves and retained earnings

	Merger reserve	Statutory reserve	Share option reserve	FVOCI reserve	Currency translation reserve	Revaluation reserve	Cash flow hedge reserve	Deferred costs of hedging reserve	Others	Total other reserves	Retained earnings	Total
Balance at 1 January 2020	(150)	11,030	1,044	272	(1,101)	960	(15)	(157)	589	12,472	109,716	122,188
Profit for the year	-	-	-	-	-	-	-	-	-	-	35,022	35,022
Transfer to statutory reserve (note (b))	-	6,831	-	-	-	-	-	-	-	6,831	(6,831)	-
Issue of shares as a result of scrip dividend (note 34)	-	-	-	-	-	-	-	-	-	-	(1,466)	(1,466)
Cash dividends	-	-	-	-	-	-	-	-	-	-	(10,554)	(10,554)
Employee share scheme												
– Value of employee services (note 26)	-	-	405	-	-	-	-	-	-	405	-	405
– Exercise of employee share schemes	-	-	(25)	-	-	-	-	-	-	(25)	-	(25)
Change in fair value of financial assets at FVOCI	-	-	-	826	-	-	-	-	-	826	-	826
Disposal of financial assets at FVOCI	-	-	-	(10)	-	-	-	-	-	(10)	10	-
Changes in ownership interests in subsidiaries without change of control (note 39)	-	-	-	-	-	-	-	-	(2,866)	(2,866)	-	(2,866)
Currency translation differences	-	-	-	-	(651)	-	-	-	-	(651)	-	(651)
Disposal of subsidiaries	-	(162)	-	-	-	(91)	-	-	-	(253)	253	-
Deferred losses on cash flow hedges	-	-	-	-	-	-	(115)	-	-	(115)	-	(115)
Deferred gains of hedging	-	-	-	-	-	-	-	843	-	843	-	843
Balance at 31 December 2020	(150)	17,699	1,424	1,088	(1,752)	869	(130)	686	(2,277)	17,457	126,150	143,607

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 Other reserves and retained earnings (Continued)

	Merger reserve	Statutory reserve	Share option reserve	FVOCI reserve	Currency translation reserve	Revaluation reserve	Cash flow hedge reserve	Deferred costs of hedging reserve	Others	Total other reserves	Retained earnings	Total
	RMB million (note (a))	RMB million (note (b))	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Balance at 1 January 2019	(150)	7,257	717	110	(563)	869	21	(644)	630	8,247	85,202	93,449
Profit for the year	-	-	-	-	-	-	-	-	-	-	39,550	39,550
Transfer to statutory reserve (note (b))	-	3,863	-	-	-	-	-	-	-	3,863	(3,863)	-
Issue of shares as a result of scrip dividend	-	-	-	-	-	-	-	-	-	-	(2,048)	(2,048)
Cash dividends	-	-	-	-	-	-	-	-	-	-	(9,468)	(9,468)
Revaluation gains on properties upon transfer from right-of-use assets	-	-	-	-	-	91	-	-	-	91	-	91
Employee share scheme												
– Value of employee services	-	-	336	-	-	-	-	-	-	336	-	336
– Exercise of employee share schemes	-	-	(9)	-	-	-	-	-	-	(9)	-	(9)
Change in fair value of financial assets at FVOCI	-	-	-	195	-	-	-	-	-	195	-	195
Disposal of financial assets at FVOCI	-	-	-	(33)	-	-	-	-	-	(33)	33	-
Effect of redemption of convertible bonds upon maturity	-	-	-	-	-	-	-	-	(220)	(220)	220	-
Changes in ownership interests in subsidiaries without change of control	-	-	-	-	-	-	-	-	179	179	-	179
Currency translation differences	-	-	-	-	(538)	-	-	-	-	(538)	-	(538)
Disposal of subsidiaries	-	(90)	-	-	-	-	-	-	-	(90)	90	-
Deferred losses on cash flow hedges	-	-	-	-	-	-	(36)	-	-	(36)	-	(36)
Deferred gains of hedging	-	-	-	-	-	-	-	487	-	487	-	487
Balance at 31 December 2019	(150)	11,030	1,044	272	(1,101)	960	(15)	(157)	589	12,472	109,716	122,188

Notes:

- (a) Merger reserve of the Group represented the difference between the share capital of subsidiaries acquired pursuant to a group reorganisation undertaken for the listing of Company on the Main Board of The Stock Exchange of Hong Kong Limited in 2007 over the nominal value of shares of the Company issued in exchange thereof.
- (b) Pursuant to the relevant rules and regulations governing foreign investment enterprise established in Mainland China and the articles of association of certain subsidiaries in Mainland China of the Group, the subsidiaries are required to transfer certain portion of their profit after taxation to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their respective registered capital.

28 Deferred income tax

The analysis of deferred income tax assets and liabilities is as follows:

	2020	2019
	RMB million	RMB million
Deferred income tax assets	36,466	27,031
Deferred income tax liabilities	(32,472)	(32,763)
	3,994	(5,732)

The movement on the net deferred income tax account is as follows:

	2020	2019
	RMB million	RMB million
At 1 January	(5,732)	(13,523)
Acquisitions of subsidiaries (note 41)	(4,054)	(7,281)
Disposals of subsidiaries	965	5,114
Charged to other comprehensive income	(31)	(102)
Credited to profit or loss (note 33)	12,846	10,060
At 31 December	3,994	(5,732)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28 Deferred income tax (Continued)

Movement in deferred income tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

Deferred income tax assets:

	Impairment of assets RMB million	Business combinations RMB million	Recognition of expenses RMB million	Elimination of unrealised profits RMB million	Tax losses RMB million	Prepaid income tax RMB million	Total RMB million
At 1 January 2019	626	627	693	771	11,784	4,200	18,701
Acquisitions of subsidiaries	-	9	-	-	-	-	9
Disposals of subsidiaries	-	(494)	(5)	-	(176)	(374)	(1,049)
Credited to profit or loss	703	-	103	559	5,485	2,520	9,370
At 31 December 2019	1,329	142	791	1,330	17,093	6,346	27,031
At 1 January 2020	1,329	142	791	1,330	17,093	6,346	27,031
Acquisitions of subsidiaries (note 41)	-	166	-	-	-	-	166
Disposals of subsidiaries	-	-	-	-	(130)	(84)	(214)
Credited to profit or loss	902	-	207	793	3,900	3,681	9,483
At 31 December 2020	2,231	308	998	2,123	20,863	9,943	36,466

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets as at 31 December 2020 of RMB40 million (2019: RMB39 million) in respect of accumulated tax losses amounting to RMB158 million as at 31 December 2020 (2019: RMB155 million).

28 Deferred income tax (Continued)

Deferred income tax liabilities:

	Business combination RMB million	Recognition of revenue over time RMB million	Withholding income tax on profit to be distributed in future RMB million	Fair value changes on investment properties RMB million	Others RMB million	Total RMB million
At 1 January 2019	(16,049)	(12,824)	(1,519)	(1,253)	(579)	(32,224)
Acquisitions of subsidiaries	(7,290)	–	–	–	–	(7,290)
Disposals of subsidiaries	6,014	121	–	28	–	6,163
Charged to other comprehensive income	–	–	–	(30)	(72)	(102)
Credited/(charged) to profit or loss	2,711	(1,613)	(569)	(60)	221	690
At 31 December 2019	(14,614)	(14,316)	(2,088)	(1,315)	(430)	(32,763)
At 1 January 2020	(14,614)	(14,316)	(2,088)	(1,315)	(430)	(32,763)
Acquisitions of subsidiaries (note 41)	(4,220)	–	–	–	–	(4,220)
Disposals of subsidiaries	1,149	–	–	30	–	1,179
Charged to other comprehensive income	–	–	–	–	(31)	(31)
Credited/(charged) to profit or loss	2,349	1,040	39	(3)	(62)	3,363
At 31 December 2020	(15,336)	(13,276)	(2,049)	(1,288)	(523)	(32,472)

As at 31 December 2020, the retained earnings of the Group's subsidiaries not yet remitted to holding companies incorporated outside Mainland China, for which no deferred income tax liability had been provided, were approximately RMB133,779 million (2019: RMB108,789 million). Such earnings are expected to be retained by the subsidiaries in Mainland China for reinvestment purposes and would not be remitted to their overseas holding companies in the foreseeable future based on management's estimation of overseas funding requirements.

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29 Other income and gains — net

	2020 RMB million	2019 RMB million
Other income		
— Management and other related service income	1,064	733
— Forfeiture income	148	127
— Government subsidy income	390	326
	1,602	1,186
Other gains		
— Gains arising from negative goodwill (note 41)	856	655
— Changes in fair value of derivative financial instruments	(488)	308
— Gains on disposals of subsidiaries (note 40)	849	967
— Gains on disposals of property, plant and equipment (note 35(b))	37	72
— Others	(40)	100
	1,214	2,102
Total other income and gains — net	2,816	3,288

30 Expenses by nature

	2020 RMB million	2019 RMB million
Costs of properties sold	358,999	355,223
Other taxes and levies	2,888	4,131
Sales commission to agents	3,414	3,112
Advertising and promotion costs	3,654	4,993
Employee benefit expenses (note 31)	15,697	19,056
Property management and other services expenses	1,163	1,270
Donations	1,574	1,431
Depreciation of property, plant and equipment (note 6)	1,536	1,099
Amortisation of intangible assets	203	117
Depreciation of right-of-use assets	328	332
Auditor's remuneration	27	36
— Audit services	19	21
— Non-audit services	8	15
Others	2,788	4,347
Total cost of sales, selling and marketing costs, administrative expenses and research and development expenses	392,271	395,147

30 Expenses by nature (Continued)

Notes:

- (a) The subsidiaries in Mainland China of the Group are subject to value-added tax ("VAT") on their revenues. The applicable tax rates are as follows:

Category	Rate of VAT
Sales of properties (i)	5%, 9%
Property construction (i)	3%, 9%
Property investment (i)	5%, 9%
Property management (ii)	3%, 6%
Hotel service (ii)	3%, 6%

- (i) VAT for sales of properties and income from property investment, in the case that the construction of properties commenced or the investment property was acquired before 1 May 2016, is calculated at a tax rate of 5% based on a simple method. VAT for small-scale VAT payer of property construction is 3%. According to the relevant regulations about Adjustment of the Value-Added Tax Rate issued by the Ministry of Finance and the State Administration of Taxation (Cai Shui [2019] No. 39), VAT for income from sales of properties, property investment and property construction adjusted from 10% to 9% since 1 April 2019.
- (ii) The rates of VAT for general VAT payers and small-scale VAT payers of property management and hotel service are 6% and 3%, respectively.

31 Employee benefit expenses

	2020 RMB million	2019 RMB million
Wages and salaries	23,360	27,567
Contributions to pension plans (note (a))	160	191
Staff welfare	366	437
Medical benefits	320	383
Share-based compensation expenses (note 26)	405	336
Other allowances and benefits	92	109
	24,703	29,023
Less: capitalised in properties under development	(9,006)	(9,967)
	15,697	19,056

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 Employee benefit expenses (Continued)

Notes:

(a) Contributions to pension plans

Employees in the Group's subsidiaries in Mainland China are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal governments. The Group's subsidiaries in Mainland China contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal governments to the scheme to fund the retirement benefits of the employees.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included one (2019: two) director of the Company whose emoluments is reflected in the analysis shown in note 45. The emoluments payable to the remaining four (2019: three) individuals during the year are as follows:

	2020 RMB million	2019 RMB million
Salaries	16	10
Discretionary bonuses	173	163
Other benefits and share-based compensation expenses	121	58
	310	231

The emoluments fell within the following bands:

	Number of individuals	
	2020	2019
HKD73,000,001 to HKD73,500,000	–	1
HKD75,000,001 to HKD75,500,000	1	–
HKD75,500,001 to HKD76,000,000	1	–
HKD79,500,001 to HKD80,000,000	1	–
HKD80,000,001 to HKD80,500,000	–	1
HKD103,500,001 to HKD104,000,000	–	1
HKD125,000,001 to HKD130,000,000	1	–

32 Finance income — net

	2020 RMB million	2019 RMB million
Finance income:		
— Interest income on bank deposits and others	4,102	2,371
— Net foreign exchange gains	3,242	—
	7,344	2,371
Finance costs:		
— Interest expenses for bank borrowings, senior notes, corporate bonds and others	(23,229)	(24,426)
— Interest expenses for lease liabilities	(49)	(63)
	(23,278)	(24,489)
Less: amounts capitalised on qualifying assets	23,278	24,489
	—	—
— Net foreign exchange losses	—	(1,200)
— Net losses on early redemption of senior notes and convertible bonds	(38)	—
	(38)	(1,200)
Finance income — net	7,306	1,171

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33 Income tax expenses

	2020	2019
	RMB million	RMB million
Current income tax		
— Corporate income tax	28,331	31,373
— Land appreciation tax (note (c))	15,926	16,424
	44,257	47,797
Deferred income tax (note 28)	(12,846)	(10,060)
	31,411	37,737

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the Group companies as follows:

	2020	2019
	RMB million	RMB million
Profit before income tax	85,529	98,939
Tax calculated at Mainland China corporate income tax rate of 25% (2019: 25%)	21,382	24,735
Different tax rates applicable to different subsidiaries of the Group	(68)	40
Land appreciation tax deductible for calculation of income tax purpose	(3,814)	(4,106)
Effects of share of post-tax results of joint ventures and associates	(1,565)	(1,277)
Income not subject to tax	(1,139)	(185)
Expenses not deductible for tax purpose	1,398	1,537
	16,194	20,744
Withholding income tax (note (d))	(39)	569
Land appreciation tax (note (c))	15,256	16,424
Income tax expenses	31,411	37,737

33 Income tax expenses (Continued)

Notes:

- (a) Hong Kong profits tax has been provided at the rate of 16.5% (2019:16.5%) on the estimated assessable profits of the Group's subsidiaries in Hong Kong.
- (b) Mainland China corporate income tax has been provided at corporate income tax rate of 25%.
- (c) Mainland China land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land and all property development expenditures.
- (d) Withholding income tax is provided for dividend distributed and undistributed profit of the Mainland China subsidiaries of the Group. The relevant overseas holding companies have successfully obtained endorsement from various Mainland China tax bureaus to enjoy the treaty benefit of 5% withholding income tax rate on dividends received from the Mainland China subsidiaries of the Group. Accordingly, withholding income tax has been provided at 5% of the dividends to be distributed by the Mainland China subsidiaries of the Group.

34 Dividends

	2020 RMB million	2019 RMB million
Proposed final dividend of RMB24.98 cents (2019: RMB34.25 cents) per share	5,504	7,492
Interim dividend of RMB20.55 cents (2019: RMB22.87 cents) per share	4,528	4,953
	10,032	12,445

The final dividend in respect of 2019 of RMB34.25 cents (equivalent to HKD37.28 cents) per share was approved in the Annual General Meeting of the Company on 21 May 2020. The final dividend totalling RMB7,492 million has been paid partly in new shares of the Company and partly in cash in August 2020. The number of ordinary shares settled and issued as scrip dividends was 162,334,185 and the total amount of dividend paid as scrip dividends was RMB1,466 million while cash dividend amounted to RMB6,026 million.

On 25 August 2020, the Board declared an interim dividend of RMB20.55 cents per share in the form of cash for the six months ended 30 June 2020, totalling RMB4,528 million (2019 interim dividend: RMB22.87 cents per share, totalling RMB4,953 million). The interim dividend has been paid in cash in November 2020.

The Board of Directors recommended the payment of a 2020 final dividend of RMB24.98 cents per share, totalling RMB5,504 million with the eligible shareholders being given an option to elect to receive the final dividend all in new shares, or partly in new shares and partly in cash, or all in cash. Such dividend is to be approved by the shareholders at the forthcoming Annual General Meeting. These consolidated financial statements do not reflect this dividend payable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 Cash flow information

(a) Cash generated from operations

	Note	2020 RMB million	2019 RMB million
Profit for the year		54,118	61,202
Adjustments for:			
Income tax expenses	33	31,411	37,737
Interest income on bank deposits and others	32	(4,102)	(2,371)
Net losses on early redemption of senior notes and convertible bonds	32	38	–
Net foreign exchange (gains)/losses	32	(3,242)	1,200
Depreciation of property, plant and equipment	30	1,536	1,099
Depreciation of right-of-use assets	30	328	332
Amortisation of intangible assets	30	203	117
Gains on disposals of property, plant and equipment	29	(37)	(72)
Net impairment losses on financial and contract assets		1,449	1,515
Share of results of joint ventures and associates	9	(6,258)	(5,108)
Gains arising from changes in fair value of and transfer to investment properties	7	(13)	(126)
Share-based compensation expense	31	405	336
Gains arising from negative goodwill	29	(856)	(655)
Changes in fair value of financial assets at FVTPL		(696)	64
Changes in fair value of derivative financial instruments	29	488	(308)
Gains on disposals of subsidiaries	29	(849)	(967)
		73,923	93,995
Changes in working capital (excluding the effects of acquisitions and disposals of subsidiaries and currency exchange differences on consolidation):			
Properties under development and completed properties held for sale		(86,928)	(97,125)
Inventories		874	(2,959)
Restricted cash		4,585	(3,455)
Trade and other receivables and contract assets and contract acquisition costs		36,144	5,749
Trade and other payables and contract liabilities		14,223	82,831
Cash generated from operations		42,821	79,036

35 Cash flow information (Continued)

(b) In the consolidated cash flow statement, proceeds from disposals of property, plant and equipment comprise:

	2020 RMB million	2019 RMB million
Property, plant and equipment		
Net book amount disposed of (note 6)	528	378
Gains on disposals (note 29)	37	72
Proceeds from disposals	565	450

(c) Reconciliation of liabilities arising from financing activities

	Bank and other borrowings RMB million	Senior notes RMB million	Corporate bonds RMB million	Convertible bonds RMB million	Receipts under securitisation arrangements RMB million	Derivative financial instruments RMB million	Lease liabilities RMB million	Total RMB million
Liabilities as at 31 December 2019	252,793	64,893	46,400	5,517	279	(231)	909	370,560
Cash flows								
– Net cash flows from financing activities	(45,570)	12,731	(5,884)	(245)	(279)	(646)	(243)	(40,136)
– Interest paid	(15,510)	(3,735)	(2,691)	(304)	(7)	–	(49)	(22,296)
– Acquisitions of subsidiaries (note 41)	13,021	–	–	–	–	–	–	13,021
– Disposals of subsidiaries	(10,934)	–	–	–	–	–	–	(10,934)
Non-cash movements								
– Changes in fair value of derivative financial instruments	–	–	–	–	–	488	–	488
– Interest expenses	15,510	4,398	2,723	595	3	–	49	23,278
– Losses on early redemption	–	16	–	22	–	–	–	38
– Foreign exchange adjustments	(1,987)	(4,893)	(68)	(313)	4	–	–	(7,257)
– Other non-cash movements	–	–	–	–	–	3,092	(11)	3,081
Liabilities as at 31 December 2020	207,323	73,410	40,480	5,272	–	2,703	655	329,843

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

35 Cash flow information (Continued)

(c) Reconciliation of liabilities arising from financing activities (Continued)

	Bank and other borrowings RMB million	Senior notes RMB million	Corporate bonds RMB million	Convertible bonds RMB million	Receipts under securitisation arrangements RMB million	Derivative financial instruments RMB million	Lease liabilities RMB million	Total RMB million
Liabilities as at 31 December 2018	231,683	41,716	41,908	13,168	794	898	–	330,167
Recognised on adoption of HKFRS 16	–	–	–	–	–	–	244	244
	231,683	41,716	41,908	13,168	794	898	244	330,411
Cash flows								
– Net cash flows from financing activities	18,519	21,358	4,093	(7,869)	(551)	(213)	(252)	35,085
– Interest paid	(16,935)	(3,361)	(2,566)	(373)	(31)	–	(63)	(23,329)
– Acquisitions of subsidiaries	21,781	–	–	–	–	–	–	21,781
– Disposals of subsidiaries	(19,542)	–	–	–	–	–	–	(19,542)
Non-cash movements								
– Changes in fair value of derivative financial instruments	–	–	–	–	–	(308)	–	(308)
– Interest expenses	16,935	3,909	2,928	628	26	–	63	24,489
– Foreign exchange adjustments	352	1,271	37	(37)	41	–	–	1,664
– Other non-cash movements	–	–	–	–	–	(608)	917	309
Liabilities as at 31 December 2019	252,793	64,893	46,400	5,517	279	(231)	909	370,560

(d) Non-cash investing and financing activities

	2020 RMB million	2019 RMB million
Dividends satisfied by the issue of shares under the scrip dividend scheme (Note 34)	1,466	2,048

36 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Group and held as treasury shares (note 25).

	2020	2019
Profit attributable to owners of the Company (RMB million)	35,022	39,550
Weighted average number of ordinary shares in issue (million)	21,641	21,375
Earnings per share — Basic (RMB yuan per share)	1.62	1.85

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had four categories of dilutive potential ordinary shares: share options, awarded shares, written call options and convertible bonds. For the share options, awarded shares and written call options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options, awarded shares and written call options. The convertible bonds are assumed to have been converted into ordinary shares. Interest savings on convertible bonds are adjusted to the extent of the amount charged to the profit attributable to owners of the Company, if applicable. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options, awarded shares and written call options and conversion of convertible bonds. Written call options were excluded from the computation of diluted earnings per share as they are anti-dilutive for the years ended 31 December 2019 and 2020.

	2020	2019
Profit attributable to owners of the Company (RMB million)	35,022	39,550
Interest expense on convertible bonds (RMB million)	46	—
Profit attributable to owners of the Company used to determine diluted earnings per share (RMB million)	35,068	39,550
Weighted average number of ordinary shares in issue (million)	21,641	21,375
Adjustments — share options, awarded shares and convertible bonds (million)	730	704
Weighted average number of ordinary shares for diluted earnings per share (million)	22,371	22,079
Earnings per share — Diluted (RMB yuan per share)	1.57	1.79

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37 Guarantees

	2020	2019
	RMB million	RMB million
Guarantees in respect of mortgage facilities for certain property buyers (note (a))	381,302	348,154
Guarantees to joint ventures, associates and other related parties in respect of liabilities (note (b))	64,603	73,239
	445,905	421,393

Notes:

- (a) These represented the guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain buyers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these buyers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted buyers to the banks and the Group is entitled to retain the legal title and take over the possession of the related properties. The above guarantees are to be discharged upon the earlier of (i) issue of the real estate ownership certificates which are generally available within three months after the buyers taking possession of the relevant properties; and (ii) the satisfaction of mortgaged loans by the property buyers.

The directors of the Company consider that in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

- (b) These mainly represented the maximum exposure of the guarantees provided for the borrowings of certain joint ventures and associates.

38 Commitments**(a) Commitments for capital expenditures**

	2020	2019
	RMB million	RMB million
Contracted but not provided for: Property, plant and equipment	688	590

38 Commitments (Continued)

(b) Operating lease rentals receivable

The lease terms are between 1 and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market price. The future aggregate minimum lease rentals receivable under non-cancellable operating leases in respect of buildings are as follows:

	2020	2019
	RMB million	RMB million
Not later than one year	322	264
Later than one year and not later than two years	254	193
Later than two years and not later than three years	203	148
Later than three years and not later than four years	162	103
Later than four years and not later than five years	127	81
Later than five years	564	497
	1,632	1,286

The investment properties are leased to tenants under operating leases with rentals payable monthly. For details of the leasing arrangements, refer to note 7.

39 Transactions with non-controlling interests

The aggregate effects of transactions with non-controlling interests on the equity attributable to owners of the Company for the year ended 31 December 2020 are as follows:

	2020
	RMB million
Changes in equity attributable to owners of the Company arising from:	
– Acquisitions of additional interests in subsidiaries (note (a))	(2,937)
– Disposals of interests in subsidiaries without loss of control (note (b))	46
– Deemed disposals of interests in subsidiaries without loss of control (note (c))	25
	(2,866)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39 Transactions with non-controlling interests (Continued)

- (a) The Group acquired additional equity interests of certain subsidiaries from the respective non-controlling interests for a total cash consideration of RMB4,109 million.

The following table summarises the effect of these acquisitions:

	2020 RMB million
Total carrying amounts of non-controlling interests acquired	1,172
Total consideration	(4,109)
Total difference recognised within equity	(2,937)

- (b) The Group disposed of certain equity interests of certain subsidiaries for a total cash consideration of RMB102 million.

The following table summarises the effect of these disposals:

	2020 RMB million
Total carrying amounts disposed to non-controlling interests	(56)
Proceeds from disposals	102
Total difference recognised within equity	46

- (c) Certain third parties injected capital which resulted in passive dilution of interests in certain subsidiaries without loss of control. The Group recognised a decrease in equity and an increase in non-controlling interests of RMB25 million.

40 Disposals of subsidiaries

During the year, the Group disposed of interests in a number of subsidiaries to certain third parties. Details of the disposals are as follows:

	RMB million
Disposal consideration	
– Cash received	5,271
– Outstanding and included in other receivables	1,350
– Fair value of investments in joint ventures and associates upon transfer from subsidiaries	950
	7,571
Less:	
– Total net assets of subsidiaries disposed of	(10,000)
– Non-controlling interest disposed of	3,278
Gains on disposals (note 29)	849
Cash proceeds from disposals, net of cash disposed of	
– Cash considerations received (note (a))	6,747
– Less: cash and cash equivalents in the subsidiaries disposed of	(10,820)
Net cash outflow on disposals	(4,073)

Note:

(a) These represented cash considerations received related to transactions during the year and in prior years.

41 Business combinations

Business combinations during the year mainly included the acquisitions of interest in various property development companies and acquisitions of additional interests in joint ventures and associates. The directors of the Company consider that none of these subsidiaries acquired during the year was significant to the Group and thus the individual financial information of these subsidiaries on the acquisition dates was not disclosed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 Business combinations (Continued)

The acquired companies' principal activities are property development and construction. The financial information of these acquired companies on the acquisition dates is summarised as follows:

	RMB million
Total purchase considerations	
— Cash paid	4,245
— Fair value of investments in joint ventures and associates held before business combinations	2,445
	6,690
Total recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	7,864
Restricted cash	1,786
Investments in joint ventures and associates	144
Property, plant and equipment	1,717
Investment properties	165
Right-of-use assets	171
Intangible assets	62
Properties under development and completed properties held for sale	125,929
Trade and other receivables	19,891
Contract assets and contract acquisition costs	1,079
Prepaid income taxes	3,111
Deferred income tax assets	166
Bank and other borrowings	(13,021)
Trade and other payables	(53,951)
Contract liabilities	(75,301)
Current income tax liabilities	(5,591)
Deferred income tax liabilities	(4,220)
	10,001
Non-controlling interests	(2,694)
Negative goodwill	(856)
Goodwill	239
	6,690
Inflow of cash to acquire business, net of cash acquired	
— cash considerations	(4,245)
— cash and cash equivalents in the subsidiaries acquired	7,864
	3,619

41 Business combinations (Continued)

Gains arising from negative goodwill was mainly due to the fact that the sellers in some acquisitions had the intention to exit from their investments in these acquired businesses due to various operational reasons or other shareholders intended to cooperate with a leading property developer in the PRC to resolve liquidity issues or bring in industry expertise.

The goodwill in other acquisitions was mainly attributable to economies of scales expected from combining the operations of the Group and the acquired entities.

The acquired businesses contributed total revenues of RMB40,053 million and net profit of RMB3,470 million to the Group for the period from their respective acquisition dates to 31 December 2020. Had these companies been consolidated from 1 January 2020, the consolidated statement income statement would show pro-forma revenue of RMB463,641 million and profit for the year of RMB53,815 million.

42 Related party transactions

The Company is ultimately controlled by Ms. Yang Huiyan (the “Ultimate Controlling Shareholder”).

Apart from those related party transactions disclosed elsewhere in the consolidated financial statements, the following transactions were carried out with related parties.

(a) Transactions with related parties

	2020 RMB million	2019 RMB million
(i) Entities controlled or significantly influenced by certain shareholders, certain directors and/or their close family members		
Purchase of design service	3,333	2,950
Construction service income	41	8
Purchase of property management and related services	1,163	1,270
Other transactions	1,034	305
	5,571	4,533
(ii) Joint ventures		
Provision of guarantee in respect of borrowings	51,632	48,570
Construction service income	6,863	3,696
Other transactions	2,339	1,261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42 Related party transactions *(Continued)***(a) Transactions with related parties** *(Continued)*

	2020	2019
	RMB million	RMB million
(iii) Associates		
Provision of guarantee in respect of borrowings	12,876	23,639
Construction service income	1,997	2,599
Other transactions	1,384	1,517

The prices for the above transactions were determined in accordance with the terms of the underlying agreements.

(b) Key management compensation

Key management includes directors and chief executive officer of the Company.

	2020	2019
	RMB million	RMB million
Fees and salaries	56	67
Discretionary bonuses	87	196
Other benefits and share-based compensation	145	75
	288	338

42 Related party transactions (Continued)

(c) Balances with related parties

Saved as disclosed in other notes above, the Group had the following significant balances with its related parties:

	2020 RMB million	2019 RMB million
(i) Entities controlled by certain shareholder, certain directors and/or their close family members		
Trade and other receivables	2,214	2,910
Contract assets and contract acquisition costs	39	52
Trade and other payables	3,856	3,628
(ii) Joint ventures		
Trade and other receivables	82,408	91,351
Contract assets and contract acquisition costs	3,158	1,911
Trade and other payables	57,607	51,001
(iii) Associates		
Trade and other receivables	22,647	27,056
Contract assets and contract acquisition costs	1,039	1,285
Trade and other payables	25,251	24,050

The above balances due from/to related parties are mainly interest free, unsecured and to be settled according to the contract terms.

(d) Senior notes

As at 31 December 2020, senior notes with principal amount of USD591 million (equivalent to approximately RMB3,856 million) (2019: USD461 million, equivalent to approximately RMB3,216 million) and USD25 million (equivalent to approximately RMB163 million) (2019: USD16 million, equivalent to approximately RMB112 million) and USD18 million (equivalent to approximately RMB117 million) (2019: USD5 million, equivalent to approximately RMB35 million) were held by Mr. YEUNG Kwok Keung, Mr. MO Bin and Ms. YANG Ziying respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43 Statement of financial position and reserve movement of the Company

	As at 31 December	
	2020 RMB million	2019 RMB million
Non-current assets		
Investments in subsidiaries	56,051	52,519
Financial assets at fair value through other comprehensive income	506	876
Derivative financial instruments	75	808
	56,632	54,203
Current assets		
Amounts due from subsidiaries	132,482	129,788
Other receivables	1,948	933
Cash and cash equivalents	1,584	2,353
Derivative financial instruments	101	447
	136,115	133,521
Current liabilities		
Amounts due to subsidiaries	23,595	22,808
Other payables	346	878
Senior notes	2,219	7,343
Corporate bonds	10,428	–
Bank and other borrowings	21,413	13,667
Derivative financial instruments	1,084	32
	59,085	44,728
Net current assets	77,030	88,793
Total assets less current liabilities	133,662	142,996

43 Statement of financial position and reserve movement of the Company (Continued)

	As at 31 December	
	2020 RMB million	2019 RMB million
Non-current liabilities		
Senior notes	71,191	57,550
Corporate bonds	–	14,941
Bank and other borrowings	17,869	29,416
Derivative financial instruments	969	77
	90,029	101,984
Equity		
Share capital and premium	33,844	32,130
Other reserves (note)	1,970	992
Retained earnings (note)	7,819	7,890
Total equity	43,633	41,012
Total equity and non-current liabilities	133,662	142,996

The statement of financial position of the Company was approved by the Board of Directors on 25 March 2021 and were signed on its behalf.

MO Bin
Director

YANG Ziyang
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43 Statement of financial position and reserve movement of the Company (Continued)**Note:****Reserve movement of the Company**

	Other reserves RMB million	Retained earnings RMB million	Total RMB million
At 1 January 2020	992	7,890	8,882
Profit for the year	–	11,940	11,940
Deferred losses on cash flow hedges	(115)	–	(115)
Deferred gains of hedging	843	–	843
Issue of shares as a result of scrip dividend	–	(1,466)	(1,466)
Cash dividends	–	(10,554)	(10,554)
Employee share schemes			
– Value of employee services	405	–	405
– Exercise of employee share schemes	(25)	–	(25)
Change in fair value of financial assets at FVOCI	(121)	–	(121)
Disposal of financial assets at FVOCI	(9)	9	–
At 31 December 2020	1,970	7,819	9,789
At 1 January 2019	196	10,923	11,119
Profit for the year	–	8,483	8,483
Deferred losses on cash flow hedges	(36)	–	(36)
Deferred gains of hedging	487	–	487
Issue of shares as a result of scrip dividend	–	(2,048)	(2,048)
Cash dividends	–	(9,468)	(9,468)
Employee share schemes			
– Value of employee services	336	–	336
– Exercise of employee share schemes	(9)	–	(9)
Change in fair value of financial assets at FVOCI	18	–	18
At 31 December 2019	992	7,890	8,882

44 Particulars of principal subsidiaries

The following is a list of principal subsidiaries at 31 December 2020, all of these are limited liability companies:

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Indirectly held by the Company:					
Incorporated in Hong Kong and operates in Hong Kong:					
Country Garden (Hong Kong) Development Company Limited	21 September 2005	HKD20,000,001	100%	0%	Investment holding and rendering of property related sales services
Incorporated in the BVI and operates in Hong Kong:					
Estonia Development Ltd.	21 March 2006	USD200	100%	0%	Investment holding and rendering of property related sales services
Angel View International Limited	7 April 2006	USD200	100%	0%	Investment holding and rendering of property related sales services
Established and operates in Mainland: (Registered as under PRC law)					
Foshan Shunde Country Garden Property Development Co., Ltd. 佛山市順德區碧桂園物業發展有限公司	2 April 1997	RMB1,387,500,000	100%	0%	Property development
Zengcheng Country Garden Property Development Co., Ltd. 增城市碧桂園物業發展有限公司	22 September 2000	RMB1,448,200,000	100%	0%	Property development
Guangzhou Nansha Economic and Technological Development Zone Country Garden Property Development Co., Ltd. 廣州南沙經濟技術開發區碧桂園物業發展有限公司	2 August 2001	USD253,800,000	100%	0%	Property development
Heshan Country Garden Property Development Co., Ltd. 鶴山市碧桂園物業發展有限公司	22 June 2006	RMB963,000,000	100%	0%	Property development
Jiangmen Wuyi Country Garden Real Estate Development Co., Ltd. 江門市五邑碧桂園房地產開發有限公司	28 September 2003	RMB863,000,000	100%	0%	Property development
Foshan Gaoming Country Garden Property Development Co., Ltd. 佛山市高明區碧桂園房地產開發有限公司	13 January 2004	RMB1,162,500,000	100%	0%	Property development
Lianyungang Bisheng Real Estate Development Co., Ltd. (i) 連雲港市碧勝房地產開發有限公司	22 May 2020	RMB500,000,000	100%	0%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 Particulars of principal subsidiaries (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Changsha Venice City Real Estate Development Co., Ltd. 長沙威尼斯城房地產開發有限公司	1 August 2003	RMB233,000,000	100%	0%	Property development
Foshan Shunde Jun An Country Garden Property Development Co., Ltd. 佛山市順德區均安碧桂園物業發展有限公司	28 June 2000	RMB10,000,000	90%	10%	Property development
Shaoguan Shunhong Property Development Co., Ltd. 韶關市順宏房地產開發有限公司	12 July 2006	RMB879,764,400	85%	15%	Property development
Chachu Country Garden Property Development Co., Ltd. 巢湖市碧桂園房地產開發有限公司	18 December 2006	RMB1,115,200,000	100%	0%	Property development
Taizhou Country Garden Property Development Co., Ltd. 泰州市碧桂園房地產開發有限公司	5 January 2007	RMB548,300,000	100%	0%	Property development
Shenyang Country Garden Property Development Co., Ltd. 瀋陽市碧桂園房地產開發有限公司	11 January 2007	RMB1,300,000,000	100%	0%	Property development
Shenyang Hunnan Xincheng Country Garden Property Development Co., Ltd. 瀋陽渾南新城碧桂園房地產開發有限公司	25 April 2007	RMB1,540,000,000	100%	0%	Property development
Shaoguan Country Garden Real Estate Development Co., Ltd. 韶關市碧桂園房地產開發有限公司	5 June 2007	RMB882,352,900	85%	15%	Property development
Anqing Country Garden Property Development Co., Ltd. 安慶碧桂園房地產開發有限公司	27 September 2007	RMB740,000,000	100%	0%	Property development
Wuhu Jinzhi Country Garden Property Development Co., Ltd. 蕪湖晉智房地產開發有限公司	5 November 2007	RMB3,000,000,000	100%	0%	Property development
Dongguan Country Garden Property Development Co., Ltd. 東莞市碧桂園房地產開發有限公司	25 September 2009	RMB689,660,000	87%	13%	Property development
Jurong Country Garden Property Development Co., Ltd. 句容碧桂園房地產開發有限公司	12 August 2010	USD604,500,000	100%	0%	Property development
Qingyuan Country Garden Xinya Real Estate Development Co., Ltd. 清遠碧桂園新亞房地產開發有限公司	25 January 2011	RMB300,000,000	100%	0%	Property development
Hangzhou Country Garden Real Estate Development Co., Ltd. 杭州碧桂園房地產開發有限公司	1 April 2011	USD136,000,000	100%	0%	Property development
Lanzhou Country Garden Real Estate Development Co., Ltd. 蘭州碧桂園房地產開發有限公司	1 February 2013	RMB1,570,000,000	85%	15%	Property development
Foshan Shunde Daliang Country Garden Property Development Co., Ltd. 佛山市順德區大良碧桂園房地產開發有限公司	11 April 2014	USD40,000,000	100%	0%	Property development
Wenling Jiuduhui Real Estate Development Co., Ltd. (i) 溫嶺玖都薈房地產開發有限公司	15 June 2020	RMB50,000,000	100%	0%	Property development

44 Particulars of principal subsidiaries (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Country Garden Real Estate Group Co., Ltd. 碧桂園地產集團有限公司	20 April 2015	RMB13,940,840,339	100%	0%	Property development
Hubei Country Garden Property Development Co., Ltd. 湖北省碧桂園房地產開發有限公司	13 August 2015	RMB1,000,000,000	100%	0%	Property development
Henan Country Garden Property Co., Ltd. 河南碧桂園置業有限公司	27 August 2015	RMB500,000,000	100%	0%	Property development
Shenzhen Country Garden Property Investment Co., Ltd. 深圳市碧桂園房地產投資有限公司	25 August 2015	RMB1,000,000,000	100%	0%	Property development
Huiyang Songtao Industry Co., Ltd. 惠陽松濤實業有限公司	13 May 1991	RMB50,000,000	83%	17%	Property development
Foshan Yuankang Property Development Co., Ltd. 佛山源康房地產發展有限公司	29 February 2008	RMB1,310,000,000	94%	6%	Property development
Jiangyin Jingyu Property Development Co., Ltd. 江陰景裕房地產開發有限公司	12 April 2013	RMB2,705,882,353	85%	15%	Property development
Foshan Shunde Longjiang Country Garden Real Estate Co., Ltd. 佛山市順德區龍江碧桂園置業有限公司	3 January 2017	RMB1,000,000	91%	9%	Property development
Foshan Jinzhonghuan Real Estate Co. Ltd. 佛山市金中環房地產有限公司	11 December 2013	RMB10,000,000	92%	8%	Property development
Ningbo Hangzhou Bay New Area Country Garden Real Estate Development Co., Ltd. 寧波杭州灣新區碧桂園房地產開發有限公司	14 August 2017	RMB50,000,000	63%	37%	Property development
Foshan Shunde Jun An Country Garden Property Co., Ltd. 佛山市順德區均安碧桂園置業有限公司	1 September 2017	RMB5,000,000	51%	49%	Property development
Foshan Shunde Country Garden Real Estate Co., Ltd. 佛山市順德區碧桂園房產置業有限公司	10 July 2017	RMB10,000,000	100%	0%	Property development
Foshan Shunde Leliu Country Garden Real Estate Development Co., Ltd. 佛山市順德區勒流碧桂園房地產開發有限公司	18 September 2017	RMB1,000,000	57%	43%	Property development
Foshan Nanhai Bizhen Real Estate Co., Ltd. 佛山市南海區碧臻房地產有限公司	26 September 2017	RMB50,000,000	100%	0%	Property development
Foshan Shunde Lunjiao Country Garden Real Estate Development Co., Ltd. 佛山市順德區倫教碧桂園房地產開發有限公司	18 March 2016	RMB1,000,000	95%	5%	Property development
Dongguan Chuangying Real Estate Development Co., Ltd. 東莞市創盈房地產開發有限公司	31 October 2017	RMB10,000,000	87%	13%	Property development
Dongguan Xiegang Country Garden Industry City Development Co., Ltd. 東莞市謝崗碧桂園產城發展有限公司	7 January 2018	RMB50,000,000	100%	0%	Property development
Xining Biying Real Estate Development Co., Ltd. 西寧碧盈房地產開發有限公司	18 January 2018	RMB10,000,000	87%	13%	Property development

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 Particulars of principal subsidiaries (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Shenzhen Bigui Xinju Investment and Development Co., Ltd. 深圳市碧桂新居投資發展有限公司	22 January 2018	RMB500,000,000	100%	0%	Investment consulting
Nantong Shangdao Real Estate Co., Ltd. 南通上島置業有限公司	11 February 2010	RMB180,000,000	68%	32%	Property development
Shenzhen Xingyilian Real Estate Co., Ltd. 深圳市興益聯置業有限公司	27 April 2018	RMB10,000,000	100%	0%	Investment consulting
Lhasa Country Garden Real Estate Development Co., Ltd. 拉薩碧桂園房地產開發有限公司	28 March 2018	RMB10,000,000	86%	14%	Property development
Xining Bisheng Real Estate Development Co., Ltd. 西寧碧勝房地產開發有限公司	4 May 2018	RMB10,000,000	87%	13%	Property development
Taicang Bichen Real Estate Development Co., Ltd. 太倉碧辰房地產開發有限公司	15 May 2018	RMB625,000,000	91%	9%	Property development
Foshan Shunde Xingtan Country Garden Real Estate Development Co., Ltd. 佛山市順德區杏壇碧桂園房地產開發有限公司	28 April 2018	RMB3,000,000	100%	0%	Property development
Foshan Shunde Panpu Culture Co., Ltd. 佛山市順德區洋浦文化有限公司	19 June 2018	RMB1,000,000	100%	0%	Cultural activity planning
Yunnan Bicheng Real Estate Development Co., Ltd. 雲南碧城房地產開發有限公司	29 June 2016	RMB2,462,855,790	96%	4%	Property development
Foshan Shunde Zhaoheng Country Garden Real Estate Co., Ltd. 佛山市順德區肇恒碧桂園房地產置業有限公司	18 December 2018	RMB10,000,000	100%	0%	Property development
Yangzhou Country Garden Real Estate Development Co., Ltd. 揚州碧桂園房地產開發有限公司	24 May 2019	RMB20,000,000	100%	0%	Property development
Foshan Shunde Chechuang Real Estate Co., Ltd. 佛山市順德區車創置業有限公司	31 October 2017	RMB5,010,000	100%	0%	Property development
Foshan Shunde Desheng Real Estate Co., Ltd. 佛山市順德區德晟房產有限公司	10 July 2017	RMB100,000,000	100%	0%	Property development
Qingdao Blue Valley Country Garden Industry City Development Co., Ltd. 青島藍穀碧桂園產城發展有限公司	21 June 2019	RMB663,534,990	94%	6%	Property development
Gansu Kangqiao Real Estate Development Co., Ltd. 甘肅康橋房地產開發有限公司	21 September 2017	RMB110,000,000	94%	6%	Property development
Taiyuan Biyang Real Estate Development Co., Ltd. 太原碧揚房地產開發有限公司	14 June 2019	RMB500,000,000	61%	39%	Property development
Guangdong Bright Dream City Development Co., Ltd. 廣東省博智林產城發展有限公司	13 June 2019	RMB10,000,000	100%	0%	Management consulting
Yibin Country Garden Ronghui Real Estate Co., Ltd. 宜賓碧桂園成蒼置業有限責任公司	24 September 2019	RMB10,000,000	100%	0%	Property development
Shaanxi Qinhaoshengtai Real Estate Co., Ltd. 陝西秦皓盛泰置業有限公司	14 March 2019	RMB400,000,000	100%	0%	Property development

44 Particulars of principal subsidiaries (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Guizhou Gui'an New District Country Garden Hanlin Real Estate Construction Co., Ltd. 貴州省貴安新區碧桂園翰林房地產建設有限公司	17 June 2019	RMB20,000,000	90%	10%	Property development
Guangdong Cheng Jia Decoration Design Engineering Co., Ltd. 廣東誠加裝飾設計工程有限公司	9 August 1999	RMB300,000,000	100%	0%	Construction
Guangdong Tengan Mechanical and Electrical Installation Engineering Co., Ltd. 廣東騰安機電安裝工程有限公司	30 September 2004	RMB200,000,000	100%	0%	Construction
Guangdong Giant Leap Construction Co., Ltd. 廣東騰越建築工程有限公司	25 March 1997	RMB5,200,000,000	100%	0%	Construction
Guangdong Longyue Construction Engineering Co., Ltd. 廣東龍越建築工程有限公司	14 April 2011	RMB1,000,000,000	100%	0%	Construction
Foshan Shunde Longshun Construction Project Management Co., Ltd. 佛山市順德區龍順建築專案管理有限公司	14 March 2017	RMB34,659,100	100%	0%	Construction
Guangdong Yaokang Investment Co., Ltd. 廣東耀康投資有限公司	20 April 2015	RMB1,383,400,000	100%	0%	Construction
Guangdong Boyue Intelligent Construction Technology Co., Ltd. 廣東博越智慧建造科技有限公司	8 March 2019	RMB1,000,000,000	100%	0%	Robot research and development and related services
Zengcheng Country Garden Phoenix City Hotel Co., Ltd. 增城市碧桂園鳳凰城酒店有限公司	13 January 2004	RMB500,700,000	100%	0%	Hotel operation
Foshan City Shunde Longjiang Town Country Garden Phoenix Hotel Co., Ltd. 佛山市順德區龍江鎮碧桂園鳳凰酒店有限公司	11 November 2009	RMB100,000,000	100%	0%	Hotel operation
Foshan Fengxi Food Co., Ltd. 佛山市鳳禧食品有限公司	18 March 2016	RMB5,000,000	100%	0%	Food sales
Foshan Shunde Biri Security Engineering Co., Ltd. 佛山市順德區碧日安防工程有限公司	8 July 2008	RMB8,000,000	100%	0%	Construction
Foshan Shunde Bijing Electronic Technology Co., Ltd. 佛山市順德區碧晶電子科技有限公司	19 November 2008	RMB10,000,000	100%	0%	Electronic hardware development
Guangdong Country Garden Real Estate Information Consulting Co., Ltd. 廣東碧桂園房地產資訊諮詢有限公司	26 July 2013	RMB10,000,000	100%	0%	Real estate consulting
Guangdong Excellent Landscape Design Engineering Co., Ltd. 廣東卓越景觀設計工程有限公司	24 July 2013	RMB10,000,000	100%	0%	Landscape design
Shenzhen Bisheng Development Co., Ltd. 深圳碧盛發展有限公司	19 November 2015	RMB62,500,000	100%	0%	Investment consulting
Foshan Juzhele Real Estate Agent Co., Ltd. 佛山市居者樂房地產代理有限公司	30 May 2016	RMB500,000	100%	0%	Real estate consulting

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

44 Particulars of principal subsidiaries (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Shenyang Shenbei Xincheng Yidong Real Estate Co., Ltd. 瀋陽瀋北新城伊東置業有限公司	18 May 2007	RMB750,000,000	100%	0%	Property development
Guangdong Shunde Phoenix Optimal Commercial Co., Ltd. 廣東順德鳳凰優選商業有限公司	24 January 2017	RMB1,140,000,000	100%	0%	Retail
Country Garden Agricultural Holding Co., Ltd. 碧桂園農業控股有限公司	8 May 2018	RMB1,000,000,000	100%	0%	Agriculture
Foshan Shunde Bright Dream Robotics Industrial Investment Co., Ltd. 佛山市順德區博智林機器人產業投資有限公司	15 August 2018	RMB10,000,000	100%	0%	Robot research and development and related services
Guangdong Bright Dream Robotics Co., Ltd. 廣東博智林機器人有限公司	17 July 2018	RMB3,200,000,000	100%	0%	Robot research and development and related services
Foshan Shunde Bright Dream Intelligent Manufacturing Co., Ltd. 廣東博智林智能製造有限公司	23 August 2018	RMB50,000,000	100%	0%	Robot research and development and related services
Guangdong Bright RuiEn Metal Technology Co., Ltd. 廣東博睿恩金屬科技有限公司	19 November 2018	RMB100,000,000	60%	40%	Robot research and development and related services
Qianxi Robotics Group Co., Ltd. 千璽機器人集團有限公司	5 May 2019	RMB1,000,000,000	100%	0%	Robot research and development and related services
Guangdong Biyouwei Catering Co., Ltd. 廣東碧有味餐飲有限公司	10 May 2019	RMB10,000,000	100%	0%	Food sales
Guangdong Bofang Zhongji Medical Technology Co., Ltd. 廣東博方眾濟醫療科技有限公司	8 May 2019	RMB50,000,000	100%	0%	Robot research and development and related services
Guangdong Zhiyuan Robot Technology Co., Ltd. 廣東智源機器人科技有限公司	14 May 2019	RMB500,000,000	100%	0%	Robot research and development and related services
Biyouwei Catering Service (Foshan) Co., Ltd. 碧有味餐飲服務(佛山)有限公司	6 June 2019	RMB1,000,000	100%	0%	Food sales
Shenzhen Country Garden Innovation Investment Co., Ltd. 深圳市碧桂園創新投資有限公司	5 June 2019	RMB500,000,000	100%	0%	Investment consulting
Guangdong Bright Dream Software Technology Co., Ltd. 廣東博智林軟件科技有限公司	5 July 2019	RMB10,000,000	100%	0%	Robot research and development and related services
Guangdong Bipinju Construction Industrialization Co., Ltd. 廣東碧品居建築工業化有限公司	30 August 2019	RMB100,000,000	100%	0%	Robot research and development and related services
Guangdong Shunde Biyouxuan Commercial Co., Ltd. 廣東順德碧優選商業有限公司	23 August 2019	RMB300,000,000	100%	0%	Retail
Foshan Biyouxuan Commercial Retail Co., Ltd.(i) 佛山市碧優選商業零售有限公司	24 September 2020	RMB10,000,000	100%	0%	Retail

44 Particulars of principal subsidiaries (Continued)

Name	Date of incorporation/ establishment	Nominal value of issued and fully paid share capital/ paid-in capital	Proportion of equity interest held by the Group	Proportion of ordinary shares held by non-controlling interests	Principal activities
Guangdong Qianxi Management Consulting Co., Ltd. 廣東千璽管理諮詢有限公司	27 September 2019	RMB10,000,000	100%	0%	Management consulting
Foshan Shunde Zhouyu Country Garden Property Development Co., Ltd. 佛山市順德區宙華投資諮詢有限公司	12 November 2012	RMB13,889,820,339	100%	0%	Property development
Guangdong Bojiatuo Construction Technology Co., Ltd. 廣東博嘉拓建築科技有限公司	12 December 2019	RMB100,000,000	100%	0%	Robot research and development and related services
Guangdong Boyuan Robot Engineering Service Co., Ltd.(i) 廣東博源機器人工程服務有限公司	7 July 2020	RMB50,000,000	100%	0%	Robot research and development and related services
Guangdong Zhuhuahui Construction Technology Co., Ltd.(i) 廣東築華慧建築科技有限公司	18 September 2020	RMB50,000,000	100%	0%	Robot research and development and related services
Guangdong Haoyun Technology Co., Ltd.(i) 廣東皓耘科技有限公司	29 September 2020	RMB20,000,000	100%	0%	Robot research and development and related services
Guangdong Country Garden Innovation Investment Management Co., Ltd. 廣東碧桂園創新投資管理有限公司	10 December 2019	RMB500,000,000	100%	0%	Investment consulting
Established and operate overseas:					
BGY Cityview Holdings LLC*	6 July 2017	USD227,996,201	46%	54%	Property development
Country Garden Pacificview Sdn. Bhd.	29 April 2013	RM10,000,000	58%	42%	Property development
Country Garden Danga Bay Sdn. Bhd.	16 October 2012	RM150,000,100	100%	0%	Property development
Country Garden Real Estate Sdn. Bhd.	16 December 2013	RM1,000,000	100%	0%	Property development
Risland(Thailand) Co., Ltd	1 June 2017	THB2,000,000,000	100%	0%	Property development

(i) These subsidiaries are newly established or acquired by the Group during the year.

* As the Group has the rights to variable returns from its involvement with those companies, and has the ability to affect those returns through its majority voting position of the board of directors of these companies and the right to determine the budget, pricing and promotion strategies of these companies, the Group has control over these companies and these companies are thus accounted for as subsidiaries of the Group.

The English names of the Mainland China companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45 Benefits and interests of directors

(a) Directors' emoluments

The remuneration of every director and chief executive officer of the Company is set out below:

For the year ended 31 December 2020:

Name of director	Fees RMB'000	Salary (note) RMB'000	Discretionary bonuses RMB'000	Other benefits and share-based compensation expenses RMB'000	Employer's contribution to retirement benefit scheme RMB'000
Chairman					
Mr. YEUNG Kwok Keung	-	10,000	5,307	-	16
Co-Chairman					
Ms. YANG Huiyan (i)	-	7,500	4,007	-	8
Executive directors					
Mr. MO Bin*	-	15,000	9,136	108,754	16
Ms. YANG Ziying	-	10,000	3,918	-	16
Mr. YANG Zhicheng	-	4,000	38,920	14,934	25
Mr. SONG Jun	-	4,000	7,794	16,997	42
Mr. SU Baiyuan	-	4,000	17,527	4,643	21
Non-executive director					
Mr. CHEN Chong	370	-	-	-	16
Independent non-executive directors					
Mr. LAI Ming, Joseph	330	-	-	-	-
Mr. SHEK Lai Him, Abraham	330	-	-	-	-
Mr. TONG Wui Tung	330	-	-	-	-
Mr. HUANG Hongyan	240	-	-	-	-
Mr. TO Yau Kwok	240	-	-	-	-
	1,840	54,500	86,609	145,328	160

* Chief executive officer of the Company

i. Ms. Yang Huiyan did not receive any emoluments from the Group from 1 July 2020 to 12 December 2020 and has respectively made arrangements with the Company under which she has waived or agreed to waive her emoluments.

45 Benefits and interests of directors (Continued)

(a) Directors' emoluments (Continued)

For the year ended 31 December 2019:

Name of director	Fees RMB'000	Salary (note) RMB'000	Discretionary bonuses RMB'000	Other benefits and share-based compensation expenses RMB'000	Employer's contribution to retirement benefit scheme RMB'000
Chairman					
Mr. YEUNG Kwok Keung	–	10,000	5,657	–	16
Co-Chairman					
Ms. YANG Huiyan	–	15,000	10,328	–	16
Executive directors					
Mr. MO Bin	–	15,000	9,254	44,436	16
Ms. YANG Ziyang	–	10,000	3,389	–	16
Mr. YANG Zhicheng	–	4,000	30,000	10,589	46
Mr. SONG Jun	–	4,000	11,315	15,686	68
Mr. SU Baiyuan	–	4,000	13,479	4,115	21
Mr. LIANG Guokun (resigned on 18 October 2019)	–	3,183	113,030	–	15
Non-executive director					
Mr. CHEN Chong	370	–	–	–	16
Independent non-executive directors					
Mr. LAI Ming, Joseph	330	–	–	–	–
Mr. SHEK Lai Him, Abraham	330	–	–	–	–
Mr. TONG Wui Tung	330	–	–	–	–
Mr. HUANG Hongyan	240	–	–	–	–
Mr. TO Yau Kwok (appointed on 1 June 2019)	140	–	–	–	–
Mr. YEUNG Kwok On (resigned on 1 June 2019)	100	–	–	–	–
	1,840	65,183	196,452	74,826	230

Note: Salary paid to a director of the Company is generally an emolument paid or payable in respect of that person's other services in connection with the management of the affairs of the Company or its subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

45 Benefits and interests of directors *(Continued)***(b) Directors' retirement benefits**

During the year ended 31 December 2020, no retirement benefits were paid to the directors of the Company by the Group in respect of the director's services as a director of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiaries (2019: nil).

(c) Directors' termination benefits

During the year ended 31 December 2020, no payments to the directors of the Company as compensation for the early termination of the appointment (2019: nil).

(d) Consideration provided to or receivable by third parties for making available directors' services

During the year ended 31 December 2020, there were no considerations provided to or receivable by any third party for making available the services of a person as a director of the Company (2019: nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 December 2020, there were no loans, quasi-loans or other dealings in favour of directors of the Company, controlled bodies corporate by and connected entities with such directors (2019: nil).

(f) Directors' material interests in transactions, arrangements or contracts

Save as disclosed above, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2019: nil).

GLOSSARY

“2007 Share Option Scheme”	the share option scheme of the Company adopted on 20 March 2007 and which had expired on 19 March 2017
“2017 Share Option Scheme”	the share option scheme of the Company adopted on 18 May 2017
“2018 Design Services Supplemental Agreement”	the supplemental agreement dated 21 March 2018 entered into between Shunde Country Garden and Elite Architectural which further extended the design services agreement dated 27 March 2007 (as amended and supplemented by the design services supplemental agreements dated 20 June 2008, 17 December 2010, 31 October 2012, 13 December 2013, 30 December 2016 and 22 August 2017) entered into between Shunde Country Garden and Elite Architectural in respect of the provision of survey work, property design and interior design services by Elite Architectural to the Group
“2021 AGM”	the annual general meeting of the Company to be held on Monday, 24 May 2021
“Articles of Association”	the articles of association of the Company
“attributable contracted sales”	the contracted sales of the Group’s subsidiaries, joint ventures and associates attributable to shareholders of the Company
“Audit Committee”	audit committee of the Company
“available cash”	the sum of cash and cash equivalents and restricted cash
“Beijiao Construction Co.”	Shunde Beijiao Construction Company Limited
“Board”	the board of Directors
“CG Services”	Country Garden Services Holdings Company Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 6098), ceased to be a subsidiary of the Company since its spin-off was completed on 19 June 2018
“Chairman”	the chairman of the Board
“Chief Financial Officer”	chief financial officer of the Company
“China Construction”	China State Construction Engineering Corporation
“China Construction Fifth Division”	China Construction Fifth Engineering Division Corp., Ltd.
“CIMA”	Chartered Institute of Management Accountants
“Co-Chairman”	Co-chairman of the Board
“Company” or “Country Garden”	Country Garden Holdings Company Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 2007)
“Country Garden Property”	Country Garden Real Estate Group Co., Ltd.
“core net profit attributable to owners of the Company”	profit attributable to owners of the Company excluding the post-tax gains arising from changes in fair value of and transfer to investment properties, net foreign exchange gains/losses, net losses on early redemption of senior notes and convertible bonds and changes in fair value of financial instruments
“Corporate Governance Code”	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
“Corporate Governance Committee”	corporate governance committee of the Company
“current ratio”	a ratio calculated by dividing current assets by current liabilities

“Director(s)”	director(s) of the Company
“Eligible Shareholders”	the Shareholders whose names appear on the register of members of the Company on Tuesday, 8 June 2021
“Elite Architectural”	Guangdong Elite Architectural Co., Ltd.
“Employee Incentive Scheme”	employee incentive scheme of the Group adopted on 20 December 2012
“Environmental, Social and Governance Committee”	environmental, social and governance committee of the Company
“Executive Committee”	executive committee of the Company
“Finance Committee”	finance committee of the Company
“GFA”	gross floor area
“Giant Leap”	Guangdong Giant Leap Construction Co., Ltd.
“Group”	the Company and its subsidiaries
“HKD”	Hong Kong dollar, the lawful currency of Hong Kong
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“Hong Kong” or “HKSAR”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the PRC
“Mainland China”	the People’s Republic of China, for the purpose of this annual report, excluding Hong Kong, Macau and Taiwan
“Malaysia Country Garden”	Country Garden Real Estate Sdn. Bhd.
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“net current assets”	the value of total current assets after its current liabilities have been subtracted
“net debt”	the value of total debt net of available cash
“net gearing ratio”	a financial leverage calculated as dividing net debt by total equity
“Nomination Committee”	nomination committee of the Company
“PRC” or “China”	the People’s Republic of China
“President”	president of the Company
“Qingyuan CG”	Qingyuan Country Garden Property Development Co., Ltd.
“Remuneration Committee”	remuneration committee of the Company
“RM”	Ringgit Malaysia, the lawful currency of Malaysia
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGX”	Singapore Exchange Securities Trading Limited
“Share(s)”	ordinary share(s) in the capital of the Company with a par value of HKD0.10 each
“Share Option Schemes”	2007 Share Option Scheme and 2017 Share Option Scheme
“Shareholder(s)”	shareholder(s) of the Company
“Shunde Country Garden”	Foshan Shunde Country Garden Property Development Co., Ltd.
“Shunde Sanhe Co.”	Shunde Sanhe Property Development Co., Ltd.
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“THB”	Thai Baht, the lawful currency of Thailand
“USD”	US dollar, the lawful currency of the United States of America
“%”	per cent



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