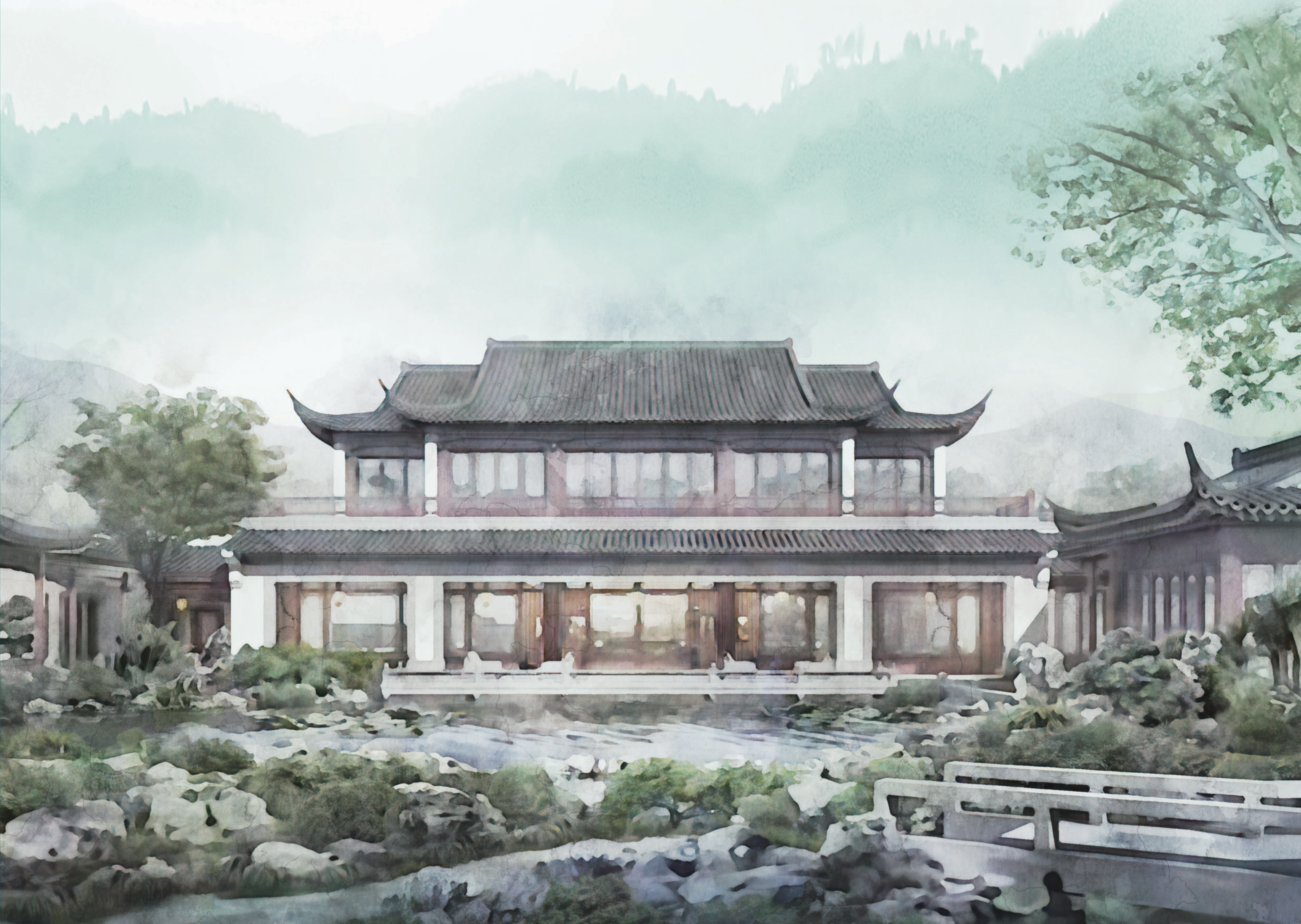
Greentown

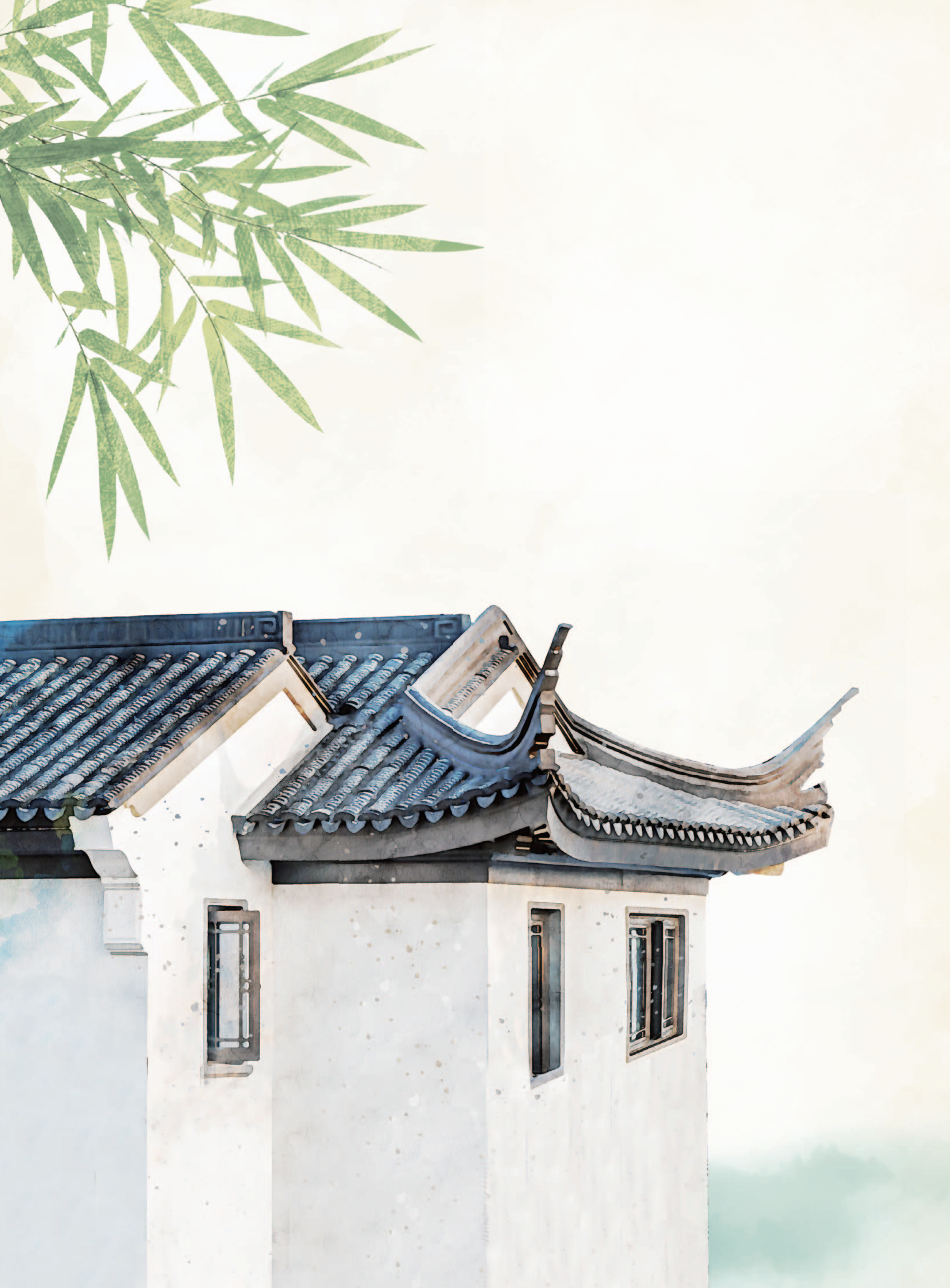
GREENTOWN MANAGEMENT HOLDINGS COMPANY LIMITED
綠城管理控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 09979)

2020 ANNUAL REPORT





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Corporate Profile

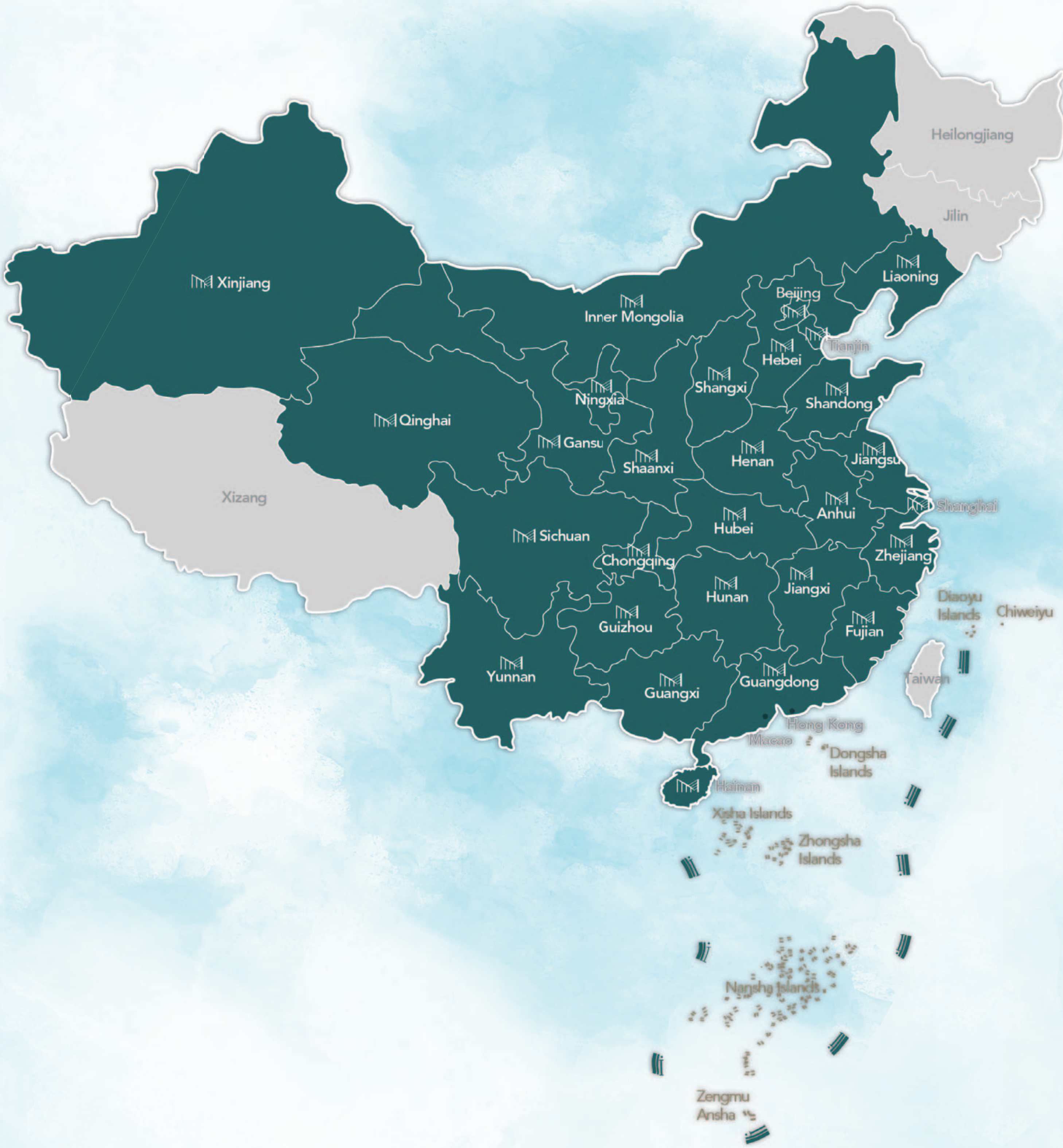
The Group is the pioneer and leader of China's real estate asset-light development model. Greentown Management was founded in 2010. It is a subsidiary of Greentown China and the main body for exporting the "Greentown" brand and project management model.

In July 2020, Greentown Management was listed on the Main Board of The Hong Kong Stock Exchange, becoming the first project management stock in China. From 2017 to 2020, we had consecutively earned the accolade of a Leading Enterprise in Real Estate Project Management Operation《中國房地產代建運營引領企業》 granted by China Real Estate Top 10 Research Team.

Greentown Management adheres to the core values of "quality, reliance, value and share", integrates resources, exports brand and standards through project management, and creates value for customers with customized solutions and high-quality services. The core business includes commercial project management, government project management and other services. As the pioneer of the Project Management 4.0 system and the "Greentown Star" standard setter, Greentown Management is committed to creating an ecological platform of "co-creating value and sharing benefits" for clients, owners, suppliers, employees and investors to build an exciting quality life.

As at 31 December 2020, the Group (by its own and through cooperation with business partners) had 296 project management projects located in 89 cities across 28 provinces, municipalities and autonomous regions in the PRC.

Corporate Profile



Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Li Jun *(Chief Executive Officer)*
Mr. Lin Sanjiu

Non-executive Directors

Mr. Guo Jiafeng *(Chairman)*
Mr. Zhang Yadong
Mr. Liu Wensheng
(retired and resigned on 13 April 2021)

Independent Non-executive Directors

Mr. Lin Zhihong
Dr. Ding Zuyu
Mr. Chan Yan Kwan Andy

AUDIT COMMITTEE

Mr. Chan Yan Kwan Andy *(Chairman)*
Mr. Lin Zhihong
Dr. Ding Zuyu

REMUNERATION COMMITTEE

Dr. Ding Zuyu *(Chairman)*
Mr. Chan Yan Kwan Andy
Mr. Lin Zhihong

NOMINATION COMMITTEE

Mr. Lin Zhihong *(Chairman)*
Mr. Chan Yan Kwan Andy
Dr. Ding Zuyu

AUTHORIZED REPRESENTATIVES

Mr. Li Jun
Ms. Zhang Panpan

JOINT COMPANY SECRETARIES

Ms. Zhang Panpan
Ms. So Shuk Yi Betty

LEGAL ADVISORS

As to Hong Kong laws:
O'Melveny & Myers
31/F, AIA Central
1 Connaught Road Central
Hong Kong

As to Cayman Islands law:
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18 Harbour Road
Wanchai
Hong Kong

As to PRC law:
Zhejiang T&C Law Firm
11/F, Building A, Dragon Century Plaza
No. 1 Hangda Road
Hangzhou 310007
Zhejiang
The PRC

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditor
35/F, One Pacific Place,
88 Queensway
Hong Kong

COMPLIANCE ADVISOR

GF Capital (Hong Kong) Limited
29-30/F, Li Po Chun Chambers
189 Des Voeux Road Central,
Central
Hong Kong

Corporate Information

REGISTERED OFFICE

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

HEADQUARTER

9/F, Block C
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Xihu District, Hangzhou
Zhejiang
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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16-18 Queen's Road Central
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093
Boundary Hall
Cricket Square
Grand Cayman
KY1-1102
Cayman Islands

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

Hua Xia Bank Co., Limited
Bank of Hangzhou Co., Ltd.
Standard Chartered Bank (Hong Kong) Limited
Agricultural Bank of China Limited
Industrial and Commercial Bank of China Limited

COMPANY'S WEBSITE

www.lcgljt.com

STOCK CODE

Hong Kong Stock Exchange: 09979

LISTING DATE

10 July 2020

Four-Year Financial Summary

The following table summarizes the results, assets and liabilities of the Group for the years ended 31 December 2017, 2018, 2019 and 2020:

The summary of the results, assets and liabilities of the Group as of 31 December 2017, 2018 and 2019 is extracted from the Prospectus of the Company dated 29 June 2020. The Group did not publish financial statements for the year ended 31 December 2016.

Year ended 31 December

	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
RESULTS				
Revenue	**1,812,975**	1,993,892	1,481,187	1,015,880
Profit before tax	**524,934**	538,204	411,764	349,926
Income tax expense	**(117,414)**	(149,282)	(48,672)	(94,175)
Profit attributable to owners of the parent company	**439,325**	324,769	334,900	246,882

	As at 31 December			
	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000
Assets and liabilities				
Total assets	**4,747,544**	3,759,707	2,391,154	2,295,892
Total liabilities	**1,645,335**	2,078,518	1,489,364	1,760,027
Net assets	**3,102,209**	1,681,189	901,790	535,865
Equity attributable to owners of the parent company	**3,075,199**	1,594,759	841,026	490,838

Chief Executive Officer's Message

Dear Shareholders,

On behalf of the Board of the Company, I hereby present the annual results of the Company together with its subsidiaries for the financial year ended 31 December 2020.

The year of 2020 marked a challenging year for the global economy. Looking back, from the fight against the 2019 novel coronavirus pneumonia ("**COVID-19**") pandemic together to the coordinated resumption of work and production, from the world to China, and from the society to individuals, we have gone through our moments in our own ways, leaving the bit of life upon the river of time.

In view of such unprecedented and unfavourable business environment mixed with complexity, volatility and difficulty, we calmly responded to various challenges. Relying on the wise decisions of the government and shareholders, and thanks to the support and trust of all project owners, their families and industry chain partners, we have delivered a stable business performance. Profit attributable to owners of the Company during the year amounted to approximately RMB439.3 million, representing an increase of approximately 35.3% as compared to the corresponding period last year; total GFA of new project management projects reached 18.7 million square meters, representing an increase of approximately 16.8% as compared to the corresponding period last year, and estimated project management fee of new project management projects was RMB5.81 billion, representing an increase of approximately 22.3% as compared to the corresponding period last year. These achievements have been accomplished with the contribution of more than 4,000 respectable and lovely "M Greentowners". With our remarkable efforts and continuous leadership, we have proved that Greentown Management is the well-deserved "No.1 stock of China's project management sector".

We believe that "altruism" is the foundation of all commercial civilization. On behalf of the Board of the Company, I would like to take this opportunity to express my sincere gratitude to all staff and Directors for their diligence and dedication. I would also like to thank all of our project owners, homebuyers, suppliers and shareholders for their support to the Company. We will adhere to our effective management strategy and capitalize on market trends and opportunities to create greater value for our shareholders and build an inspiring quality life together.

Li Jun
Chief Executive Officer and Executive Director

Hangzhou, PRC
22 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

The Board is pleased to announce the audited annual results of the Group for 2020 together with comparative figures. The annual results have been reviewed by the Audit Committee.

FINAL DIVIDEND

The Board recommended the payment of a final dividend for 2020 of RMB0.17 (equivalent to HKD0.20 based on the prevailing exchange rate of HKD1.00 to RMB0.84 published by the People's Bank of China on 22 March 2021) per share to shareholders, subject to shareholders' approval at the annual general meeting to be convened on 21 June 2021. The dividend payable to shareholders will be declared in RMB and paid in HKD based on the average exchange rate published by the People's Bank of China for the 5 business days prior to the date of the annual general meeting.

The proposed final dividend is expected to be paid to shareholders on or before 28 July 2021.

CLOSURE OF REGISTER OF MEMBERS

(a) For determining the entitlement of the shareholders to attend and vote at the AGM

The register of members of the Company will be closed from 16 June 2021 to 21 June 2021 (both days inclusive), during which period no transfer of shares will be effected. In order to determine the identity of members who are entitled to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong ("**Computershare**") for registration not later than 4:30 p.m. on 15 June 2021.

(b) For determining the entitlement to the 2020 proposed final dividend

The register of members of the Company will be closed from 6 July 2021 to 9 July 2021 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible for the 2020 proposed final dividend, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Computershare for registration no later than 4:30 p.m. on 5 July 2021.

BUSINESS REVIEW

Overview

The Company has lost almost two months of revenue due to the COVID-19 pandemic outbreak during the early 2020. However, under the correct leadership of the government and the Company's management, the Company has managed to catch up with the construction schedule and sales progress for its project management business promptly and accomplished all business targets. In addition, with the return reaped from investment companies and industry chain incubation business as part of the Company's strategic deployment, net profit attributable to shareholders of the Company after excluding listing expenses for 2020 increased by 39.4% over the previous year. Meanwhile, estimated project management fee for newly contracted projects under the Company's management increased by 22.3% over the previous year. The customer structure is well balanced, with state-owned property developers and government entities accounting for over 70% of the area under construction. In addition, leveraging its first-mover advantage and economies of scale in project management, the Company has been emerging success in the upstream and downstream companies it incubated in the industry chain. The investment income from such business has become the second growth driver of the Company.

As a professional service provider delivering brand value, management expertise and resources sharing, the Company provides customized real estate development services for different customers, making it an exceptional and unique asset-light investment target in the real estate industry in Asian capital markets. The number of projects managed by the Company was increased from 260 as at 31 December 2020 to 296 as at 31 December 2020, and the total GFA of contracted projects was 76.1 million square meters, representing an increase of 12.7% over the 67.5 million square meters in the previous year. According to the Company's business breakdown by region, the total GFA in the main economic areas was 64.9 million square meters, accounting for more than 85% of the total. Notably, the Yangtze River Delta Economic Zone had a GFA of 41.8 million square meters, accounting for over 55.0% of the total; the Bohai Rim Economic Zone and Beijing-Tianjin-Hebei urban agglomeration had a GFA of 15.6 million square meters, accounting for over 20.5% of the total; the Pearl River Delta Economic Zone had a GFA of 6.3 million square meters, representing over 8.3% of the total; and the Chengdu-Chongqing urban agglomeration had a GFA of 1.2 million square meters, accounting for over 1.5% of the total.

During the year, the Company's revenue from continuing operations was RMB1,813.0 million, a decrease of 9.1% from RMB1,993.9 million in the previous year; its gross profit was RMB865.8 million, a decrease of 1.8% from RMB881.6 million in the previous year. However, with the optimization of its organizational structure and the continuous improvement of its project management, the Company's comprehensive gross profit margin during the year has reached 47.8%, an increase of 3.6 percentage points over 44.2% in the previous year. The net profit attributable to shareholders of the Company reached RMB439.3 million, an increase of 35.3% over RMB324.8 million in the previous year; the net profit attributable to shareholders of the Company after excluding listing expenses reached RMB469.0 million, an increase of 39.4% over RMB336.4 million in the previous year.

During the year, the Company's net cash flow from operating activities amounted to RMB903.3 million, an increase of 645.9% from RMB121.1 million in the previous year. As an asset-light service provider, the Company has no liabilities and is with sufficient cash flow.

Analysis of the Macro Market

Viewing from the industry perspective, project management originated from the developed countries of Europe and America where the separation of the property investment and development is practiced. With the evolution of China's real estate industry, the project management industry is expanding with increasing market demands.

Firstly, China's real estate market has shifted from the land dividend-focused and finance-driven stage to the management-driven stage, which is in favor of professional project management companies with a high brand premium and strong development capacity. Secondly, the clients of project management projects are diversifying. Service providers mainly served small and medium-sized developers before are now switching to clients such as state-owned enterprises, government departments and financial institutions. The land bank resources of these clients are mostly from the existing market where land is not traded through tendering, public auction or listing-for-sale process and thus are less affected by the regulatory policies for the industry. Thirdly, as our asset-light model is not affected by relevant regulatory policies such as the "three red lines" and "centralized tender, auction and listing-for-sale of land use rights", service providers can obtain project management projects across industry cycles and take the initiative to control the development pace, so as to achieve stable service income.

In conclusion, the Company's project management business will benefit from the development of the industry and the segregation of management functions. The relevant regulatory policies will help increase the penetration of the project management model in the entire real estate industry and facilitate steady growth of the Company.

Based on the macro market analysis above, the following management measures have been executed in 2020:

(1) Absolute industry leadership

In 2020, the Company maintained its leading position in the industry. Thanks to its diverse business models, nationwide presence, customized service system and diversified customer structure, the Company has achieved record highs both in the annual sales volume and the value of new projects in the midst of drastic market changes.

In 2020, the total GFA of newly contracted projects under the Company's management reached 18.7 million square meters, an increase of approximately 16.8% over the previous year; the estimated amount of project management fee for the newly contracted projects was RMB5.81 billion, an increase of approximately 22.3% over the same period of the previous year.

The number of projects managed by the Company was increased from 260 as at 31 December 2019 to 296 as at 31 December 2020; the total GFA of contracted projects was 76.1 million square meters, an increase of 12.7% over the previous year; the area under construction was 40.5 million square meters, an increase of 8.0% over the previous year; the annual sales amounted to RMB74.5 billion, an increase of 12.2% from the previous year.

The existing projects can ensure the sustained growth of our business performance in the next three years.

(2) Initial results in industry chain incubation

Based on its established strategic objectives, the Company continued to incubate upstream and downstream companies in the industry chain in 2020 with a focus on acquiring asset-light industry chain players which command a high profit margin and are engaged in core segments of the real estate industry.

During the Reporting Period, the investment income from such industry chain incubation increased substantially. The investment return from incubation of industry chain companies was RMB46.0 million, an increase of RMB47.4 million as compared to a loss of RMB1.4 million in 2019.

Looking forward, the Company will intensify its acquisition of industry chain companies such as product design, development consulting, commercial property management and property management companies in order to convert the Company's economies of scale into income flows from the upstream and downstream at a faster pace, creating a second growth driver.

(3) Anti-cyclical diversified customer base

The Company has established a national presence and enjoys a diversified and growing high-quality customer base.

As at 31 December 2020, the Company had 296 management projects in 89 cities across 28 provinces of China. In terms of the area under construction in the current year, the projects entrusted by private enterprises covered 11.5 million square meters, accounting for 28.3% of the total; the projects entrusted by state-owned enterprises covered 16.4 million square meters, accounting for 40.5%; the projects entrusted by the government covered 12.7 million square meters, accounting for 31.2%.

The Company is capable of providing differentiated management services for different regions and various types of clients. Its asset-light model can alleviate and avert the impacts originated from different cities, different industries and various financial policies on the Company's business and is able to withstand the cyclical risks of the real estate industry.

Financial Analysis

The Group has achieved:

Revenue

Revenue of RMB1,813.0 million, representing a decrease of 9.1% compared with RMB1,993.9 million in 2019. Revenue is derived from three types of businesses: (i) commercial project management; (ii) government project management; and (iii) other services, which are listed by business segment as follows:

	As at 31 December				
	2020		2019		Change
	RMB'000 (Audited)	**% of total revenue**	RMB'000 (Audited)	% of total revenue	Increase/ (Decrease)
From commercial project management	**1,312,454**	**72.4**	1,470,763	73.8	(158,309)
(1) Self-operated	**691,699**	**38.2**	795,201	39.9	(103,502)
(2) Cooperation with business partners	**620,755**	**34.2**	675,562	33.9	(54,807)
From government project management	**309,845**	**17.1**	358,438	18.0	(48,593)
(1) Self-operated	**303,463**	**16.7**	348,735	17.5	(45,272)
(2) Cooperation with business partners	**6,382**	**0.4**	9,703	0.5	(3,321)
Other services	**190,676**	**10.5**	164,691	8.2	25,985
Total	**1,812,975**	**100.0**	1,993,892	100.0	(180,917)

During the Reporting Period:

(i) commercial project management is still the largest source of revenue and profit for the Group, with revenue of RMB1,312.5 million during the year, accounting for 72.4% of the total revenue, down by 10.8% compared with RMB1,470.8 million in 2019. The main reason for the decrease is that the COVID-19 pandemic has delayed the progress of sales and development of some commercial project management projects;

(ii) revenue from government project management reached RMB309.8 million, accounting for 17.1% of the total revenue, down by 13.6% compared with RMB358.4 million in 2019. The main reason for the decrease is that the Company proactively reduced business services for traditional government project management and intensified exploration of new government project management with higher service fees as it upgraded its business model; and

(iii) revenue from other services was RMB190.7 million, accounting for 10.5% of the total revenue, mainly due to the revenue of RMB150.9 million derived from a project during the Reporting Period which was tendered by Greentown Real Estate Group Co., Ltd. ("**Greentown Real Estate Group**") and managed by Greentown Project Management Group Co., Ltd. ("Greentown Project Management Group") as the Company did not obtain the grade 1 qualification for real estate development prior to listing.

Costs of Services

During the Reporting Period, costs of services was RMB947.1 million, representing a decrease of 14.8% from RMB1,112.3 million in 2019. The decrease was mainly because the Company reduced the proportion of high-cost business and improved operating efficiency and profitability through adjustment of business model and operating strategy.

Gross Profit

During the Reporting Period, the gross profit was RMB865.8 million, representing a decrease of 1.8% from RMB881.6 million in 2019. The gross profit margin was 47.8%, representing an increase of 3.6 percentage points compared with 44.2% for 2019.

– The gross profit margins of the three business segments are: 44.1% for commercial project management, 45.4% for government project management and 76.8% for other services, compared to 46.2%, 43.3% and 28.3%, respectively, for 2019.

– The gross profit margin of commercial project management was 44.1%, down from 46.2% in 2019, mainly due to the delay in the progress of sales and development and decrease in revenue of Company's commercial project management projects in the wake of the impacts of the COVID-19 pandemic while fixed expenses such as labour cost remained payable.

– The gross profit margin of government project management was 45.4%, up by 2.1 percentage points from 43.3% in 2019, mainly due to the economies of scale as the per capita management and control area increased.

– The gross profit margin of other services was 76.8%, representing a significant increase from 28.3% for 2019. This is because a project tendered by Greentown Real Estate Group and managed by Greentown Project Management Group as the Company did not obtain the grade 1 qualification for real estate development prior to listing achieved a revenue of RMB150.9 million during the Reporting Period; the service cost of the project was expensed at Greentown Real Estate Group, and the Company recognized the revenue based on the net gain of the project settled with Greentown Real Estate Group, leading to a higher gross profit margin.

Other Income

During the Reporting Period, other income of the Group was RMB48.6 million, a significant increase from RMB17.9 million in 2019. The increase in net other income was mainly due to the increase in the Company's weighted average fund balance and the Company's strengthening of the management of return on investment funds during the Reporting Period. The average deposit interest rate increased from 2.41% in 2019 to 2.5% in 2020. At the same time, the Company's provision of financial services for project management projects and other non-related parties resulted in an income of RMB9.4 million.

Other Gains/Losses

The other gains/losses of the Group decreased from a gain of RMB11.0 million for the year ended 31 December 2019 to a loss of RMB27.0 million for the year ended 31 December 2020, mainly due to the exchange loss of RMB38.6 million from the Company's offshore deposits as a result of the decline in the exchange rate of HKD to RMB.

Selling and Marketing Expenses

Selling and marketing expenses were RMB48.3 million, representing an increase of 119.5% from RMB22.0 million in 2019. The increase was mainly due to the payment of trademark license fees of RMB14.4 million (pursuant to a trademark license agreement, trademark license fees shall be paid to Greentown China from July 2020) and the increase in advertising and promotion expenses in 2020 by the Company to enhance market influence.

Administrative Expenses

Administrative expenses were RMB330.6 million, representing an increase of 9.4% from RMB302.2 million in 2019. The main reason for the increase was that the Company retained management talents in reserve for future development during the Reporting Period.

Share of Results of Joint Ventures

During the Reporting Period, our share of results of joint ventures was gain of RMB52.8 million, an increase from a loss of RMB15.4 million last year. The increase was mainly because the upstream and downstream investment business along the industry chain achieved significant increase in gains and the operations of the commercial project management cooperative investment companies were on track and experienced a turnaround from loss to profit during the Reporting Period.

Income Tax Expense

All companies paid income tax on an individual legal entity basis. Pursuant to the Law of the People's Republic of China on Enterprise Income Tax, Greentown Construction Management Co., Ltd., a subsidiary of the Group, was accredited as a high and new technology enterprise, and is entitled to preferential treatment under corporate income tax policies and subject to the statutory rate of 15%.

The income tax expense of the Group decreased by 21.4% from approximately RMB149.3 million for the year ended 31 December 2019 to approximately RMB117.4 million for the year ended 31 December 2020. Such decrease was mainly because Greentown Construction Management Co., Ltd., a subsidiary of the Group, was accredited as a high and new technology enterprise, and is entitled to preferential treatment under income tax policies and subject to corporate income tax rate of 15% for 2020.

Profit during the Year

During the Reporting Period, the net profit of the Group was RMB412.3 million, representing an increase of 11.2% from RMB370.7 million in 2019. After excluding listing expenses, the adjusted net profit during the Period attributable to the owners of the Company was RMB469.0 million, representing an increase of 39.4% from RMB336.4 million in 2019.

Trade and Other Receivables

Trade and other receivables amounted to RMB388.3 million, representing an increase of 24.1% from RMB312.8 million in 2019. This was mainly attributable to an increase of RMB16.2 million in the project management fee and deposit receivable for the Asian Games Media Village Project, an increase of RMB13.1 million in the undeducted input value-added tax, and an increase of RMB41.5 million in the management service fee previously prepaid to business partners in commercial project management as per contracts.

Amounts due from Related Parties

As at 31 December 2020, the balance of amounts due from related parties was RMB202.7 million, representing a decrease of 69.0% from RMB654.6 million in 2019, mainly due to the recovery of advances of RMB413.4 million to the Asian Games Media Village Project and the recovery of temporary transaction amount of RMB28.9 million from Greentown Real Estate Group and its subsidiaries.

Amounts due to Related Parties

As at 31 December 2020, the balance of amounts due to related parties was RMB199.5 million, representing a decrease of 75.1% from RMB800.8 million in 2019, mainly due to the repayment of temporary advances of RMB626.0 million to Greentown China and its subsidiaries during the Reporting Period.

Contract Liabilities

Contract liabilities amounted to RMB396.2 million, representing an increase of 65.4% from RMB239.6 million at the end of 2019. This increase represents that the Company's actual collection was faster than the completion of its service delivery.

Capital Structure

As at 31 December 2020, the total equity of the Group reached approximately RMB3,102.2 million, representing an increase of approximately RMB1,421.0 million from RMB1,681.2 million at the beginning of 2020. Specifically, (a) equity attributable to shareholders was approximately RMB3,075.2 million, representing an increase of approximately RMB1,480.4 million from RMB1,594.8 million at the beginning of 2020, mainly due to the profit of approximately RMB439.3 million for the year ended 31 December 2020 and the net capital reserve of approximately RMB1,134.9 million arising from the initial public offering of the Company, offset by the repurchase of approximately RMB99.9 million of shares under the share incentive scheme of the Company; and (b) equity attribute to minority shareholders decreased by approximately RMB59.4 million mainly due to the distribution of cash dividends by subsidiaries to minority shareholders.

As at 31 December 2020, the Company had a total of 1,957,976,000 shares in issue, and had a total market capitalization of approximately HKD6.5 billion (based on the closing price of shares on 31 December 2020).

Liquidity and Capital Resources

As at 31 December 2020, the Group had bank deposits and cash (not including pledged bank deposits) of RMB2,397.3 million (31 December 2019: RMB1,139.2 million); and the current ratio was 2.05 times (31 December 2019: 1.23 times). Gearing ratio (interest-bearing debt divided by total equity at the end of the same period) was 0.5% (31 December 2019: 0%). The cash flow was very abundant, providing strong support for the Company's future development.

During the Reporting Period, our liquidity was mainly tailored to meet the working capital needs. Internally generated cash flow was the main source of funding for our working capital, capital expenditures and other funding needs.

During the Period, cash inflows from operating activities were RMB903.3 million, representing a RMB491.0 million difference from the net profit of RMB412.3 million. The difference was mainly attributable to the recovery of advances of RMB413.4 million to the Asian Games Media Village Project for working capital in 2019, and increase in management service fee for project management of RMB156.3 million received in advance.

Debt

During the Reporting Period, the Group had no significant borrowings.

Foreign Exchange Risk

The Group conducts substantially all of its business in Mainland China and in Renminbi. Therefore, the Group is exposed to low foreign exchange risks. However, the depreciation or appreciation of RMB and HKD against foreign currencies may have impact on the Group's financial performance. Currently, the Group does not hedge foreign exchange risks, but will continue to closely monitor its exposure to foreign exchange risks. The management will consider hedging foreign exchange risks when the Group becomes materially affected by such risks.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 December 2020.

Pledge of Assets

During the Reporting Period, the Group had no pledge of assets.

Asset Transactions and Significant Investments

During the Reporting Period, the Group had no asset transactions or significant investments other than its ordinary business activities.

As of the end of the Reporting Period, the Group has no plans for significant investments or acquisitions of capital asset. However, in the event of any future potential investment plans, the Group will conduct a feasibility study and consider whether the investment opportunities will be beneficial to the Group and to the shareholders of the Company as a whole.

Material Acquisitions and Disposals

During the Reporting Period, the Group had no material acquisition and disposal.

Treasury Management

Our treasury function undertakes the responsibility of cash management, liquidity planning and control, provision of cost-efficient financing for the Group, liaison with banks and other related institutions, investment in financial products, as well as mitigation of financial risks such as interest and foreign exchanges risks. Our treasury function is designed to align with the long-term and short-term needs of the Group and comply with good governance standard.

BUSINESS OUTLOOK

As the project management model will be in line with the future segregation of duties in the industry, and it is asset-light and anti-cyclical in nature, its growth momentum will become stronger under the current real estate macro environment and the expectations of tightening regulation. We anticipate that there will be more leading real estate companies venturing into this new sector, and they will join us to scale up the project management business and increase the penetration in the industry.

The Company is poised to benefit from the solid growth momentum of the project management industry. To this end, the Company will further optimize its nationwide strategic deployment, and leverage its leading position over the past decade to build a project management ecosystem across the industry chain. In addition, the Company will maintain its industry leadership and continue to lead the development of the industry through an array of measures, including promoting the establishment a strategic alliance for the project management industry, developing industry standards, strengthening core capabilities and improving service quality.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Below are the biographies of the Directors and senior management of the Group since the Listing Date to the Latest Practicable Date.

DIRECTOR

Non-executive Directors

Mr. GUO Jiafeng, aged 56, graduated from Zhejiang Construction Industry School (浙江建築工業學校) in 1981, majoring in industrial and civil architecture. Mr. Guo has more than 33 years of experience in the industry, and has extensive experience in project development and construction. Mr. Guo joined the Greentown Group in April 2000, served as an executive director of Greentown China from July 2006 to March 2015, and acted as the executive general manager of Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司) where he was primarily responsible for the real estate development of projects in areas such as Hunan Changsha, Zhejiang Hangzhou, Zhejiang Zhoushan, Jiangsu Nanjing, Anhui Hefei and Xinjiang. He was mainly engaged his personal business from April 2015 to July 2019. Mr. Guo was re-appointed as an executive director of Greentown China on 11 July 2019. He has been the Chairman of the Board and a non-executive Director of the Company since 8 January 2020, mainly responsible for the overall formulation, supervision and guidance of business strategies, planning and development of the Group. Currently, Mr. Guo also serves as an executive director and executive president of Greentown China.

Mr. ZHANG Yadong, aged 52, joined the Greentown Group in May 2018. Mr. Zhang studied at Liaoning University (遼寧大學), Dalian Polytechnic University (大連工業大學) and Xiamen University (廈門大學), and he is a Ph.D holder. Mr. Zhang served as the assistant to general manager, deputy general manager and general manager of Dalian Great Automobile Enterprise Group (大連大汽企業集團), assistant director and deputy director of Dalian High-tech Zone Management Committee, deputy party chief and mayor of Pulandian Municipal Committee of Liaoning Province, deputy party chief of party working committee and deputy director of management committee of Dalian Economic and Technological Development Zone, party chief and head of Dalian Urban Construction Bureau, secretary of the leading party members' group and director of Dalian Construction Committee, deputy mayor of Dalian Municipal Government, member of the standing committee and the head of the United Front Work Department of the Dalian Municipal Committee, director and general manager of China Urban and Rural Construction Development Limited (中國城鄉建設發展有限公司) (a wholly owned subsidiary of CCCG). During his tenure as deputy mayor of Dalian Municipal Government, Mr. Zhang was responsible for urban construction and management, including overseeing the Dalian Municipal Land Resources and Housing Bureau, Urban and Rural Construction Committee, Planning Bureau, Urban Construction Administration and other related urban construction departments. Mr. Zhang was appointed as an executive director and chief executive officer of Greentown China on 1 August 2018, and chairman of the board of directors of Greentown China on 11 July 2019. He has been a non-executive Director of the Company since 8 January 2020, primarily responsible for the overall formulation, supervision and guidance of business strategies, planning and development of the Group. Currently, Mr. Zhang also serves as chairman of the board of directors, executive director, member of the nomination committee and member of the remuneration committee of Greentown China.

Mr. LIU Wensheng, aged 60, graduated from Dalian Maritime University (大連海事大學) (formerly known as Dalian Maritime College (大連海運學院)) with a bachelor's degree in engineering. He is a senior engineer and professor-level senior economist. Mr. Liu has extensive operation management experience, as he served as deputy general manager of CCCC Tianjin Dredging Co., Ltd. (中交天津航道局有限公司), vice-chief economist and general manager of corporate planning of China Harbour Engineering Company Ltd. (中國港灣工程有限責任公司), chief economist of China Communications Construction Group, the secretary of the board of directors, the company secretary and chief economist of CCCC, chairman of CCCC International Holding Limited (中交國際(香港)控股有限公司), chairman of Friede Goldman United, Ltd., chairman of CCCC Financial Leasing Co., Ltd. (中國交建融資租賃有限公司), a director of Shanghai Zhenhua Heavy Industry Co., Ltd. (上海振華重工股份有限公司), a director of CCCC Dredging (Group) Holdings Co., Ltd. (中交疏浚(集團)股份有限公司) and a director of China-ASEAN Economic Cooperation Fund (中國-東盟經濟合作基金). Mr. Liu was the executive director of Greentown China until 21 March 2021. He has been a non-executive Director of the Company since 8 January 2020, primarily responsible for the overall formulation, supervision and guidance of business strategies, planning and development of the Group. Mr. Liu retired and resigned from non-executive Director with effect from 13 April 2021.

Executive Directors

Mr. LI Jun, aged 44, has been the Chief Executive Officer and an executive Director of the Company since 2016, primarily responsible for the strategic development, overall operation and management of the Group.

Mr. Li joined the Greentown Group as an officer in the quality management department in 2002 and subsequently served as a department manager in its operations management department since 2009. Mr. Li has served as general manager of Greentown's first commercial project management project since 2010 and innovated the asset-light development model. He has served as president of the Group since 2015, responsible for overseeing daily operation and management. Under the leadership of Mr. Li, the Group became the first and the largest project management company with an asset-light business model in China.

In 2018, Mr. Li received the Annual Innovative Leader Award in China (中國年度創新領袖人物獎) granted by Boao Real Estate Forum.

In 2019 and 2020, Mr. Li successively received the Most Influential Business Leader in China Real Estate Industry (中國房地產年度影響力行業領軍人物).

He completed his undergraduate studies in heating ventilation at the University of South China (南華大學) in the PRC in 1998 and obtained a master's degree in project management from Zhejiang University (浙江大學) in the PRC in 2010. He has the AMP alumni qualification of the Wharton School of Business in the United States.

Mr. LIN Sanjiu, aged 57, has been an executive Director of the Company since 8 January 2020 and is primarily responsible for operations management and supervision of the product R&D center and the establishment of marketing service center systems.

He joined the Greentown Group in October 2006, and he joined the Group as the general manager of certain project companies in 2009. Mr. Lin has extensive experience in property management.

He obtained an associate degree in business management from the Hangzhou Branch of the Associated Correspondent University for Economic Management (經濟管理刊受聯合大學杭州市分校) in the PRC in 1989.

Independent Non-executive Directors

Mr. Lin Zhihong, aged 50, has been an independent non-executive Director of the Company since 23 June 2020 and is primarily responsible for providing guidance and supervision regarding the business, operations and corporate governance of the Group.

Mr. Lin has served as general manager, deputy general manager and president of a number of banks. In 2008, Mr. Lin was selected as one of the Top Ten Pacemakers in the Building of Professional Ethics for Workers in the National Financial System (全國金融系統職工職業道德建設十佳標兵) by the National Committee of China Financial Trade Union (中國金融工會全國委員會) and one of the 50 Most Promising Young Bankers in Asia Pacific and the Gulf Region (亞太及海灣地區50名最有前途的年輕銀行家) by The Asian Banker (亞洲銀行家), and was awarded the May, 1 National Labour Medal in the National Financial System (全國金融五一勞動獎章) by China Financial Trade Union (中國金融工會). In 2011, he was awarded the 15th Anniversary Meritorious Service and Entrepreneur Award (十五周年功勳創業者獎) by China Minsheng Bank. In 2015, he was selected as a Year 2015 Outstanding Innovative Business Leader (2015傑出創新商業領袖) by Hong Kong Wen Wei Po Daily (香港文匯報).

He obtained a Ph.D in management science and engineering (financial engineering) from Dalian University of Technology (大連理工大學) in the PRC in 2014.

Dr. Ding Zuyu, aged 47, has been an independent non-executive Director of the Company since 23 June 2020 and is primarily responsible for providing guidance and supervision regarding the business, operations and corporate governance of the Group.

Dr. Ding is an executive director and chief executive officer of E-House (China) Enterprise Holdings Limited (易居(中國)企業控股有限公司) (stock code: 2048) and an independent non-executive director of Powerlong Real Estate Holdings Limited (寶龍地產控股有限公司) (stock code: 1238), both listed on the Main Board of the Stock Exchange, and also an executive member of China Real Estate and Housing Research Association (中國房地產業協會).

In the past three years, he acted as chief executive officer of E-House (China) Enterprise Holdings Limited (易居(中國)企業控股有限公司) (a company listed on the Main Board of the Stock Exchange (stock code: 2048)).

He obtained a Ph.D in economics from East China Normal University (華東師範大學) in the PRC in 2013.

Mr. Chan Yan Kwan Andy, aged 52, has been an independent non-executive Director of the Company since 23 June 2020 and is primarily responsible for providing guidance and supervision regarding the business, operations and corporate governance of the Group.

Mr. Chan is the chief financial officer and company secretary of Kingdom Holdings Limited (金達控股有限公司), a company listed on the Main Board of the Stock Exchange (stock code: 528).

He worked for a number of international accounting firms (including Ernst & Young), and has approximately 22 years of extensive financial experience.

He obtained a bachelor's degree in economics and accounting from the University of Hull in the United Kingdom in 1992 and a master's degree in business administration from the University of Western Ontario in Canada in 2008. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

SENIOR MANAGEMENT

Ms. ZHAN Liying, aged 44, has been the Vice President of the Company since July 2018 and is primarily responsible for the operational management of the Group.

She joined the Greentown Group in 1997 as an administrative staff in Greentown Real Estate until 2005. From 2005 to 2015, she served for different companies of the Greentown Group as a manager, general manager and other positions. She has served as chief operating officer of the Group since September 2015.

She obtained an associate degree in secretarial studies from the Open University of China (中央廣播電視大學) in the PRC in 2005.

Mr. CHENG Min, aged 39, has been vice president of the Company since December 2020. He is mainly responsible for the business development as well as funds and financial management of the Group.

Mr. Cheng has extensive experience in real estate project investment and expansion. He previously joined the Greentown Group in 2010 as an officer of the corporate development department. In September of the same year, he was transferred to Greentown Construction Management Co., Ltd. (綠城建設管理有限公司) to engage in and be responsible for the expansion of the project management business. He served at the headquarters of Greentown Real Estate in 2015. He acted as executive general manager of the Huzhou Yuyuan Project (湖州禦園項目), deputy general manager of the South China regional company, and deputy general manager of the development and investment center of Greentown China.

He obtained a bachelor's degree in mechanical engineering and automation from Zhejiang University of Technology (浙江工業大學) in 2005, and a master's degree in technical economy and management from Zhejiang University of Technology (浙江工業大學) in 2009.

Mr. ZHU Junhua, aged 49, has been the vice president of the Company since September 2019 and is primarily responsible for the strategic planning and business management of the innovative businesses.

From 2009 to 2014, Mr. Zhu served at the headquarters of Greentown Real Estate and was primarily responsible for marketing work. He then held the positions of general manager of Wenzhou Greentown Real Estate Development Co., Ltd. (溫州綠城房地產開發有限公司) from 2014 to 2015 and general manager of Sunac Shanghai City Company (融創上海城市公司) from February 2015 to 2016. From 2017 to 2018, Mr. Zhu served as project manager for the Zhengzhou Tianlun Dongzhao project (鄭州天倫東趙項目) at Zhejiang Shidai.

He obtained a master's degree in Business Administration from Xiamen University (廈門大學) in the PRC in 2017.

Ms. WANG Hui, aged 42, has been an Assistant President of the Company since 2020, and is fully responsible for the management of the marketing system of the Group.

He has 20 years of experience in real estate marketing and management, and has served as various positions including deputy general manager of Shanghai Branch of Fosun Group Ceyuan Holdings (復星集團策源控股) under and assistant general manager of Fosun Land Control Zhejiang Fudi (復星地控浙江復地).

She joined Greentown in 2015, and served as deputy general manager, general manager and assistant president of the marketing center of Greentown Management Group.

She obtained a bachelor's degree in sales management from Sichuan University (四川大學), an EMBA degree from Fudan University (復旦大學) and a master's degree in business administration from China Europe International Business School (中歐國際商學院).

Mr. LUO Yi, aged 43, has been an Assistant President of the Company since 17 July 2020. He is primarily responsible for the overall operation and management of the government business of the Group.

He joined Greentown Management in 2018 as general manager of its product center, and subsequently served as general manager of Greentown Leju Construction Management Group Co., Ltd. (綠城樂居建設管理集團有限公司) (a wholly-owned subsidiary of Greentown Management) since 2019. Before joining Greentown Management, Mr. Luo served in Zhejiang Urban and Rural Planning and Design Institute (浙江省城鄉規劃設計研究院), Hangzhou Qianjiang New Town Management Committee (杭州市錢江新城管委會) and Hangzhou Qianjiang New Town Investment Group (杭州市錢江新城投資集團). He is familiar with business exploration and development in multiple sectors, and has extensive experience in primary and secondary city development.

He obtained a bachelor's degree in architecture from the School of Architecture of Zhejiang University (浙江大學建築學系) in the PARC in 2001, and a master's degree in urban planning and design from Zhejiang University (浙江大學) in the PRC in 2005.

Mr. YU Cheeric James, aged 45, has been the Chief Financial Officer of the Company since 2017 and is primarily responsible for the financial management the Group.

Mr. Yu has 20 years of experience in auditing, advisory business services and finance management. Mr. Yu started his career with an international accounting firm and thereafter, he worked in senior roles within several multinational companies and Hong Kong listed companies including CLP Holdings Limited (中電控股有限公司) (stock code: 0002) and China Lilang Limited (中國利郎有限公司) (stock code: 1234), both listed on the Main Board of the Stock Exchange, where he acted as the group financial controller and company secretary. He also worked at Shimao Property Holdings Limited (世茂房地產控股有限公司) (stock code: 0813) between 2013 and 2016, where he acted as Head of Investor Relations.

He obtained a bachelor's degree in science in business administration (accountancy) from the California State University in the US in 1997. He became an associate member of the American Institute of Certified Public Accountants in 2001 and a certified public accountant of the State of Delaware of the US in 2006.

JOINT COMPANY SECRETARIES

Ms. Zhang Panpan ("**Ms. Zhang**") and Ms. So Shuk Yi Betty ("**Ms. So**") are currently the joint company secretaries of the Company.

On 22 March 2021, Ms. So Shuk Yi Betty was appointed as the joint company secretary of the Company, and Ms. Yeung Ching Man ceased to serve as the joint company secretary of the Company. For details of the change of company secretary, please refer to the announcement made by the Company on 22 March 2021.

Ms. Zhang is the director of the office of the Board and is primarily responsible for capital markets affairs, strategic management, information disclosure management, corporate governance and other functions of the Company. Ms. Zhang joined the Company in September 2011 and served several positions through front line project management, including planning management in the operation center, financial services in the financial and capital center, and strategic management in the development center of the Group. She led the listing process of the Company, and was responsible for the supervision, coordination and management of the listing application process of the Company.

Ms. Zhang obtained her bachelor's degree in education from Henan University, and obtained her bachelor's degree in real estate operation and management from Henan University of Urban Construction. Ms. Zhang is currently pursuing an Executive MBA degree in China Europe International Business School.

Ms. So is currently the vice president of SWCS Corporate Services Group (Hong Kong) Limited and has over 20 years of experience in secretarial and compliance-related engagements.

Ms. So obtained a master's degree in law from the City University of Hong Kong (香港城市大學) and a master's degree in business administration from the University of Leicester. She is a member of both The Hong Kong Institute of Chartered Secretaries and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom.

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 principal activity of the Group is to provide project management services. An analysis of the Group's revenue for the Reporting Period by principal business activity is set out in note 5 to the consolidated financial statements of the Group.

RESULTS

The results of the Group for the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 49 to 50.

BUSINESS REVIEW

During the year ended 31 December 2020, the Group had 296 project management projects (2019: 260), with a total GFA under the management contracts of 76.1 million square meters, representing an increase of approximately 12.7% as compared to the corresponding period last year. The area under construction was 40.5 million square meters, representing an increase of approximately 8.0% as compared to the corresponding period last year.

SHARE CAPITAL

Details of the issued Shares of the Company during the year ended 31 December 2020 are set out in note 31 to the consolidated financial statements of the Group.

PROPERTY, PLANT AND EQUIPMENT

Details of the changes in the Group's property, plant and equipment during the year ended 31 December 2020 are set out in note 16 to the consolidated financial statements of the Group.

BORROWINGS

The Group had no significant borrowings during the year ended 31 December 2020.

EQUITY-LINKED AGREEMENT

No equity-linked agreements were entered into or subsisted at any time during the year ended 31 December 2020.

DONATIONS

The Group has not made any donations during the year ended 31 December 2020.

DISTRIBUTABLE RESERVES

Details of the changes in the Company's reserves during the year ended 31 December 2020 are set out in the consolidated statement of changes in equity on page 53 to 55.

FINANCIAL SUMMARY

The financial summary of the Group is set out on page 6 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2020, revenue from the largest customer of the Group accounted for approximately 5.4% of the total revenue for the year, and revenue from the five largest customers of the Group accounted for less than 20% of the Group's revenue for the year.

During the year ended 31 December 2020, the purchases made from the largest supplier of the Group accounted for approximately 13.4% of the total purchases for the year, and the purchases made from the five largest suppliers of the Group accounted for less than 60% of the purchases made by the Group during the year.

DIRECTORS' AND SHAREHOLDERS' INTERESTS IN SUPPLIERS AND CUSTOMERS OF THE GROUP

Save as disclosed above, none of the Directors or any of their close associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the number of issued shares of the Company) had any direct or indirect interests in the Group's five largest customers or suppliers.

DIRECTORS

The Directors during the Reporting Period and up to the date of this report are as follows:

Non-executive Directors

Mr. Guo Jiafeng *(Chairman)*
Mr. Zhang Yadong
Mr. Liu Wensheng
(retired and resigned on 13 April 2021)

Executive Directors

Mr. Li Jun *(Chief Executive Officer)*
Mr. Lin Sanjiu

Independent Non-executive Directors

Mr. Lin Zhihong
Dr. Ding Zuyu
Mr. Chan Yan Kwan Andy

Pursuant to Article 16.19 of the Articles of Association, Mr. Guo Jiafeng, Mr. Li Jun and Mr. Lin Sanjiu shall retire from office by rotation and, being eligible, offer themselves for re-election at the AGM.

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

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' SERVICE CONTRACTS

Each of the Director has entered into a service contract (for executive Directors) or signed an appointment letter (for non-executive Directors and independent non-executive Directors) with the Company for a term of three years with effect from 10 July 2020 (date of listing of the Company's Shares on Hong Kong Stock Exchange).

The service contracts of the executive Directors may be terminated by not less than two months' notice in writing served by either party on the other. The appointment letter of the non-executive Directors and the independent non-executive Directors may be terminated by the Company or the Director himself with at least one month' and three months' prior written notice to the other party, respectively.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

There are no transactions, arrangements or contracts that is significant in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director or an entity connected with a Director had, directly or indirectly, a material interest subsisted at the end of the year or at any time during the year.

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 Reporting Period.

INTERESTS OF DIRECTORS AND THEIR ASSOCIATES IN COMPETING BUSINESS

During the year ended 31 December 2020, none of the Directors or any of their respective 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.

PERMITTED INDEMNITY PROVISION

The Articles of Association provide that every Director for the time being acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts. However, this indemnity does not extend to any matter in respect of any fraud or dishonesty which may attach to any of the said persons.

During the Reporting Period, the Company has taken out insurance for directors and senior management to provide appropriate protection for the Directors and senior management of the Company.

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

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 11 and note 40(iv) to the consolidated financial statements of the Group.

The remuneration packages of individual Directors (including salaries and other benefits) is recommended by the remuneration committee of the Company for the Board's approval, having regard to the Group's results, Directors' performance, duties, etc.

RETIREMENT AND EMPLOYEE BENEFITS SCHEME

Details of the retirement and employee benefits scheme of the Company are set out in note 35 to the consolidated financial statements.

CONTINUING CONNECTED TRANSACTION

On 24 February 2020, the Company and Greentown China entered into a trademark license agreement (the "**Trademark Licence Agreement**") pursuant to which Greentown China licensed certain "Greentown" series of trademark registered in the PRC and Hong Kong in relation to the project management business to the Company and its subsidiaries. The license under the Trademark License Agreement has an initial term commencing from the date of the agreement and ending 10 years from the Listing Date, which (subject to compliance with relevant laws and regulations, including the Listing Rules), may be renewed upon written notice given by the Company for every 10 years from the expiry date. For details of the Trademark Licence Agreement, please refer to "Connected Transaction" section of the Prospectus.

Annual Caps

Here below are the details of the annual caps for the Trademark Licence Agreement.

Year(s)	**Annual Cap Licence Fee** (RMB million)
1st year (the one year period starting from the Listing Date)	30
2nd year (the one year period starting from the expiration of the previous one year period. Same for license periods below.)	40
3rd year	50
4th year – 10th year	60

Note: The Company shall pay a license fee of RMB14.38 million for the period from the Listing Date to 31 December 2020.

Annual Review of the Continuing Connected Transaction

Pursuant to the Listing Rules, the independent non-executive Directors have reviewed the above continuing connected transaction and the report of the auditor and confirmed that the continuing connected transaction was entered into (i) in the ordinary and usual course of business of the Group; (ii) either on normal commercial terms or on terms no less favourable to the Group than terms available to (or from) independent third parties; and (iii) in accordance with the Trademark License Agreement governing it on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transaction with regard to the Trademark Licence Agreement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transaction disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

CONNECTED AND RELATED PARTY TRANSACTIONS

The related party transactions disclosed in note 40(i)(e) to the consolidated financial statements constituted connected transactions or continuing connected transactions under the Listing Rules, but are exempt from shareholder approval, disclosure and other requirements under Chapter 14A.76 of the Listing Rules.

EVENT SUBSEQUENT TO THE REPORTING PERIOD

Details of the event subsequent to the Reporting Period are set out in note 43 to the consolidated financial statements.

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

As at 31 December 2020 the interests and short positions of the Directors and chief executives of the Company in the shares of the Company, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which were required to be entered in the register pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(i) Long positions in the Shares and underlying shares

Name of Director or chief executive	Nature of interest	Number of Shares	Number of derivative Shares[1]	Approximate percentage of interest in the Company
Mr. Guo Jiafeng	Beneficial owner	–	2,000,000	0.102%
Mr. Zhang Yadong	Beneficial owner	–	2,000,000	0.102%
Mr. Liu Wensheng	Beneficial owner	–	2,000,000	0.102%
Mr. Li Jun	Beneficial owner	5,980,000	3,900,000	0.505%
Mr. Lin Sanjiu	Beneficial owner	–	2,880,000	0.147%
Mr. Yu Cheeric James	Beneficial owner	–	500,000	0.026%

Note:

(1) Such interests refer to the interests in the award share units granted under the Share Award Scheme.

(ii) Associated Corporation of the Company

Name of Director	Name of associated corporation of the Company	No. of derivative Shares	% of issued share capital of the associated corporation
Mr. Guo Jiafeng	Greentown China	4,000,000 [1]	0.160%
Mr. Zhang Yadong	Greentown China	13,270,949 [2]	0.532%
Mr. Liu Wensheng	Greentown China	12,986,129 [3]	0.521%

Notes:

(1) These share options are granted under the share option scheme.

(2) It represents (i) 12,600,000 share options under the share option scheme; and (ii) 670,949 shares under the share award scheme.

(3) It represents (i) 12,400,000 share options under the share option scheme; and (ii) 586,129 shares under the share award scheme.

(4) Calculated based on the relevant individual's interest in the relevant shares and the total number of issued shares of Greentown China as at 31 December 2020.

Save as disclosed above, as at 31 December 2020, none of the Directors and chief executives of the Company (including their spouses and children under the age of 18) had any interest in, or had been granted any right to subscribe for the Shares and options of the Company and its associated corporations (within the meaning of the SFO), or had exercised any such rights.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 31 December 2020, as set out in the register kept under Section 336 of the SFO, the following companies and persons (other than the Directors and chief executives of the Company) had interest or short position 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:

Name of substantial shareholder	Nature of interest	Number of Shares	Approximate percentage of interest in the Company
Greentown China	Beneficial owner	1,432,660,000	73.17%

Save as disclosed above, as at 31 December 2020, our Directors are not aware of any other person (other than Directors and chief executive of the Company) who have any interest and/or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

2020 SHARE AWARD SCHEME

On 28 October 2020, the Company adopted the share award scheme (the "**Share Award Scheme**"), pursuant to which the ordinary shares of the Company (the "**Shares**") to be awarded will be purchased by the trustee from the open market out of cash contributed by the Group and held on trust for the selected employees until such Shares are vested with the relevant selected employees in accordance with the provisions of the Share Award Scheme. The scheme is valid and effective for a period of ten (10) years commencing on the adoption date.

The purpose of the Share Award Scheme is to recognise and reward the contribution of the executives and employees and directors of the Group to the growth and development of the Group through an award of the shares of the Company.

The Group has granted 35,740,000 shares to the 45 employees and directors in the current year, representing 1.83% of the total number of issued Shares. The vesting period for the first 50% of the award shares shall vest on the first anniversary date of the grant date, and (ii) the balance shall vest on the second anniversary date of the grant date.

The carrying amount of 35,830,961 shares repurchased on the Stock Exchange and held for the Share Award Scheme was approximately HK$118,363,000 (equivalent to approximately RMB99,910,000) as at 31 December 2020. The Group has recognised the total expense of RMB1,520,000 in the profit or loss in relation to Shares granted under Share Award Scheme.

For the grantees, Mr. Guo Jiafeng, Mr. Zhang Yadong, Mr. Liu Wensheng, Mr. Li Jun, and Mr. Lin Sanjiu, being the executive Directors/non-executive Directors; Mr. Yu Cheeric James, a chief executive of the Company; and seven directors of certain subsidiaries of the Company, are connected persons of the Company (the "**Connected Grantees**"). Further details of the Grantees are as set out below:

Grantees	Number of award shares granted on 24 December 2020	Award shares lapsed/ cancelled during the year	Award shares vested during the year	Number of award shares outstanding as at 31 December 2020
Connected Grantees				
Guo Jiafeng	2,000,000	–	–	2,000,000
Zhang Yadong	2,000,000	–	–	2,000,000
Liu Wensheng	2,000,000	–	–	2,000,000
Li Jun	3,900,000	–	–	3,900,000
Lin Sanjiu	2,880,000	–	–	2,880,000
YU Cheeric James	500,000	–	–	500,000
Seven directors of certain subsidiaries of the Company	6,760,000	–	–	6,760,000
Non-Connected Grantees				
32 Selected Participants who are not connected with the Company or connected persons of the Company	15,700,000	–	–	15,700,000

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The Company successfully listed on the Main Board of the Stock Exchange on 10 July 2020 (the "**Listing Date**"). After the over-allotment option was fully exercised, a total of 525,316,000 new shares were issued pursuant to the global offering. After deducting underwriting fees, commission and other estimated listing expenses, the net proceeds were approximately HK$1,145.1 million. These proceeds have been and will be applied in accordance with the prospectus dated 29 June 2020 (the "**Prospectus**") and the announcement of the offer price and allotment results published on 9 July 2020. The following table sets out the intended use and actual use of the net proceeds as of 31 December 2020:

Use of proceeds	Revised allocation of use of the net proceeds (HKD million)	Revised percentage of total net proceeds	Actual use as of 31 December 2020 (HKD million)	Unutilised net proceeds as at 31 December 2020 (HKD million)
Scale up through strategic acquisitions	229.0	20%	–	229.0
Development of commercial project management with capital contribution	166.0	14.5%	166.0	–
Repayment of the indebtedness to Greentown China	590.2	51.5%	590.2	–
Development of ecosystem	45.4	4%	6.8	38.6
General working capital	114.5	10%	114.5	–
Total	**1,145.1**	**100%**	**877.5**	**267.6**

The Company expects to utilise the remaining proceeds of approximately HK$267.6 million in the coming two years according to the prospectus.

CORPORATE GOVERNANCE

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

DIVIDEND POLICY

The future declarations of dividends of the Company will be at the absolute discretion of the Directors. Any amount of dividends the Company declares and pays will depend on the Company's future operations and earnings, capital requirements and surplus, general financial conditions and other factors that the Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to the constitutional documents and the relevant laws. No dividend shall be declared or payable except out of the profits and reserves of the Company lawfully available for distribution.

RISKS AND UNCERTAINTIES

The Group's businesses, financial conditions, results of operations and growth prospects may be affected by risks and uncertainties directly or indirectly pertaining to the Group's businesses. The risk factors set out below are those that could result in the Group businesses, financial conditions, results of operations or growth prospects differing materially from expected or historical results. Such factors are by no means exhaustive or comprehensive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be very material in the future. In addition, this annual report does not constitute a recommendation or advice to invest in the securities of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the securities of the Company.

Risks Relating to Our Industry

Our commercial project management business is the core business of the Group, and the number of commercial project management projects that we manage, and hence, our income level, depend on the performance of the real estate market in China. Social, political, economic, legal and other factors will continue to affect the development of the real estate market in China. Any market downturn, any oversupply of properties or potential decline in demand for or prices of properties in China generally or in the regions where we operate could adversely affect our business, financial condition and results of operations.

Risks Relating to Our Business

The project owners' selection of a project management company depends on a number of factors, including but not limited to the quality of services, the level of pricing, the operating scales, the operating history and reputation of the project management company in the real estate industry. The project management market in the PRC is highly competitive, and our competitors may have greater financial, technical and other resources, better brand recognition and larger customer bases, and may be able to devote more resources to the development, promotion and sale of their services and solutions. There is no assurance that we will be able to procure new project management service contracts in the future as planned or at a desirable pace or price, or at all, as a result of the factors discussed above. If we cannot respond to changes in customer preferences more swiftly or more effectively than our competitors, or increased competition arising from new market participants, our business, results of operations and financial condition could be adversely affected.

Risks Relating to Foreign Exchange

The Group principally focuses on its business in the PRC. Except for bank deposits and trade receivables denominated in foreign currencies, the Group is not subject to any other material risk directly relating to foreign exchange fluctuations. During the year, the Directors expected that fluctuations of the RMB exchange rate would not materially and adversely affect the operations of the Group. The management will continue to monitor the foreign exchange exposure, and take prudent measures to reduce foreign exchange risks.

Outbreak of Highly Infectious Diseases

The outbreak of COVID-19 since January 2020 in different parts of the world has posed significant adverse impact on global economy as a result of the community standstill, extensive disruption of business activities, travel lockdowns as well as the weakened consumer sentiment. The Group's operations, financial position and financial performance would inevitably be affected and the magnitude of impact remains uncertain as the situation is still evolving. The Company will continue to closely monitor the situation and assess and react actively to the impact of COVID-19 on the Group's operations and performance. The Company will also use its best endeavours to take every measure to protect the safety of its employees, tenants and customers while ensuring its operations is maintained at normal level.

EMPLOYEES AND REMUNERATION POLICIES

During the Reporting Period, the Group provided diversified training and personal development plans to its employees according to established human resources policies and systems. The remuneration package offered to the staff includes basic salaries, allowances, bonus, share award scheme and other employee benefits, which was in line with their duties and the prevailing market terms. Discretionary bonuses based on individual performance will be paid to employees as recognition of and reward for their contributions. Staff benefits, including pension, medical coverage, and provident funds are also provided to employees of the Group.

As at 31 December 2020, the Group had 1,531 employees, representing a decrease of 15.5% from 31 December 2019, which was mainly attributable to the fact that some design institutes were no longer covered in the scope of this report.

SUFFICIENCY OF PUBLIC FLOAT

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

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Articles and there was no restriction against such rights under the laws of Cayman Islands.

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

Save as disclosed in the section "2020 SHARE AWARD SCHEME", during the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

AUDITOR

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

For and on behalf of the Board

Li Jun
Chief Executive Officer and Executive Director

Hangzhou, PRC,
22 March 2021

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES OF THE COMPANY

The Company is committed to maintaining and promoting stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures, uphold a high standard of ethics, transparency, responsibility and integrity in all aspects of business, to ensure that its business and operations are conducted in accordance with applicable laws and regulations and to enhance the transparency and accountability of the Board to all Shareholders. The Company's corporate governance practices are based on the principles and code provisions as set out in the CG Code. Save as disclosed herein, the Company has been in compliance with the code provisions set out in the CG Code during the Reporting Period.

THE BOARD

Responsibilities

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance, and is collectively responsible for promoting the success of the Company by directing and supervising its affairs.

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

Delegation of Management Function

The major powers and functions of the Board include, but are not limited to, convening the general meetings, reporting its work at the general meetings, implementing the resolutions passed at the general meetings, considering and approving the operating plans and investment plans of the Company, formulating the Company's strategic development plans, formulating annual financial budgets and final accounts plans, formulating profit distribution plans and plans on making up losses, and exercising other powers and functions as conferred by the Memorandum and Articles of Association.

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

The Board is responsible for making decision with respect to the strategic plans, major investment decisions and other significant operational matters of the Company, while responsibilities with respect to the implementation of the decisions of the Board, day-to-day management, administration and operation of the Company are delegated to the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to entering into any significant transactions.

Composition of the Board

The Board currently comprises seven Directors, including two executive Directors, two non-executive Directors and three independent non-executive Directors. A list of members of the Board, their positions and dates of appointment, and each Director's biography have been set out in the section headed "Directors and Senior Management".

All Directors, including non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. All Directors have carried out duties in good faith and in compliance with applicable laws and regulations, and have acted in the interests of the Company and the Shareholders at all times.

Save as disclosed in the Prospectus and this annual report, there is no relationship (including financial, business, family or other material/relevant relationship(s)) between the Directors.

Chairman and Chief Executive Officer

The CG Code requires that the roles of chairman and chief executive officer should be separated and not be performed by the same individual to ensure there is a clear division of responsibilities between the Board and the executives who run the business.

Mr. Guo Jiafeng is the chairman (the "**Chairman**") of the Company and Mr. Li Jun is the chief executive officer (the "**Chief Executive Officer**") of the Company. Their respective roles and responsibilities are clearly separated and set out in writing.

The Chairman is mainly responsible for setting the Company's direction in consultation with the Board and for the macro-oversight of the management. With the support of the Company Secretary and Corporate Governance Committee, the Chairman also takes primary responsibility to establish good corporate governance practices and procedures of the Company. The Chief Executive Officer, with the support of Executive Directors (who are in charge of different businesses and functional divisions in accordance with their respective areas of expertise), is responsible for strategic planning of different business functions and day-to-day management and operation of the Group.

Independent Non-executive Directors

During the Reporting Period, the Company has three independent non-executive Directors in compliance with the Rules 3.10(1) and 3.10(2) of the Listing Rules, with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise. The number of independent non-executive Directors accounts for one third of the number of the Board members.

According to the Rule 3.13 of Listing Rules, the independent non-executive Directors have made confirmations to the Company regarding their independence during the Reporting Period. Based on the confirmations of the independent non-executive Directors, the Company considers each of them to be independent during the Reporting Period.

Appointment and Re-election of Directors

Code provision A.4.1 of the CG Code stipulates that non-executive directors shall be appointed for a specific term, subject to re-election, whereas code provision A.4.2 of the CG Code states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Memorandum and Articles of Association.

Each of the executive Directors have entered into a service contract with the Company pursuant to which they agreed to act as executive Directors for an initial term of three years with effect from the Listing Date or until the third annual general meeting of the Company since the Listing Date (whichever ends earlier). Either party has the right to give not less than two months' written notice to terminate the agreement.

Each of the non-executive Directors has entered into an appointment letter with the Company for an initial term of three years or until the third annual general meeting of the Company since the Listing Date (whichever ends earlier), subject to re-election pursuant to the memorandum of association and the Articles of Association where necessary, unless it is terminated in accordance with the terms and conditions of the appointment letter or by not less than one months' notice in writing served by either party on the other at any time.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial term of three years or until the third annual general meeting of the Company since the Listing Date (whichever ends earlier), subject to re-election pursuant to the memorandum of association and the Articles of Association where necessary, unless it is terminated in accordance with the terms and conditions of the appointment letter or by not less than three months' notice in writing served by either party on the other at any time.

In accordance with the Memorandum and Articles of Association, all Directors are subject to retirement by rotation at least once every three years and any new director appointed to fill a causal vacancy shall submit himself/herself for re-election by shareholders at the first general meeting after appointment. Any Director appointed as an addition to the existing Board shall hold office only until the following annual general meeting of the Company and shall then be eligible for re-election.

In accordance with Article 16.19 of the Memorandum and Articles of Association, at each annual general meeting one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third, shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election. The Company at the general meeting at which a Director retires may fill the vacated office. Accordingly, Mr. Guo Jiafeng, Mr. Li Jun and Mr. Lin Sanjiu will retire by rotation at the 2020 AGM and, being eligible, offer themselves for re-election.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct for the Directors to conduct securities transactions. After making specific enquiry to all the Directors, all the Directors confirmed that they have complied with the required standard set out in the Model Code during the Reporting Period.

TRAINING AND CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Each newly appointed Director shall be provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statues, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The joint company secretaries of the Company have from time to time updated and provided written training materials relating to the roles, functions and duties of a director.

During the Reporting Period, all Directors has attended training session arranged by the Company which was provided by the professional advisers relating to the continuing obligations of listed companies and its directors, disclosure obligations of listed companies and update on the Listing Rules which was provided by the professional advisers.

A summary of training received by the Directors for the year ended 31 December 2020 is set out as follows:

Name of Directors	Training
Mr. Guo Jiafeng	√
Mr. Zhang Yadong	√
Mr. Liu Wensheng	√
Mr. Li Jun	√
Mr. Lin Sanjiu	√
Mr. Lin Zhihong	√
Dr. Ding Zuyu	√
Mr. Chan Yan Kwan Andy	√

The joint company secretaries have also attended the training on the best practices of performing the duties of company secretary.

LIABILITY INSURANCE OF DIRECTORS AND SENIOR MANAGEMENT

The Company has purchased insurances for all Directors and members of the senior management to minimize risks that may be incurred in their normal performance of responsibilities.

DIRECTORS' RESPONSIBILITY ON FINANCIAL STATEMENTS

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

The Directors are responsible for overseeing the preparation of financial statements of the Company with a view to ensuring that such financial statements give a true and fair view of the state of affairs of the Group and relevant statutory and regulatory requirements and applicable accounting standards are complied with.

The Board has received from the senior management the management accounts and such accompanying explanation and information as necessary to enable the Board to make an informed assessment for approving the financial statements.

BOARD MEETINGS AND GENERAL MEETING

During the period from the Listing Date to 31 December 2020, the Company held a total of four Board meetings. The Company has fully complied with the requirement under the code provision A.1.1 of the CG Code to convene Board meetings at least four times a year at approximately quarterly intervals.

The attendance of the above meetings by each Director is as follows:

Name of Directors	Board meetings attended/Eligible to attend
Mr. Guo Jiafeng	4/4
Mr. Zhang Yadong	4/4
Mr. Liu Wensheng	4/4
Mr. Li Jun	4/4
Mr. Lin Sanjiu	4/4
Mr. Lin Zhihong	4/4
Dr. Ding Zuyu	4/4
Mr. Chan Yan Kwan Andy	4/4

Notices for all regular Board meetings and the agendas and accompanying Board papers will be given to all Directors at least three days before the meetings in order that they have sufficient time to review the papers. Minutes of meetings are maintained by the joint company secretaries with copies circulated to all Directors or Board committee members for information and records. Directors who have conflicts of interest in a Board resolution have abstained from voting for such resolution.

Minutes of the Board meetings and Board committee meetings are recorded in sufficient detail about the matters considered by the Board and the Board committees and the decisions reached, including any concerns raised by the Directors/Board committee members. Draft and final versions of the minutes of each Board meeting and Board committee meeting are sent to the Directors/Board committee members for comments and records respectively within a reasonable time after the date on which the meeting is held. Minutes of the Board meetings are open for inspection by Directors. All Directors shall obtain information related to the Board resolutions in a comprehensive and timely manner. Any Director may seek independent professional advice at the Company's expense after making reasonable request to the Board.

BOARD COMMITTEES

Audit Committee

The Audit Committee consists of three independent non-executive directors, namely Mr. Chan Yan Kwan Andy, Mr. Lin Zhihong and Dr. Ding Zuyu. Mr. Chan Yan Kwan, who holds the appropriate professional qualifications as required under Rule 3.10(2) and Rule 3.21 of the Listing Rules, serves as the chairman of the Audit Committee.

The primary duties of the Audit Committee are:

- to propose the appointment or dismissal of the external auditor of the Company, and approve the remuneration and terms of engagement of the external auditor;
- to discuss with the external auditor the nature and scope of the audit and relevant reporting obligations and to facilitate communications and monitor the relationship between the internal audit department and the external accounting firm;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- to monitor integrity of the Company's financial statements, annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and to review significant reporting judgments contained therein;
- to review the Company's financial controls, risk management and internal control systems, discuss the risk management and internal control systems with the senior management;
- to review the Company's financial and accounting policies and practices; and
- other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares are listed and the requirements of the Memorandum and Articles of Association, and as authorized by the Board.

During the period from the Listing Date to 31 December 2020, the Audit Committee held one meeting, at which the Group's interim results for 2020 and the relevant accounting principles and practices adopted by the Group were reviewed and discussed with the external auditors.

Code provision C.3.3(e)(i) of the CG Code provides that the terms of reference of the Audit Committee shall have the terms that the members of the Audit Committee should liaise with the Board and senior management and the Audit Committee must meet at least twice a year with the auditor. The Company has included such terms in relevant terms of reference, and thus complied with the Code provision C.3.3(e)(i) of the CG Code since the Company's listing.

The attendance of the meetings by each member is as follows:

Name of Directors	Meeting attended/Eligible to attend
Mr. Chan Yan Kwan Andy	1/1
Mr. Lin Zhihong	1/1
Dr. Ding Zuyu	1/1

Remuneration Committee

The Company established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the CG Code. The Remuneration Committee consists of three independent non-executive directors, namely Dr. Ding Zuyu, Mr. Lin Zhihong and Mr. Chan Yan Kwan Andy. Dr. Ding Zuyu currently serves as the chairwoman of the Remuneration Committee.

The primary duties of the Remuneration Committee are:

- to make recommendations to the Board on the Company's remuneration policy and structure for the Directors and senior management and on the establishment of formal and transparent procedures for developing remuneration policy;

- to review the remuneration of individual executive Directors, senior management and non-executive Directors;

- to review the Company's policy on expense reimbursements for the Directors and senior management; and

- other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares are listed and the requirements of the Memorandum and Articles of Association, and as authorized by the Board.

During the period from the Listing Date to 31 December 2020, the Remuneration Committee held one meeting, at which (i) the performance and remuneration package of the executive Directors and senior management of the Company were reviewed; (ii) the detailed rules of the share award scheme were formulated and the trustee of the share award scheme was appointed; and (iii) the remuneration package of the independent non-executive Directors was reviewed.

The attendance of the meetings by each member is as follows:

Name of Directors	Meetings attended/Eligible to attend
Dr. Ding Zuyu	1/1
Mr. Lin Zhihong	1/1
Mr. Chan Yan Kwan Andy	1/1

Pursuant to the code B.1.5 of the CG Code, the following table sets forth the total remuneration of the Directors and members of senior management categorized by remuneration group for the year ended 31 December 2020:

The emoluments of the five highest paid individuals were within the following bands:

Remuneration group	Year ended 31 December 2020 Number of employees	 2019 Number of employees
HKD3,000,001 to HKD3,500,000	–	2
HKD3,500,001 to HKD4,000,000	–	1
HKD4,500,001 to HKD5,000,000	1	1
HKD5,000,001 to HKD5,500,000	1	–
HKD6,500,001 to HKD7,000,000	1	–
HKD9,000,001 to HKD9,500,000	1	–
HKD10,000,001 to HKD10,500,000	–	1
HKD12,500,001 to HKD13,000,000	1	–
	5	5

Further details of the Directors' emoluments and the top five highest paid employees required to be disclosed under Appendix 16 of the Listing Rules are set out in note 11 to the financial statements.

NOMINATION COMMITTEE

The Nomination Committee consists of three independent non-executive directors, namely Mr. Lin Zhihong, Mr. Chan Yan Kwan Andy and Dr. Ding Zuyu. Mr. Lin Zhihong currently serves as the chairman of the Nomination Committee.

The primary duties of the Nomination Committee are:

- to formulate procedures and standards for the election of Directors and senior management, and make recommendations to the Board on the proposed procedures and standards;
- to make recommendations to the Board on the appointment or re-appointment of Directors and succession plans for Directors, in particular the Chairman and the Chief Executive Officer;
- to assess the independence of independent non-executive Directors;
- to preliminarily examine the eligibility of candidates for directorship;
- to recommend to the Board concerning the membership of the Company's audit and remuneration committees, in consultation with the chairmen of those committees; and
- other matters required by laws, regulations, regulatory documents, the rules of the securities regulatory authority of the place where the Shares are listed and the requirements of the Memorandum and Articles of Association, and as authorized by the Board.

No Nomination Committee meeting was held during the period from the Listing Date to 31 December 2020, but one meeting was held after 31 December 2020.

According to the Nomination Policy, in evaluating and selecting any candidate for directorship, the Nomination Committee would consider the following criteria, including, among other things, character and integrity, qualifications (cultural and educational background, professional qualifications, skills, knowledge and experience and diversity aspects under the Board Diversity Policy), any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and diversity, and willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s).

The Nomination Committee and/or the Board should, upon receipt of the proposal on appointment of new director and the biographical information (or relevant details) of the candidate, evaluate such candidate based on the criteria as set out above to determine whether such candidate is qualified for directorship. The Nomination Committee should then recommend to the Board to appoint the appropriate candidate for directorship with a ranking of the candidates (if applicable) by order of preference based on the needs of the Company and reference check of each candidate.

Board Diversity Policy

The Board has adopted the Board Diversity Policy. In designing the Board's composition, the Nomination Committee has considered Board diversity from a number of aspects, including but not limited to gender, race, language, cultural background, educational background, industry experience and professional experience. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

It also believes the Board has a well- balanced cultural background, educational background, industry experience and professional experience where members of the Board have diversified branch of learning and working experience in different countries and regions.

CORPORATE GOVERNANCE FUNCTION

The Board recognizes that corporate governance should be the collective responsibility of Directors which include:

- to formulate and review the Company's policies and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to formulate, review and monitor the code of conduct and compliance manual (if any) applicable to employees and the Directors; and
- to review the Company's compliance with the Listing Rules and disclosure in the Corporate Governance Report.

JOINT COMPANY SECRETARIES

Mr. Yu Cheeric James ("**Mr. Yu**") is the chief financial officer of the Company. Between the Listing Date and 18 December 2020, Mr. Yu also served as the company secretary of the Company.

Ms. Zhang Panpan ("**Ms. Zhang**") and Ms. Yeung Ching Man ("**Ms. Yeung**") have been appointed as the joint company secretaries of the Company on 18 December 2020.

Ms. Zhang is the director of the office of the Board and is primarily responsible for capital markets affairs and corporate governance of the Company. Ms. Zhang joined the Company in September 2011 and served several positions through front line project management, including planning management in the operation center, financial services in the financial and capital center, and strategic management in the development center of the group and led the listing process of the Company. Ms. Zhang obtained her bachelor's degree in education from Henan University, and obtained her bachelor's degree in real estate operation and management from Henan University of Urban Construction. Ms. Zhang is currently pursuing an Executive MBA degree in China Europe International Business School.

Ms. Yeung is the vice president of SWCS Corporate Services Group (Hong Kong) Limited (方圓企業服務集團（香港）有限公司), and is responsible for for advising the Board on corporate governance matters and ensuring that Board policy and procedures as well as applicable laws, rules and regulations are followed. Ms. Yeung obtained her bachelor's degree in business administration from The Chinese University of Hong

Kong and her master's degree in corporate and financial law from The University of Hong Kong and master's degree in corporate governance from The Open University of Hong Kong. Ms. Yeung is currently a member of the Hong Kong Institute of Certified Public Accountants and a member of The Chartered Governance Institute in the United Kingdom and The Hong Kong Institute of Chartered Secretaries.

Ms. Zhang is the primary contact person of Ms. Yeung at the Company. During the Reporting Period, Ms. Zhang and Ms. Yeung actively participated in studies and updated their professional knowledge related to the Listing Rules and corporate governance to continuously improve their professional skills as company secretaries. They had complied with the requirements on taking no less than 15 hours of relevant professional training as set out in Rule 3.29 of the Listing Rules.

AUDITOR

Financial statements contained in this report have been audited by Deloitte Touche Tohmatsu.

Service fees which shall be paid by the Company to Deloitte Touche Tohmatsu for the year ended 31 December 2020 amounted to RMB3,148,000 (excluding value added tax and other related tax).

Service rendered	RMB
Audit service	2,950,000
Non-audit services	198,000
Total	**3,148,000**

Note: Non-audit services primarily comprise advisory services.

The statement of the external auditor of the Company about its reporting responsibilities for the Consolidated Financial Statements is set out in the "Independent Auditor's Report" on pages 44 to 48.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for maintaining sound and effective internal control and risk management systems in order to safeguard the Group's assets and shareholders' interests and reviewing the effectiveness of the Group's internal control and risk management systems on an annual basis so as to ensure that internal control and risk management systems in place are adequate. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Company also has an internal audit function which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems, and reports their findings to the Board on, at least, an annual basis. The Company implements and strictly enforces procedures on inside information according to the relevant procedures stated under the Guidelines on Disclosure of Inside Information.

The Group's internal control system includes a well-established organizational structure with clearly defined lines of responsibility and authority. The day-to-day departmental operations are entrusted to individual department which is accountable for its own conduct and performance and is required to operate its own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. Each department is also required to keep the Board informed of material developments of the department's business and implementation of the policies and strategies set by the Board on a regular basis so as to identify, evaluate and manage significant risks in a timely manner.

During the year ended 31 December 2020, the Board has reviewed the effectiveness of the internal control and risk management systems of the Group to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards. The review covered all material controls, including financial, operational and compliance controls and risk management functions. In particular, the Board considered the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions are adequate. The review was conducted through discussions with the management of the Company, its external and internal auditors and the assessment performed by the Audit Committee. The Board believes that the existing risk management and internal control systems are adequate and effective, in particular, for financial reporting and Listing Rules compliance as well as for resolving internal control defects (if any).

INVESTOR RELATIONS

General Meetings and Shareholders' Rights

The Company shall in each year hold a general meeting as its annual general meeting in addition to any other meetings in that year and shall specify the meetings as such in the notices calling them. The extraordinary general meetings are convened irregularly. In accordance with the Memorandum and Articles of Association, an extraordinary general meeting shall be convened either by the Board or on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or any one of the joint company secretaries for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

There are no provisions in the Memorandum and Articles of Association or in the Companies Law of the Cayman Islands for putting forward proposals of new resolutions by shareholders at general meetings. shareholder(s) who wish to move a resolution may request the Company to convene an extraordinary general meeting in accordance with the procedures set out in the preceding paragraph. For proposing a person for election as a Director, please refer to the "Procedures for shareholders to Nominate a Person for Election as a Director" posted on the Company's website.

Communication with Shareholders and Investors

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will enable shareholders and investors to make the best investment decisions.

To promote effective communication, the Company makes up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information available in the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.lcgljt.com) for public access.

The general meetings of the Company provide a forum and an important channel for communication between the Board and the shareholders. The chairman of the Board as well as chairmen of the Nomination Committee, the Remuneration Committee and the Audit Committee or, in their absence, other members of the respective committees, where applicable, are available normally at the annual general meetings and other relevant shareholder meetings to answer questions. Shareholders are also encouraged to attend general meetings held by the Company and are invited to express their views and raise questions thereat.

Shareholders should direct their inquiries about their shareholdings to Computershare Hong Kong Investor Services Limited, the Company's branch share registrar in Hong Kong. Investors may also write to the Company at its principal place of business in Hong Kong or China for any enquiries.

The Company sets out the following contact details for shareholders to communicated with the Company:

Mailing address:	9/F, Block C, Xixi International, 767 Wen Yi West Road, Xihu District, Hangzhou, Zhejiang, the PRC
Telephone number:	86 (0571) 8795 8738
E-mail:	9979ir@chinagreentown.com

AMENDMENTS TO CONSTITUTIONAL DOCUMENT

There had been no changes in constitutional documents of the Company during the Reporting Period.

Independent Auditor's Report

Deloitte. 德勤

TO THE BOARD OF DIRECTORS OF GREENTOWN MANAGEMENT HOLDINGS COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Greentown Management Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 49 to 165, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition on project management service	
We identified the revenue recognition on project management service as a key audit matter due to the significant judgements exercised by the management to i) determine the budgeted schedule and total staff costs to calculate the percentage of completion for revenue from project management service recognised over time; and ii) determine the estimated total project management fee including variable consideration embedded in the project management contracts. As disclosed in Note 4 to the consolidated financial statements, the Group recognises project management revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date using input method, measured based on the staff costs of who assigned by the Group to each project incurred up to the end of each reporting period as a percentage of total estimated staff costs for each project. For project management contracts that contain variable consideration which is based on the future sales amount to be realised by the project owners, the management of the Group estimates the amount of variable consideration to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved, using the most likely amount, measured based on the estimated selling price in the ordinary course of business. Accordingly, significant judgments and estimations are required in determining the completeness of the estimated total costs, the accuracy of progress towards complete satisfaction of the performance obligation and the accuracy of the amount of variable consideration recognised at the reporting date.	Our procedures in relation to revenue recognition on project management service included: • Understanding the management's processes and internal control designed and implemented by the management in estimating the percentage of completion for revenue from project management service recognised over time, comprising the determination of total project management fee including variable consideration, the determination of budgeted schedule and total staff costs, and the internal control designed to monitor the progress of project on an ongoing basis; • Testing the operating effectiveness of relevant internal controls of selected samples of particular project budgeting process including the estimation of the total project management fee and the staff costs throughout the duration of the selected projects, and the processes to update the budget based on the latest project status; • Performing substantive tests on selected project samples basis to: i) assess the reasonableness of budgeted schedule and total estimated staff costs to determine the estimated percentage of completion by comparing, the budgeted staff costs to the staff assignment schedule confirmed by the project owners. Our audit procedures include (a) sending confirmation to the project owners of selected projects to check the staff assignment schedule, including the number of staffs assigned, and their title during the project duration; and (b) checking the assigned staff salaries with the approved standard salary policy of the Group; and

Key audit matter	How our audit addressed the key audit matter
Revenue recognition on project management service ***(Continued)***	
As disclosed in Note 5 to the consolidated financial statements, the revenue recognised from project management service is RMB1,773,244,000 for the year ended 31 December 2020.	ii) assess the accuracy of estimated total project management fee including the estimated variable consideration embedded in the project management contracts, by obtaining the relevant supporting documents including the signed project management contracts, approved sales forecast or pre-sale information of the selected projects subjected to the estimates made by the management; and • Performing retrospective review on: i) the management estimation of the total project management fee, on a selected sample basis, by comparing the actual unit price referred to the sales contract information from the project owners with the estimated unit price applied in previous management estimation; and ii) the management estimation of the budgeted project costs, on a selected sample basis, by comparing the actual project staff costs incurred during the year with the estimated staff costs in the previous budgeted project costs schedule.

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe the matter 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 the independent auditor's report is Kay Man Wo, Dick.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 March 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
Continuing operations			
Revenue	5	1,812,975	1,993,892
Cost of services		(947,146)	(1,112,321)
Gross profit		865,829	881,571
Other income	6	48,614	17,928
Other gains and losses	7	(27,011)	10,962
Selling and marketing expenses		(48,302)	(21,965)
Administration expenses		(330,611)	(302,215)
Listing fee		(33,960)	(15,572)
Finance costs	8	(1,465)	(1,761)
Impairment losses under expected credit loss model, net of reversal	9	(1,378)	(7,781)
Loss from changes in fair value of investment properties	18	(2,952)	(974)
Share of results of associates	20	3,403	(6,606)
Share of results of joint ventures	21	52,767	(15,383)
Profit before tax	10	524,934	538,204
Income tax expense	12	(117,414)	(149,282)
Profit for the year from continuing operations		407,520	388,922
Discontinued operations			
Gain (loss) for the year from discontinued operations	13	4,734	(18,204)
Profit for the year		412,254	370,718

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
Other comprehensive income			
Item that will not be reclassified to profit or loss:			
Fair value gain on investments in equity instruments at fair value through other comprehensive income ("FVTOCI"), net of tax		**4,674**	10,996
Total comprehensive income for the year		**416,928**	381,714
Profit (loss) for the year attributable to owners of the Company			
– from continuing operations		**428,547**	339,880
– from discontinued operations		**10,778**	(15,111)
		439,325	324,769
Profit (loss) for the year attributable to non-controlling interests			
– from continuing operations		**(21,027)**	49,042
– from discontinued operations		**(6,044)**	(3,093)
		(27,071)	45,949
		412,254	370,718
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**443,999**	335,765
Non-controlling interests		**(27,071)**	45,949
		416,928	381,714
EARNINGS PER SHARE			
From continuing and discontinued operations			
– Basic (RMB)	15	**0.26**	0.23
– Diluted (RMB)	15	**0.26**	N/A
From continuing operations			
– Basic (RMB)	15	**0.26**	0.24
– Diluted (RMB)	15	**0.25**	N/A

Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
Non-Current Assets			
Property, plant and equipment	16	**97,922**	107,253
Right-of-use assets	17	**17,803**	15,934
Investment properties	18	**53,361**	29,147
Goodwill	19	**769,241**	769,241
Interests in associates	20	**67,042**	55,554
Interests in joint ventures	21	**93,742**	36,183
Equity instruments at FVTOCI	22	**93,393**	87,161
Other long-term receivables	23	**210,000**	99,912
Deferred tax assets	24	**16,975**	16,360
Deposit for acquisition of properties		**7,080**	21,965
		1,426,559	1,238,710
Current Assets			
Trade and other receivables	25	**388,303**	312,842
Contract assets	26	**316,795**	311,920
Amounts due from related parties	40(ii)	**202,720**	654,618
Pledged bank deposits	27	**15,832**	14,963
Bank balances and cash	27	**2,397,335**	1,126,771
		3,320,985	2,421,114
Assets classified as held for sale	13	**–**	99,883
		3,320,985	2,520,997
Current Liabilities			
Trade and other payables	28	**818,670**	830,489
Amounts due to related parties	40(ii)	**199,496**	800,753
Income tax payable		**145,798**	84,346
Other taxes payable		**50,841**	29,929
Contract liabilities	29	**396,182**	239,580
Lease liabilities	30	**8,504**	6,294
		1,619,491	1,991,391
Liabilities associated with assets classified as held for sale	13	**–**	62,849
		1,619,491	2,054,240
Net Current Assets		**1,701,494**	466,757
Total Assets Less Current Liabilities		**3,128,053**	1,705,467

Consolidated Statement of Financial Position

As at 31 December 2020

	Notes	2020 RMB'000	2019 RMB'000
Capital and Reserves			
Share capital	31	16,324	11,587
Reserves		3,058,875	1,583,172
Equity attributable to owners of the Company		3,075,199	1,594,759
Non-controlling interests		27,010	86,430
Total Equity		3,102,209	1,681,189
Non-Current Liabilities			
Deferred tax liabilities	24	16,958	15,400
Lease liabilities	30	8,886	8,878
		25,844	24,278
Net Assets		3,102,209	1,681,189

The consolidated financial statements on page 49 to 165 were approved and authorised for issue by the directors of the Company on 22 March 2021 and are signed on its behalf by:

Li Jun DIRECTOR	Lin Sanjiu DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Equity attributable to owners of the Company											
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000 (Note i)	Shares held for share award scheme RMB'000 (Note 34)	Merge reserve RMB'000 (Note ii)	Special reserve RMB'000 (Note iii)	FVTOCI reserve RMB'000	Share-based payments reserve RMB'000	Retained earnings RMB'000	Attributable to owners of the Company RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2019	11,587	1,421,073	53,890	–	(1,478,935)	79,384	35,212	–	718,815	841,026	60,764	901,790
Profit for the year	–	–	–	–	–	–	–	–	324,769	324,769	45,949	370,718
Other comprehensive income for the year	–	–	–	–	–	–	10,996	–	–	10,996	–	10,996
Total comprehensive income for the year	–	–	–	–	–	–	10,996	–	324,769	335,765	45,949	381,714
Transfer to statutory reserve	–	–	999	–	–	–	–	–	(999)	–	–	–
Payments of dividend	–	–	–	–	–	–	–	–	–	–	(5,200)	(5,200)
Acquisition of a subsidiary (Note 32)	–	–	–	–	–	–	–	–	–	–	3,000	3,000
Disposal of subsidiaries (Note 33)	–	–	(1,112)	–	–	–	–	–	1,112	–	(21,783)	(21,783)
Capital contribution from shareholders (Note (iv))	–	410,000	–	–	–	–	–	–	–	410,000	3,700	413,700
Deemed contribution from shareholders for disposal of an associate (Note (v))	–	–	–	–	7,968	–	–	–	–	7,968	–	7,968
At 31 December 2019	11,587	1,831,073	53,777	–	(1,470,967)	79,384	46,208	–	1,043,697	1,594,759	86,430	1,681,189
Profit (loss) for the year	–	–	–	–	–	–	–	–	439,325	439,325	(27,071)	412,254
Other comprehensive income for the year	–	–	–	–	–	–	4,674	–	–	4,674	–	4,674
Total comprehensive income (expense) for the year	–	–	–	–	–	–	4,674	–	439,325	443,999	(27,071)	416,928
Transfer to statutory reserve	–	–	73,727	–	–	–	–	–	(73,727)	–	–	–
Recognition of equity-settled share-based payments	–	–	–	–	–	–	–	1,520	–	1,520	–	1,520
Distribution of dividends (Note (vi))	–	–	–	–	–	–	–	–	–	–	(29,759)	(29,759)
Issue of new shares through initial public offering (Note 31(i)(ii))	4,737	1,179,576	–	–	–	–	–	–	–	1,184,313	–	1,184,313
Transaction costs attributable to issue of new shares	–	(49,455)	–	–	–	–	–	–	–	(49,455)	–	(49,455)
Repurchase of shares for share award scheme	–	–	–	(99,910)	–	–	–	–	–	(99,910)	–	(99,910)
Purchase of additional interest in a subsidiary	–	–	–	–	(27)	–	–	–	–	(27)	(928)	(955)
Disposal of subsidiaries (Note 33)	–	–	(1,507)	–	–	–	–	–	1,507	–	(1,662)	(1,662)
At 31 December 2020	16,324	2,961,194	125,997	(99,910)	(1,470,994)	79,384	50,882	1,520	1,410,802	3,075,199	27,010	3,102,209

Consolidated Statement of Changes in Equity
For the year ended 31 December 2020

Notes:

(i) In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China (the "PRC"), they are required to transfer 10% of the profit after taxation to the statutory reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

(ii) The merge reserve mainly represents:

(a) the changes in equity attributable to owners of the Company arisen from acquisition of subsidiaries under common control from Greentown China Holdings Limited ("Greentown China") for reorganisation purpose. The changes are calculated based on the difference between the book value of the net assets recognised from the ultimate holding shareholder and the fair value of consideration paid for acquisition under common control;

(b) the changes in equity attributable to owners of the Company arisen from acquisition of non-controlling interests. The changes are calculated based on the difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid for the acquisition of non-controlling interests;

(c) the deemed distribution to shareholders arisen from the acquisition of associates at the consideration without commercial substance. The changes are calculated based on the difference between the fair value of the interests in associates acquired at acquisition date and the fair value of the consideration paid for acquisition of such associates;

(d) the deemed contribution from shareholder arisen from the disposal of an associate at the consideration without commercial substance. The change is calculated based on the difference between the carrying amount of the interest in an associate disposed at disposal date and the fair value of the consideration received for disposal of such associate.

(iii) The special reserve represents capital contribution and retained earnings in Greentown Construction Management Co., Ltd. 綠城建設管理集團有限公司 ("Greentown Construction Management") by the then shareholders of the combining entities before the group reorganisation.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

Notes: *(Continued)*

(iv) In June 2019, the Group received share contribution amounting to RMB3,700,000 from a non-controlling shareholder of a subsidiary of the Group.

In October 2019, the owner of the Company, Greentown China Holdings Limited ("Greentown China") agreed to contribute a total of RMB410 million as a capital contribution to the Company without increase in the number of issued shares.

(v) The Group disposed all its 30% equity interest of Greentown Ideal House Technology Service Co., Ltd. 綠城理想家房屋科技服務有限公司 ("Greentown Ideal House") to a fellow subsidiary of the Group at the consideration of RMB5,000,000 in March 2019 which was without commercial substance. As at the disposal date, the carrying amount of the equity disposed was RMB nil while the Group has recognised the provision for the share of losses of Greentown Ideal House amounting to RMB2,968,000 regarding that the Group obligated to undertake the share of losses limited to the unfulfilled capital contribution to Greentown Ideal House registered by the Group. The difference between (a) the carrying amount of the equity disposed and the provision recognised and (b) consideration received at RMB7,968,000 was presented as deemed contribution to the Group.

(vi) Payments of dividend amounting to RMB2,030,000 and RMB5,689,000 were offset against the other receivables from a non-controlling interest of a subsidiary of the Group in March 2020 and in October 2020 respectively.

Hangzhou Greentown Kunyi Garden Decoration & Consulting Co., Ltd 杭州綠城坤一景觀設計諮詢有限公司, a subsidiary of the Group declared a dividend of RMB2,959,000 to its non-controlling interest, of which RMB2,720,000 was offset by outstanding trade receivables from such non-controlling interest and remaining RMB239,000 had not been paid as at 31 December 2020.

In addition, Shanghai Bluetown Yifang Construction Management Co., Ltd. 上海藍城一方建設管理有限公司, a subsidiary of the Group declared a dividend of RMB3,727,000 to its non-controlling interest in December 2020, which had not been paid as at 31 December 2020.

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
OPERATING ACTIVITIES		
Profit for the year	**412,254**	370,718
Adjustments for:		
Income tax expense	**117,414**	149,731
Finance costs	**4,426**	4,282
Exchange gain or loss	**38,649**	(29)
Interest income	**(47,651)**	(16,720)
Share of results of associates	**(3,403)**	6,606
Share of results of joint ventures	**(52,767)**	15,383
Depreciation of property, plant and equipment	**14,268**	22,018
Depreciation of right-of-use assets	**9,295**	11,424
Impairment losses under expected credit loss model, net of reversal	**13,121**	10,567
Share-based payment expenses	**1,520**	–
Loss on write off/disposal of property, plant and equipment	**618**	515
Gain on early termination of leases	**(386)**	(426)
Loss from changes in fair value of investment properties	**2,952**	974
Gain on fair value changes of financial assets at fair value through profit or loss ("financial assets at FVTPL")	**(3,362)**	–
Net gain on disposal of subsidiaries	**(25,610)**	–
Operating cash flows before movements in working capital	**481,338**	575,043
(Increase) decrease in inventories	**(86)**	44
Increase in trade and other receivables	**(70,117)**	(208,470)
Increase in contract assets	**(22,788)**	(79,131)
Decrease (increase) in amounts due from related parties	**444,444**	(342,650)
Increase in trade and other payables	**49,939**	227,994
(Decrease) increase in amounts due to related parties	**(54,333)**	86,427
Increase (decrease) in contract liabilities	**156,268**	(50,694)
Cash generated from operations	**984,665**	208,563
Income tax paid	**(81,336)**	(87,447)
NET CASH FROM OPERATING ACTIVITIES	**903,329**	121,116

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Notes	Year ended 31 December 2020 RMB'000	2019 RMB'000
INVESTING ACTIVITIES			
Interest received		**46,969**	16,194
Dividends received		**4,080**	800
Proceeds on disposal of property, plant and equipment		**–**	2,406
Proceeds on disposal of interest in an associate		**–**	5,000
Proceeds from disposal of an equity investment at FVTOCI		**4,450**	550
Investments in associates		**–**	(350)
Investments in joint ventures		**–**	(6,245)
Purchases of property, plant and equipment		**(6,438)**	(27,150)
Purchases of investment properties		**(626)**	–
Payments for deposit for acquisition of properties		**(7,080)**	(21,965)
Payments for rental deposits		**(548)**	(451)
Payments for liquidation of a joint venture		**(1,123)**	–
Advance of other long-term receivables		**(210,000)**	(100,000)
Payment for arrangement fee for other long-term receivables		**(400)**	–
Repayment from other long-term receivables		**100,000**	–
Advance of loan to related parties		**(23,643)**	–
Repayment from loan to related parties		**16,758**	–
Advance of loan to third parties		**(16,000)**	–
Net cash inflow on acquisition of a subsidiary	32	**–**	2,381
Net cash outflow on disposal of subsidiaries	33	**(1,288)**	(43,320)
Withdraw of pledged bank deposits		**980**	2,361
Placement of pledged bank deposits		**(1,849)**	(10,897)
Proceeds from disposal of financial assets at FVTPL		**850,362**	–
Purchases of financial assets at FVTPL		**(847,000)**	–
NET CASH USED IN INVESTING ACTIVITIES		**(92,396)**	(180,686)

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
FINANCING ACTIVITIES		
Dividends paid	**(15,354)**	(5,200)
Interest paid	**(4,026)**	(4,240)
Consideration paid for acquisition of subsidiaries under common control in prior year	**–**	(200,000)
Proceeds from borrowings	**9,000**	6,000
Repayment of bank borrowings	**(6,000)**	(16,000)
Repayments of lease liabilities	**(8,679)**	(7,120)
Contribution from shareholders	**–**	413,700
Advance from a related party	**16,000**	540,000
Repayment of advance from a related party	**(540,000)**	–
Proceeds from issue of new shares	**1,184,313**	–
Transaction costs attributable to issue of new shares	**(49,455)**	–
Payment on repurchase of shares for share award scheme	**(99,910)**	–
NET CASH FROM FINANCING ACTIVITIES	**485,889**	727,140
Effect of foreign exchange rate changes	**(38,649)**	29
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,258,173**	667,599
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR*	**1,139,162**	471,563
CASH AND CASH EQUIVALENTS AT END OF YEAR	**2,397,335**	1,139,162

* Cash and cash equivalents as at 31 December 2019 included cash and cash equivalents of discontinued operations amounting to RMB12,391,000 which were presented as assets classified as held for sale as at 31 December 2019.

Notes to The Consolidated Financial Statements

For the year ended 31 December 2020

1. GENERAL

The Company was established in the Cayman Islands as an exempted company with limited liability on 12 December 2016. The address of the registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" of the annual report. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 10 July 2020. The immediate and ultimate holding company of the Company is Greentown China, a company listed on the Main Board of the Stock Exchange and incorporated in the Cayman Islands.

The Company is an investment holding company. The principal activity of the Group is to provide project management services.

The functional currency of the Company is Renminbi ("RMB"), which is the same as the presentation currency of the consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the *Amendments to References to the Conceptual Framework in IFRS Standards* and the following amendments to IFRSs issued by the International Accounting Standards Board ("IASB") for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to IAS 1 and IAS 8	Definition of Material
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform

The application of the *Amendments to References to the Conceptual Framework in IFRS Standards* and the amendments to IFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") *(Continued)*

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to IFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to IFRS 3	Reference to the Conceptual Framework[2]
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2[5]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use[2]
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to IFRS Standards	Annual Improvements to IFRS Standards 2018-2020[2]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2022
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 June 2020
5 Effective for annual periods beginning on or after 1 January 2021

The directors of the Company anticipate that the application of all new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with IFRSs issued by IASB. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties which are measured at fair value, and explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.1 Basis of preparation of consolidated financial statements *(Continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with IFRS 16 *Lease*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

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

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs are to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations or asset acquisitions

Optional concentration test

Effective from 1 January 2020, the Group can elect to apply an optional concentration test, on a transaction- by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Asset acquisitions

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Business combinations or asset acquisitions (Continued)

Business combinations

Acquisitions of businesses, other than business combination under common control are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the International Accounting Standards Committee's *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in September 2010).

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in IFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Merger accounting for business combination involving businesses under common control

The consolidated financial statements incorporate the financial statement items of the combining businesses in which the common control combination occurs as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period.

The comparative amounts in the consolidated financial statements are presented as if the businesses had been combined at the beginning of the previous reporting period or when they first came under common control, whichever is shorter.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described below.

Investments in associates and joint ventures

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

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

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Investments in associates and joint ventures (Continued)

The results and assets and liabilities of associates and joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Investments in associates and joint ventures (Continued)

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Non-current assets held for sale

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in the relevant subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell, except for financial assets within the scope of IFRS 9 which continue to be measured in accordance with the accounting policies as set out in respective sections.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance 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 is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Contracts with multiple performance obligations (including allocation of transaction price)

For project management contracts that contain more than one performance obligations, the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis and variable consideration.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Revenue from contracts with customers (Continued)

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Variable consideration

For project management contracts that contain variable consideration based on the future pre-sales amount of the project, the Group estimates the amount of consideration to which it will be entitled using either (a) the expected value method or (b) the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

Significant financing component

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leasing

Definition of a lease

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

For contracts entered into or modified or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of motor vehicles and equipments that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leasing (Continued)

The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property are presented within "investment properties".

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leasing (Continued)

The Group as a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivables, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 Revenue from Contracts with Customers ("IFRS 15") to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Leasing (Continued)

The Group as a lessor (Continued)

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

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.

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under "other gains and losses".

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Employee benefits

Retirement benefit costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Termination benefits

A liability for a termination benefit is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring costs.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the amount of benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Share-based payments

Equity-settled share-based payments transactions

Shares granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share premium.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Taxation (Continued)

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment, including leasehold land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Impairment on property, plant and equipment and right-of-use assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Impairment on property, plant and equipment and right-of-use assets other than goodwill (Continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income ("OCI") and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other gains and losses" line item in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets *(Continued)*

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other income" line item.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade receivables, other receivables, amounts due from related parties, other long-term receivables, pledged bank deposits and bank balances and cash) and contract assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables, contract assets and trade related amounts due from related parties. The ECL on these assets are assessed individually for debtors with significant balances or credit-impaired and collectively using a provision matrix with debtors' aging as groupings of various debtors that have similar loss patterns for these assets which are individually insignificant.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(Continued)*

(i) Significant increase in credit risk

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

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor 's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor 's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers pledged bank deposits and bank balances to have low credit risk because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or with a good reputation.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(Continued)*

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower 's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 *(Continued)*

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables, contract assets and trade related amounts due from related parties are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables, trade related amounts due from related parties and other long-term receivables as well as contract assets where the corresponding adjustment is recognised through a loss allowance account.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Significant accounting policies *(Continued)*

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, amounts due to related parties are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

Determination of percentage of completion for revenue recognised over time

The Group recognises project management revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date using input method, measured based on the staff costs of who assigned by the Group to each project incurred up to the end of each reporting period as a percentage of total estimated staff costs for each project. Significant judgments and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. The Group has budgeted project schedule and total estimated staff costs for each project in which management reviews the development progress and execution of the performance obligations. As part of this process, management reviews information including but not limited to, the cost occurred and accrued to achieve the schedule. Changes in cost estimates in future periods can have effect on the Group's revenue recognised. In making the above estimations, the Group relies on past experience and work of staffs. The Group recognised project management revenue over time amounted to RMB1,773,244,000 for the year ended 31 December 2020 (2019: RMB1,829,201,000).

Estimated variable consideration in connection to project management contracts

For project management contracts that contain variable consideration which is based on the future sales amount to be realised by the project owners, the management of the Group estimates the amount of variable consideration to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved, using the most likely amount, measured based on certain percentages on the estimated selling price in the ordinary course of business. The Group has a process to monitor each project sales performance, and the management of the Group relies on the latest information obtained and their past industry experience to review and update the most likely future sales amount to determine the total project management fee periodically.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit ("CGU") to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. The key assumptions that are used in the calculation of the value in use of the CGU include i) annual sale growth rate for first five years; ii) gross margin rate; iii) pre-tax discount tax, and iv) long-term growth rate. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows, a material impairment loss may arise. The carrying amount of goodwill as at 31 December 2020 were RMB769,241,000 (net of accumulated impairment loss of RMB nil) (2019: RMB769,241,000 (net of accumulated impairment loss of RMB nil)). Details of the impairment loss calculation are set out in Note 19.

5. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers is as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue recognised overtime:		
Commercial project management	**1,312,454**	1,470,763
Governmental project management	**309,845**	358,438
Others (Note)	**190,676**	164,691
	1,812,975	1,993,892

Note: Revenue from other services include i) project management service provided for certain governmental projects amounting to RMB150,945,000 (2019: RMB nil), which were tendered by the subsidiaries of Greentown China and managed by the Group as the Group did not obtain the grade 1 qualification for real estate development prior to August 2020. Such arrangements are no longer entered by the Group since the grade 1 qualification was obtained by the Group in August 2020. As a result, the Group presented the revenue from certain projects as "others" in the disaggregation of revenue; and ii) construction design and other consulting service amounting to RMB39,731,000 (2019: RMB164,691,000). Revenue from each of other service is less than 10% of the total revenue of the Group from continuing operations during both years. Therefore, all other services are aggregated into one reportable segment as below.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(ii) Performance obligations for contracts with customers

Commercial and governmental project management service

The Group provides project management service to commercial and government customers. Such services are recognised as a performance obligation satisfied over time as the customers simultaneously receive and consume the benefits provided by the Group's project management service. Revenue for these project management services are recognised over time on input method based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs.

For those projects in the early stage which the Group is not able to reasonably determine the outcome of the performance obligation or its progress toward satisfaction of that obligation, the Group recognises revenue for these project management services over time as the work is performed, but only to the extent of costs incurred as long as the Group expects to at least recover its costs.

The commercial and governmental project management service fees are invoiced to the clients periodically on an agreed-upon payment schedule and/or milestone between the customers and the Group. The Group recognised a contract asset over the period in which the commercial and governmental project management service are performed representing the Group's right to consideration for the services performed because the rights are conditional on the Group's future performance in achieving specified milestones. Contract asset is transferred to trade receivables at the point at which the rights become unconditional. Payments received before the related service is performed are included in the consolidated statement of financial position as contract liabilities.

For commercial and governmental project management contracts that contain variable consideration based on the future pre-sales amount of the project, the Group estimates the amount of consideration to which it will be entitled using the most likely amount, depending on which method better predicts the amount of consideration to which the Group will be entitled.

The Group does not consider the advance payments pertain to commercial and governmental project management service to have contained significant financing component since the period between payment and transfer of the associated services is less than one year.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2020 and 2019, and the expected timing of recognising revenue are as follows respectively:

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers *(Continued)*

As at 31 December 2020

	Commercial project management RMB'000	Governmental project management RMB'000	Others RMB'000
Within one year	**1,539,653**	**547,573**	**201,229**
More than one year	**6,061,561**	**915,566**	**258,418**
	7,601,214	**1,463,139**	**459,647**

As at 31 December 2019

	Commercial project management RMB'000	Governmental project management RMB'000	Others RMB'000
Within one year	1,430,141	503,772	50,980
More than one year	5,790,219	1,046,505	52,586
	7,220,360	1,550,277	103,566

These amount disclosed above do not include transaction price allocated to performance obligations which have been satisfied but not yet recognised due to variable consideration constraint.

(iv) Segment information

The chief operating decision-maker of the Group has been identified as the executive directors and certain senior management (collectively referred to as the "CODM"). Operating segments are determined based on the Group's internal reports which are submitted to the CODM for performance assessment and resources allocation. This is also the basis upon which the Group is organised and managed.

The Group's consolidated revenue and results are attributable to the market in the PRC (country of domicile) and all of the Group's consolidated assets are located in the PRC.

No segment assets and liabilities are presented as they were not regularly provided to the CODM for the purpose of resource allocation and performance assessment.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(iv) Segment information *(Continued)*

The Group's reportable segments under IFRS 8 Operating Segments are as follows:

1 Commercial project management – provide property development management service to project owner

2 Governmental project management – provide property development management service to government on resettlement housing property development projects and public infrastructure

3 Others (including consulting service and construction design service, etc.)

For the commercial project management service, the CODM reviews the financial information of each commercial project management service project, hence each commercial project management service project constitutes a separate operating segment. However, the commercial project management service projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all commercial project management service projects are aggregated into one reportable segment for segment reporting purposes.

For the governmental project management service, the CODM reviews the financial information of each governmental project management service project, hence each governmental project management service project constitutes a separate operating segment. However, the governmental project management service projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all governmental project management service projects are aggregated into one reportable segment for segment reporting purposes.

The CODM assesses the performance of the operating segments based on the post-tax profit of the group entities engaged in the respective segment activities, which includes share of results of associates and joint ventures, but exclude certain other income, administrative expenses, finance costs, exchange loss, listing fee and licensing fee. Financial information provided to the CODM is measured in a manner consistent with the accounting policies adopted in the preparation of the consolidated financial statements as described in Note 3.

An operating segment regarding the landscape design operation was discontinued in the current year. The segment information reported below does not include any amounts for these discontinued operations, which are described in more detail in Note 13.

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(iv) Segment information *(Continued)*

An analysis of the Group's revenue and results from continuing operations by reportable segment is as follow:

For the year ended 31 December 2020

Continuing operations

	Commercial project management RMB'000	Governmental project management RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue						
External revenue	1,312,454	309,845	190,676	1,812,975	–	1,812,975
Inter-segment revenue	37,661	168,739	2,150	208,550	(208,550)	–
Total	1,350,115	478,584	192,826	2,021,525	(208,550)	1,812,975
Segment results	382,290	42,296	89,876	514,462	438	514,900
Unallocated other income						135
Unallocated administrative expenses						(20,430)
Unallocated listing fee						(33,960)
Unallocated finance costs						(92)
Unallocated exchange loss						(38,649)
Unallocated license fee (Note 40(i)(e))						(14,384)
Profit for the year						407,520

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(iv) Segment information *(Continued)*

For the year ended 31 December 2019

Continuing operations

	Commercial project management RMB'000	Governmental project management RMB'000	Others RMB'000	Segment total RMB'000	Eliminations RMB'000	Total RMB'000
Segment revenue						
External revenue	1,470,763	358,438	164,691	1,993,892	–	1,993,892
Inter-segment revenue	–	179,173	20,464	199,637	(199,637)	–
Total	1,470,763	537,611	185,155	2,193,529	(199,637)	1,993,892
Segment results	342,684	57,495	19,542	419,721	438	420,159
Unallocated other income						22
Unallocated administrative expenses						(15,560)
Unallocated listing fee						(15,572)
Unallocated finance costs						(127)
Profit for the year						388,922

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

(iv) Segment information *(Continued)*

Other segment information

For the year ended 31 December 2020

Continuing operations

	Commercial project management RMB'000	Governmental project management RMB'000	Others RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss:						
Impairment losses under expected credit loss model, net of reversal	(5,970)	1,323	3,269	(1,378)	–	(1,378)
Loss from changes in fair value of investment properties	–	–	(2,952)	(2,952)	–	(2,952)
Share of results of associates	5,195	–	(1,792)	3,403	–	3,403
Share of results of joint ventures	891	5,516	46,360	52,767	–	52,767
Depreciation of property, plant and equipment	(7,747)	(5,954)	(345)	(14,046)	(222)	(14,268)
Depreciation of right-of-use assets	(7,655)	(144)	(798)	(8,597)	(698)	(9,295)

For the year ended 31 December 2019

Continuing operations

	Commercial project management RMB'000	Governmental project management RMB'000	Others RMB'000	Segment total RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss:						
Impairment losses under expected credit loss model, net of reversal	(4,757)	(2,189)	(835)	(7,781)	–	(7,781)
Loss from changes in fair value of investment properties	–	–	(974)	(974)	–	(974)
Share of results of associates	(5,843)	–	(763)	(6,606)	–	(6,606)
Share of results of joint ventures	(14,392)	(1,563)	572	(15,383)	–	(15,383)
Depreciation of property, plant and equipment	(13,817)	(3,429)	(3,828)	(21,074)	–	(21,074)
Depreciation of right-of-use assets	(7,403)	(410)	(3,060)	(10,873)	–	(10,873)

Information about major customers

There is no customers contributing revenue over 10% of the total revenue of the Group from continuing operations during the year.

6. OTHER INCOME

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Continuing operations		
Interest income from:		
– bank balances	**38,245**	16,140
– loans to related parties (Note 40(i)(c))	**5,441**	526
– loans to third parties	**3,949**	–
	47,635	16,666
Gross rental income from investment properties	**490**	1,149
Others	**489**	113
	48,614	17,928

7. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Continuing operations		
Government grants (Note)	**8,552**	11,109
Gain arising on financial assets at FVTPL	**3,362**	–
Gain on early termination of leases	**386**	426
Exchange loss	**(38,649)**	(111)
Loss on write off/disposal of property, plant and equipment	**(618)**	(453)
Others	**(44)**	(9)
	(27,011)	10,962

Note: The amounts represent government grants received from PRC government authorities in connection with the enterprise development supports, which have no condition imposed.

8. FINANCE COSTS

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Continuing operations		
Interest on lease liabilities	**(1,065)**	(1,743)
Arrangement fee for entrusted loan	**(69)**	–
Interest expenses on loan from related parties (Note 40(i)(f))	**(331)**	–
Others	**–**	(18)
	(1,465)	(1,761)

9. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Continuing operations		
Impairment losses (recognised) reversed on:		
– trade receivables	**(54)**	(4,713)
– contract assets	**(3,769)**	(2,448)
– other receivables	**80**	332
– amounts due from related parties	**1,751**	(338)
– other long-term receivables	**614**	(614)
	(1,378)	(7,781)

Details of impairment assessment are set out in Note 37(b).

10. PROFIT BEFORE TAX

Profit before tax for the year from continuing operations has been arrived at after charging:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Directors' remuneration	**19,814**	9,090
Salaries and other benefits	**584,930**	571,650
Retirement benefits scheme contributions (Note)	**4,739**	25,276
Staff costs (including directors' emoluments)	**609,483**	606,016
Depreciation of property, plant and equipment	**14,268**	21,074
Depreciation of right-of-use assets	**9,295**	10,873
Auditors' remuneration	**3,491**	1,124

Note: The government assistance have been implemented for the relief of the social insurance in respect of Novel Coronavirus ("COVID-19"). According to the notice issued by the Ministry of Social Affairs (2020) No.11, in order to minimise the impact of the COVID-19 on social and economic development, the government has reduced the social security fees for medium-sized enterprises from February to June 2020. The concession period has been extended to December 2020 according to the notice issued by the Ministry of Social Affairs (2020) No.49 afterwards.

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable to each of the eight (2019: one) directors and the Chief Executive Officer of the Company are set out as follows:

For the year ended 31 December 2020

	Fees RMB'000	Salaries and other benefits RMB'000	Performance-based bonus (Note (i)) RMB'000	Retirement benefits scheme contributions RMB'000	Equity-settled share-based expenses (Note (ii)) RMB'000	Total RMB'000
Chief executive officer and executive director						
Mr. LI Jun	160	2,450	7,917	62	166	10,755
Executive director						
Mr. LIN Sanjiu (Note (iv))	160	1,797	5,703	62	122	7,844
Non-executive directors (Note (iii))						
Mr. GUO Jiafeng (Note (v))	160	–	–	–	85	245
Mr. ZHANG Yadong (Note (v))	160	–	–	–	85	245
Mr. LIU Wensheng (Note (v))	160	–	–	–	85	245
Independent non-executive directors						
Mr. LIN Zhihong (Note (vi))	160	–	–	–	–	160
Dr. DING Zuyu (Note (vi))	160	–	–	–	–	160
Mr. CHAN Yan Kwan (Note (vi))	160	–	–	–	–	160
	1,280	4,247	13,620	124	543	19,814

For the year ended 31 December 2019

	Fees RMB'000	Salaries and other benefits RMB'000	Performance-based bonus (Note (i)) RMB'000	Retirement benefits scheme contributions RMB'000	Equity-settled share-based expenses (Note (ii)) RMB'000	Total RMB'000
Chief executive officer and executive director						
Mr. LI Jun	–	2,450	6,552	88	–	9,090

11. DIRECTOR'S, CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

Notes:

(i) The performance-based bonus is discretionary based on the Group's financial results and directors' performance as decided by the management.

(ii) On 24 December 2020, all the executive directors and non-executive directors of the Company were granted share awards, in respect of their services to the Group under the share award scheme of the Company. Details of the share award scheme are set out in Note 34. The Group recognised the share-based payment expenses in the profit or loss over the vesting period.

(iii) Certain non-executive directors received remunerations from affiliates in the group headed by Greentown China. The non-executive directors are of the opinion that the service provided to the Group only occupy an insignificant amount of their time and therefore it is concluded that the non-executive directors are not remunerated for such services.

(iv) Mr. LIN Sanjiu was appointed as executive director of the Company in January 2020.

(v) Mr. GUO Jiafeng, Mr. ZHANG Yadong and Mr. LIU Wensheng were appointed as non-executive directors of the Company in January 2020.

(vi) Mr. LIN Zhihong, Dr. DING Zuyu and Mr. CHAN Yan Kwan were appointed as independent non-executive directors of the Company in June 2020.

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group.

The non-executive directors' and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

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

Five highest paid individuals' emoluments

Of the five individuals with the highest emoluments in the Group, two (2019: one) of them were directors of the Company whose emoluments are included in the disclosure above. The emoluments of the remaining three (2019: four) individuals were as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Employees		
– salaries and other benefits	**4,293**	4,060
– performance-based bonus	**9,133**	5,985
– retirement benefits scheme contributions	**183**	265
– equity-settled share-based expenses	**221**	–
	13,830	10,310

11. DIRECTOR'S, CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

Five highest paid individuals' emoluments *(Continued)*

The emoluments of the five highest paid individuals were within the following bands:

	Year ended 31 December	
	2020	2019
	Number of employees	Number of employees
HKD3,000,001 to HKD3,500,000	**–**	2
HKD3,500,001 to HKD4,000,000	**–**	1
HKD4,500,001 to HKD5,000,000	**1**	1
HKD5,000,001 to HKD5,500,000	**1**	–
HKD6,500,001 to HKD7,000,000	**1**	–
HKD9,000,001 to HKD9,500,000	**1**	–
HKD10,000,001 to HKD10,500,000	**–**	1
HKD12,500,001 to HKD13,000,000	**1**	–
	5	5

During the year, certain non-director and non-chief executive highest paid employees were granted share awards, in respect of their services to the Group under the share award scheme of the Company. Details of the share award scheme are set out in Note 34. The Group recognised the share-based payment expenses in the profit or loss over the vesting period.

During both years, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Continuing operations		
Current tax:		
– PRC Enterprise Income Tax ("EIT")	**119,723**	129,421
(Over) under provision in prior years:		
– EIT	**(1,694)**	1,075
Deferred tax:		
– Current year	**(615)**	18,786
	117,414	149,282

12. INCOME TAX EXPENSE *(Continued)*

The Company is registered as an exempted company and as such is not subject to the Cayman Islands taxation.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable income subjected to Hong Kong Profits Tax.

PRC EIT is recognised based on management's best estimate of the annual income tax rate expected for the full financial year. Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25%, with the exception of Greentown Construction Management.

Greentown Construction Management was accredited as a "High and New Technology Enterprise" on 4 December 2019 and it may entitle to a preferential tax rate of 15% for a three-year period commencing from the year of 2019, subject to certain conditions. Accordingly, the applicable EIT rate of Greentown Construction Management for the year ended 31 December 2020 is 15% (2019: 25%).

The tax charge for the year can be reconciled to the profit per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit before tax	**524,934**	538,204
Income tax expense calculated at 25% (2019: 25%)	**131,234**	134,551
Tax effect of share of results of associates	**(851)**	1,651
Tax effect of share of results of joint ventures	**(13,192)**	3,846
Effect of expenses that are not-deductible	**17,614**	2,118
Effect of unused tax losses not recognised as deferred tax assets	**2,007**	5,296
Effect of deductible temporary differences not recognised as deferred tax assets	**200**	854
Utilisation of unused tax losses previously not recognised	**(169)**	–
Utilisation of deductible temporary differences previously not recognised	**(859)**	(109)
Effect of preferential EIT rate applied to deferred tax and current tax	**(16,876)**	–
(Over) under provision in prior years	**(1,694)**	1,075
Income tax expenses recognised in profit or loss	**117,414**	149,282

13. DISCONTINUED OPERATIONS

On 30 September 2019, the directors of the Company resolved to dispose of all of the Group's landscape design operations. Negotiations with interested party have been subsequently taken place. The assets and liabilities attributable to the business, which are expected to be sold within 12 months, have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position (see below). The disposal had been completed in September 2020. The details of the disposal are set out in Note 33.

The profit (loss) for the year from the discontinued landscape design operation is set out below.

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Loss for the period/year	**(20,876)**	(18,204)
Gain on disposal of landscape design operation (Note 33)	**25,610**	–
	4,734	(18,204)

The loss for the nine months ended 30 September 2020 (2019: full year of 2019) from the discontinued landscape design operation is set out below:

	For the nine months ended 30 September 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Revenue	**103,065**	228,536
Cost of sales	**(107,542)**	(232,472)
Gross loss	**(4,477)**	(3,936)
Other income	**16**	54
Other gains and losses	**39**	(54)
Administration expenses	**(1,750)**	(8,512)
Finance costs	**(2,961)**	(2,521)
Impairment losses under expected credit loss model, net of reversal	**(11,743)**	(2,786)
Loss before tax	**(20,876)**	(17,755)
Income tax expense	**–**	(449)
Loss for the period/year	**(20,876)**	(18,204)

13. DISCONTINUED OPERATIONS *(Continued)*

	For the nine months ended 30 September 2020 RMB'000	For the year ended 31 December 2019 RMB'000
Loss for the period/year from discontinued operations includes the following:		
Cost of inventories recognised as an expense.	**12,101**	52,977
Interest on lease liabilities	**11**	24
Gain on disposal of property, plant and equipment	**–**	(62)
Depreciation and amortisation of property, plant and equipment	**–**	944
Depreciation of right-of-use assets	**–**	551
Auditor's remuneration	**–**	77

During the nine months ended 30 September 2020, the landscape design operation paid RMB10,893,000 (2019: received RMB12,940,000) in respect of operating activities, paid RMB141,000 (2019: paid RMB148,000) in respect of investing activities and paid RMB69,000 (2019: paid RMB12,880,000) in respect of financing activities.

The major classes of assets and liabilities of the landscape design operation as at 31 December 2019, which have been presented separately in the consolidated statement of financial position, are as follows:

	RMB'000
Property, plant and equipment	4,340
Right-of-use assets	401
Inventories	4,761
Trade and other receivables	27,310
Amounts due from related parties	42,807
Contract assets	7,873
Bank balances and cash	12,391
Total assets classified as held for sale	99,883
Trade and other payables	61,563
Contract liabilities	864
Amounts due to related parties	52
Lease liabilities	370
Total liabilities classified as held for sale	62,849

14. DIVIDENDS

Subsequent to the end of the year, a final dividend in respect of the year ended 31 December 2020 of RMB0.17 (2019: RMB nil) per ordinary share, in an aggregate amount of approximately RMB332,856,000 (2019: RMB nil), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

15. EARNINGS PER SHARE

From continuing operations

The calculation of the basic and diluted earnings per share (2019: basic earnings per share) attributable to the owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Earnings		
Profit for the year attributable to owners of the Company	**439,325**	324,769
Less:		
Profit (loss) for the year from discontinued operations attributable to owners of the Company	**10,778**	(15,111)
Earnings for the purpose of basic and diluted earnings per share (2019: basic earnings per share) from continuing operations	**428,547**	339,880

	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**1,679,767**	1,432,660
Effect of dilutive potential ordinary shares:		
Over-allotment options	**1,121**	N/A
Share awards	**512**	N/A
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**1,681,400**	N/A

No diluted earnings per share for 2019 was presented as there was no potential ordinary shares in issue for 2019.

15. EARNINGS PER SHARE *(Continued)*

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share (2019: basic earnings per share) from continuing and discontinued operations attributable to the owners of the Company is based on the following data:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share (2019: basic earnings per share)	**439,325**	324,769

The denominators used are the same as those detailed above for both basic and diluted earnings per share (2019: basic earnings per share).

No diluted earnings per share for 2019 was presented as there was no potential ordinary shares in issue for 2019.

From discontinued operations

Basic earnings per share for the discontinued operations is RMB0.64 cent per share (2019: RMB1.05 cents loss per share) and diluted earnings per share for the discontinued operations is RMB0.64 cent per share (2019: N/A), based on the profit for the year from the discontinued operations of approximately RMB10.78 million (2019: loss for the year of RMB15.11 million) and the denominators detailed above for both basic and diluted loss per share (2019: basic loss per share).

16. PROPERTY, PLANT AND EQUIPMENT

	Land and Buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Transportation equipment RMB'000	Total RMB'000
COST					
At 1 January 2019	96,917	23,885	19,028	26,587	166,417
Additions	121	12,055	6,093	2,736	21,005
Disposals	–	–	(3,526)	(6,840)	(10,366)
Disposal of subsidiaries (Note 33)	–	(7,628)	(7,376)	(780)	(15,784)
Transfer to assets classified as held for sale (Note 13)	(4,912)	(1,165)	(581)	(20)	(6,678)
At 31 December 2019	92,126	27,147	13,638	21,683	154,594
Additions	–	1,837	2,484	1,234	5,555
Disposals	–	–	(3,768)	(618)	(4,386)
At 31 December 2020	**92,126**	**28,984**	**12,354**	**22,299**	**155,763**
DEPRECIATION AND IMPAIRMENT					
At 1 January 2019	(8,424)	(10,735)	(9,507)	(12,163)	(40,829)
Provided for the year	(5,189)	(7,513)	(5,391)	(3,925)	(22,018)
Eliminated on disposals	–	–	2,419	5,026	7,445
Disposal of subsidiaries (Note 33)	–	1,402	3,823	498	5,723
Transfer to assets classified as held for sale (Note 13)	747	1,096	480	15	2,338
At 31 December 2019	(12,866)	(15,750)	(8,176)	(10,549)	(47,341)
Provided for the year	(4,616)	(4,135)	(2,097)	(3,420)	(14,268)
Eliminated on disposals	–	–	3,282	486	3,768
At 31 December 2020	**(17,482)**	**(19,885)**	**(6,991)**	**(13,483)**	**(57,841)**
CARRYING VALUES					
At 31 December 2020	**74,644**	**9,099**	**5,363**	**8,816**	**97,922**
At 31 December 2019	79,260	11,397	5,462	11,134	107,253

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum after taking into account of the residual value:

Land and buildings	4.75%
Leasehold improvements	Short of lease term or useful life of the leasehold properties
Furniture, fixtures and equipment	19% to 31.67%
Transportation equipment	19%

17. RIGHT-OF-USE ASSETS

	Office premises RMB'000
COST	
At 1 January 2019	59,851
Additions	5,641
Derecognition due to the completion of leases	(2,255)
Acquisition of a subsidiary (Note 32)	1,107
Disposal of subsidiaries (Note 33)	(21,241)
Decrease in early termination of leases	(13,916)
Transfer to assets classified as held for sale (Note 13)	(1,784)
At 31 December 2019	27,403
Additions	19,284
Derecognition due to the completion of leases	(485)
Decrease in early termination of leases	(13,261)
At 31 December 2020	**32,941**
DEPRECIATION	
At 1 January 2019	(15,634)
Provided for the year	(11,424)
Derecognition due to the completion of leases	2,255
Disposal of subsidiaries (Note 33)	5,409
Decrease in early termination of leases	6,542
Transfer to assets classified as held for sale (Note 13)	1,383
At 31 December 2019	(11,469)
Provided for the year	(9,295)
Derecognition due to the completion of leases	485
Decrease in early termination of leases	5,141
At 31 December 2020	**(15,138)**
CARRYING VALUES	
At 31 December 2020	**17,803**
At 31 December 2019	15,934

17. RIGHT-OF-USE ASSETS *(Continued)*

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Expense relating to short-term leases with lease terms end within 12 months		
– from continuing operations	**1,780**	1,983
– from discontinued operations	**1,271**	3,879
	3,051	5,862
Total cash outflow for leases		
– from continuing operations	**11,403**	10,484
– from discontinued operations	**1,403**	4,264
	12,806	14,748

For both year, the Group leases office premises and vehicles for its operations. Lease contracts are entered into for fixed term of 2 years to 5 years (2019: 16 months to 8 years) without extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The Group regularly entered into short-term leases for office premises and machinery equipment. As at 31 December 2020 and 2019, the portfolio of short-term leases is similar.

In addition, all the balance of lease liabilities are recognised with related right-of-use assets as at 31 December 2020 and 2019. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Details of the maturity analysis of lease liabilities are set out in Note 30.

18. INVESTMENT PROPERTIES

	RMB'000
FAIR VALUE	
At 1 January 2019	10,311
Additions	19,810
Net decrease in fair value recognised in profit or loss	(974)
At 31 December 2019	29,147
Additions	37,166
Disposal	(10,000)
Net decrease in fair value recognised in profit or loss	(2,952)
At 31 December 2020	**53,361**

For the year ended 31 December 2020, the Group recognised unrealised loss of RMB2,952,000 (2019: RMB974,000) on property held at the end of reporting period.

The Group leases out retail stores under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 5 years (2019: 1 to 5 years), with unilateral rights to extend the lease beyond initial period held by lessees only. The leases of retail stores are fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain lessee's option to purchase the property at the end of lease term.

All of the Group's property interests held to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties at 31 December 2020 and 2019 has been arrived at on the basis of a valuation carried out on the respective dates by Tianyuan Assets Appraisal Co., Ltd., independent qualified professional valuer not connected to the Group. The management of the Company works closely with the independent qualified valuer to establish the appropriate valuation techniques and inputs to the model.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 3) based on the degree to which the inputs to the fair value measurements is observable.

18. INVESTMENT PROPERTIES *(Continued)*

Carrying value of investment properties held by the Group in the consolidated statement of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Commercial store units and carpark units in Shengzhou: 2020: RMB10,415,000 (2019: RMB10,692,000)	Level 3	Market approach – based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For store unites: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB8,300 per square meter (2019: RMB8,500 per square meter).	The higher the price per square meter,the higher the fair value.
			For carpark units: Price per unit, using market direct comparable and taking into account of location, age and other individual factors which is RMB104,300 per unit (2019: RMB108,100 per unit).	The higher the price per unit, the higher the fair value
Commercial store units in Lin'an: 2020: RMB16,774,000 (2019: RMB17,298,000)	Level 3	Market approach – based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For store unites: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB20,700 per square meter (2019: RMB21,400 per square meter).	The higher the price per square meter,the higher the fair value.
Commercial store units in Changxing: 2020: RMB1,229,000 (2019: RMB1,157,000)	Level 3	Market approach – based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For store unites: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB10,400 per square meter (2019: RMB9,800 per square meter).	The higher the price per square meter,the higher the fair value.
Commercial store units in Sanya: 2020: RMB18,938,000	Level 3	Market approach – based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For store unites: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB26,600 per square meter.	The higher the price per square meter,the higher the fair value.
Commercial store units and carpark units in Cixi: 2020: RMB6,005,000	Level 3	Market approach – based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	For store unites: Price per square meter, using market direct comparable and taking into account of location, age and other individual factors which is RMB14,800 per square meter.	The higher the price per square meter,the higher the fair value.
			For carpark units: Price per unit, using market direct comparable and taking into account of location, age and other individual factors which is RMB88,100 per unit.	The higher the price per unit, the higher the fair value

There were no transfers into or out of Level 3 during the year.

19. GOODWILL

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
At 1 January and at 31 December	**769,241**	769,241

The goodwill held by the Group as at 31 December 2020 arose on the acquisition of subsidiaries Greentown Real Estate Construction Management Group Co., Ltd. 綠城房地產建設管理集團有限公司 ("Greentown Construction Management Group") and 綠城時代城市建設發展有限公司 Greentown Shidai Urban Construction Development Co., Ltd. ("Greentown Shidai") in 2015.

Goodwill arose in the acquisition of Greentown Construction Management Group and Greentown Shidai because the consideration paid for the acquisition effectively included the benefit of expected synergies, revenue growth and future market development of Greentown Construction Management Group and Greentown Shidai. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

For the purposes of impairment testing, goodwill set out above has been allocated to one CGU. During the year ended 31 December 2020, the director considered that there is no impairment of CGU containing goodwill.

The recoverable amount of the CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and pre-tax discount rate of 17.86% (2019: 17.87%). Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit's past performance and director 's expectations for the market development. The directors believe that any reasonably possible change in any of these assumptions would not cause the carrying amount of CGU to exceed its recoverable amount.

The table below sets forth the other key assumptions that are used in the calculation of the value in use of the CGU at 31 December 2020 and 2019.

	Year ended 31 December	
Key assumptions	**2020**	2019
Annual sale growth rate for first five years	**3% – 15%**	N/A
Annual incremental sale contract rate for first five years	**N/A**	5%
Gross margin rate	**22% – 83%**	20% – 50%
Pre-tax discount rate	**17.86%**	17.87%
Long-term growth rate	**1%**	1%

20. INTERESTS IN ASSOCIATES

	Year ended 31 December 2020 RMB'000	2019 RMB'000
Cost of unlisted investments in associates	**48,365**	40,280
Share of post-acquisition profits, net of dividends received	**18,677**	15,274
	67,042	55,554

As at 31 December 2020 and 2019, the Group had interests in the following principal associates established and operating in the PRC:

Name of associates	Registered capital	Proportion of ownership interest/voting rights held by the Group As at 31 December 2020	2019	Principal activities
浙江綠城園林工程有限公司 Zhejiang Greentown Garden Project Co., Ltd.	RMB20,000,000	**10% (i)**	10% (i)	Landscape design and consulting
浙江綠城佳園建設工程管理有限公司Zhejiang Greentown Jiayuan Construction Project Management Co., Ltd. ("Greentown Jiayuan")	RMB100,000,000	**25%**	25%	Project management service
西南綠城房地產開發有限公司 Southwestern Greentown Real Estate Development Co., Ltd.	RMB100,000,000	**25%**	25%	Project management service
浙江綠城繁星管理諮詢有限公司 Zhejiang Greentown Fanxing Management Consulting Co., Ltd. ("Greentown Fanxing")	RMB20,000,000	**20%**	20%	Management and consulting
杭州蕭山浙企綠城資產管理有限公司Hangzhou Xiaoshan Zheqi Greentown Asset Management Co., Ltd.	RMB10,000,000	**35%**	35%	Investment holding and consulting
浙江綠城景道園林工程有限公司 Zhejiang Greentown Landscape Garden Project Co., Ltd. ("Greentown Landscape Garden")	RMB19,341,000	**49% (ii)**	N/A	Landscape design and consulting

20. INTERESTS IN ASSOCIATES *(Continued)*

Notes:

(i) There is one out of three directors of Greentown Garden Project appointed by Greentown Construction Management Group. Therefore, the investment was classified as interests in an associate.

(ii) Greentown Landscape Garden was previously a 51%-owned subsidiary in discontinued operations of the Group. The Group disposed 2% equity interest in Greentown Landscape Garden to an independent third party at a cash consideration of RMB330,000. After the disposal, the Group held a 49% equity interest in Greentown Landscape Garden, and therefore classified the investment as an associate of the Group. The details of the disposal are set out in Note 33.

Summarised financial information of material associate

Summarised financial information in respect of the Group's material associate, Greentown Jiayuan is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with IFRSs.

The associate is accounted for using the equity method in these consolidated financial statements.

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Current assets	**1,097,052**	782,027
Non-current assets	**25,259**	16,250
Current liabilities	**971,357**	659,635
Non-controlling interests	**(1,063)**	2,245

The above amounts of assets and liabilities include the following:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Cash and cash equivalents	**50,544**	62,442

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue	**139,539**	143,395
Profits (loss) for the year attributed to the owner of the Greentown Jiayuan	**15,621**	(10,312)

20. INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of material associate *(Continued)*

The above profits (loss) for the year includes the following:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Depreciation and amortisation	**1,384**	1,870
Interest income	**716**	604
Income tax expense	**23,066**	10,403

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Equity attributable to owners of Greentown Jiayuan	**152,017**	136,397
Proportion of the Group's ownership interest in Greentown Jiayuan	**25%**	25%
Carrying amount of the Group's interest in Greentown Jiayuan	**38,004**	34,099

Aggregate information of associates that are not individually material:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Group's share of total loss for the year	**(502)**	(2,811)
Aggregate carrying amount of the Group's interest in these associates	**29,038**	21,455

As at 31 December 2020 and 2019, the Group does not have any unrecognised share of losses of these associates.

21. INTERESTS IN JOINT VENTURES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Cost of unlisted investments in joint ventures	**53,250**	40,500
Share of post-acquisition loss, net of dividends received	**40,492**	(4,317)
	93,742	36,183

As at 31 December 2020 and 2019, the Group had interests in the following principal joint ventures established and operating in the PRC:

Name of joint ventures	Registered capital	Proportion of ownership interest/voting rights held by the Group As at 31 December **2020**	2019	Principal activities
上海輔秦建設工程管理有限公司 Shanghai Fuqin Project Management Co., Ltd. ("Shanghai Fuqin")	RMB5,000,000	**51% (i)**	51% (i)	Project management service
山東綠新萬合房產管理限公司 (formerly 山東藍城建設管理有限公司) Shandong Lvxin Wanhe Real Estate Management Co., Ltd. ("Shandong Lvxin Wanhe")	RMB10,000,000	**51% (i)**	51% (i)	Project management service
新疆綠城創景建設管理有限公司 (formerly 新疆藍城房地產開發有限公司) (Xinjiang Chuangjing Construction Management Co., Ltd.) ("Xinjiang Bluetown")	RMB20,000,000	**51% (i)**	51% (i)	Project management service
綠城景豐房地產建設管理有限公司 Greentown Jingfeng Real Estate Co., Ltd. ("Greentown Jingfeng")	RMB50,000,000	**51% (i)**	51% (i)	Project management service
浙江綠城時代建設管理有限公司 Zhejiang Shidai of Greentown Construction Management Co., Ltd. ("Zhejiang Shidai")	RMB10,000,000	**51% (i)**	51% (i)	Project management service

21. INTERESTS IN JOINT VENTURES *(Continued)*

As at 31 December 2020 and 2019, the Group had interests in the following principal joint ventures established and operating in the PRC: *(Continued)*

Name of joint ventures	Registered capital	Proportion of ownership interest/voting rights held by the Group As at 31 December 2020	2019	Principal activities
綠城長裕建設管理有限公司 Greentown Changyu Construction Management Co., Ltd. ("Greentown Changyu")	RMB50,000,000	**51% (i)**	51% (i)	Project management service
綠城綠明建設管理有限公司 Greentown Lvming Construction Management Co., Ltd. ("Greentown Lvming")	RMB50,000,000	**51% (i)**	51% (i)	Project management service
山東綠城萬合房地產建設管理有限公司 Shandong Greentown Wanhe Real Estate Construction Management Co., Ltd. ("Shandong Wanhe")	RMB10,000,000	**51% (i)**	51% (i)	Project management service
浙江綠城匠信建設管理有限公司 Zhejiang Greentown Jiangxin Construction Management Co., Ltd. ("Zhejiang Greentown Jiangxin")	RMB10,000,000	**51% (ii)**	51% (ii)	Project management service
浙江綠城商地建設管理有限公司 Zhejiang Greentown Shangdi Construction Management Co., Ltd. ("Zhejiang Greentown Shangdi")	RMB10,000,000	**58.65% (iii)**	58.65% (iii)	Project management service
浙江綠城華贏建設管理有限公司 Zhejiang Greentown Huaying Construction Management Co., Ltd. ("Greentown Huaying")	RMB10,000,000	**N/A (v)**	51% (i)	Project management service
綠城創新建設管理有限公司 Greentown Innovation Construction Management Co., Ltd. ("Greentown Innovation")	RMB50,000,000	**51% (i)**	51% (i)	Project management service
綠城北方建設管理有限公司 Greentown Northern Construction Management Co., Ltd. ("Greentown Northern")	RMB50,000,000	**51% (i)**	51% (i)	Project management service

21. INTERESTS IN JOINT VENTURES *(Continued)*

As at 31 December 2020 and 2019, the Group had interests in the following principal joint ventures established and operating in the PRC: *(Continued)*

Name of joint ventures	Registered capital	Proportion of ownership interest/voting rights held by the Group As at 31 December **2020**	2019	Principal activities
綠城正弘（北京）建設管理有限公司 Greentown Zhenghong (Beijing) Construction Management Co., Ltd. ("Greentown Zhenghong")	RMB10,000,000	**51% (i)**	51% (i)	Project management service
杭州綠城濱峰建設管理有限公司 Hangzhou Greentown Binfeng Construction Management Co., Ltd. ("Hangzhou Binfeng")	RMB20,000,000	**51% (i)**	51% (i)	Project management service
綠城田園城市建設發展有限公司 Greentown Tianyuan City Construction Development Co., Ltd. ("Greentown Tianyuan")	RMB50,000,000	**51% (ii)**	51% (ii)	Project management service
杭州綠城鼎力建設管理有限公司 Hangzhou Greentown Dingli Construction Management Co., Ltd. ("Greentown Dingli")	RMB20,000,000	**51% (i)**	51% (i)	Project management service
浙江綠城珅業房產建設管理有限公司 Zhejiang Greentown Shenye Real Estate Construction Management Co., Ltd. ("Zhejiang Shenye")	RMB50,000,000	**51% (i)**	51% (i)	Project management service
杭州綠城都會建築設計有限公司 Hangzhou Greentown Duhui Construction and Design Co., Ltd. ("Greentown Duhui")	RMB12,244,900	**51% (ii)**	51% (ii)	Construction and service
浙江綠城利普建築設計有限公司 Zhejiang Greentown Lipu Construction Design Co., Ltd. ("Greentown Lipu")	RMB12,245,000	**51% (ii)**	51% (ii)	Construction and service

21. INTERESTS IN JOINT VENTURES *(Continued)*

As at 31 December 2020 and 2019, the Group had interests in the following principal joint ventures established and operating in the PRC: *(Continued)*

Name of joint ventures	Registered capital	Proportion of ownership interest/voting rights held by the Group As at 31 December **2020**	2019	Principal activities
山東綠城青和建築設計有限公司 Shandong Greentown Qinghe Architectural Design Co., Ltd. ("Greentown Qinghe")	RMB6,120,000	**50.98%** **(ii)**	50.98% (ii)	Construction and service
浙江綠城市政園林建設有限公司 Zhejiang Greentown Public City Garden Construction Co., Ltd. ("Greentown Public City Garden")	RMB50,000,000	**51%** **(iv)**	N/A	Construction and service

Notes:

(i) Two out of three directors of these companies are appointed by the Group, while a valid board resolution of relevant activities requires more than two-thirds of directors' voting rights. Therefore, these companies are accounted for as joint ventures of the Group.

(ii) Three out of five directors of these companies are appointed by the Group, while a valid board resolution of relevant activities requires two-thirds of directors' voting rights. Therefore, these companies are accounted for as joint ventures of the Group.

(iii) Three out of seven directors of this company are appointed by the Group, while a valid board resolution of relevant activities requires a unanimous approval from all directors. Therefore, this company is accounted for as a joint venture of the Group.

(iv) Greentown Public City Garden was previously a wholly owned subsidiary in discontinued operations of the Group. The Group disposed 49% equity interest in Greentown Public City Garden to an independent third party at a cash consideration of RMB12,250,000. After the disposal, the Group held a 51% equity interest in Greentown Public City Garden, and a valid shareholder resolution of relevant activities of Greentown Public City Garden requires a unanimous approval from all shareholders. Therefore, this company is accounted for as a joint venture of the Group afterwards. Details of the disposal are set out in Note 33.

(v) Greentown Huaying has completed its statutory liquidation process in April 2020.

21. INTERESTS IN JOINT VENTURES *(Continued)*

Summarised financial information of material joint venture

Summarised financial information in respect of the Group's material joint venture, Greentown Lipu is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRSs.

The joint venture is accounted for using the equity method in these consolidated financial statements.

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Current assets	**136,813**	72,153
Non-current assets	**21,496**	24,908
Current liabilities	**74,319**	50,606
Non-current liabilities	**9,382**	11,858

The above amounts of assets and liabilities include the following:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Cash and cash equivalents	**111,871**	44,695

	For the year ended 31 December 2020	Period from 18 September 2019 (date of initial equity method accounting) to 31 December 2019
Revenue	**216,443**	55,398
Profits for the year/period	**48,012**	1,788
Dividends received from Greentown Lipu during the year/period	**4,080**	–

21. INTERESTS IN JOINT VENTURES *(Continued)*

Summarised financial information of material joint venture *(Continued)*

The above profits for the year/period includes the following:

	For the year ended 31 December 2020	Period from 18 September 2019 (date of initial equity method accounting) to 31 December 2019
Depreciation and amortisation	**886**	197
Interest income	**909**	100
Income tax expense	**6,392**	590

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Net assets of Greentown Lipu	**74,608**	34,597
Less: Results of particular projects attributable solely to the Group	**(25,682)**	–
Equity attributable to shareholders of Greentown Lipu	**48,926**	34,597
Proportion of the Group's ownership interest in Greentown Lipu	**51%**	51%
Group's share of adjusted net assets in Greentown Lipu	**24,952**	17,644
Add: Results of particular projects attributable solely to the Group	**25,682**	–
Carrying amount of the Group's interest in Greentown Lipu	**50,634**	17,644

21. INTERESTS IN JOINT VENTURES *(Continued)*

Aggregate information of joint ventures that are not individually material:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Group's share of total profits (loss) for the year	**15,697**	(16,295)
Aggregate carrying amount of the Group's interest in these joint ventures	**43,108**	18,539

Group's share of total profits (loss) for the year includes the provision for the share of certain joint ventures as its share of losses of those joint ventures exceeds its interests in those joint ventures. As at 31 December 2020, the Group did not fulfill the obligation of registered capital contribution to those joint ventures and the Group obligated to undertake the share of losses limited to the unfulfilled capital contribution to those joint ventures registered by the Group. Other than the abovementioned provision, the amounts of unrecognised share of losses of these joint ventures, both for the year and cumulatively, are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
The unrecognised share of loss of joint ventures for the year	**1,047**	–

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Cumulative unrecognised share of loss of joint ventures	**1,047**	–

22. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Unlisted equity securities	**93,393**	87,161

	Total
	RMB'000
At 1 January 2019	77,503
Disposal	(5,000)
Unrealised fair value gain	14,658
At 31 December 2019	87,161
Unrealised fair value gain	6,232
At 31 December 2020	**93,393**

The above unlisted equity investments represent the Group's equity interest in private entities established in the PRC. The directors of the Company have elected to designate these investments in equity instruments as at FVTOCI as they are held for the long term primarily with the objective of strengthening business relationships. No gain or loss for the current year relating to above equity instruments at FVTOCI has been recognised in profit or loss.

During the year ended 31 December 2019, the Group disposed of the investment in Bengbu Lvheng Real Estate Co., Ltd, at a consideration of RMB5,000,000, which was also the fair value as at the date of disposal as the investment no longer meets the investment objective of the Group after group restructuring carried out by the investee. A cumulative gain on disposal of RMB nil has been transferred to retained profits.

23. OTHER LONG-TERM RECEIVABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Fixed interest rate other long-term receivables:		
– secured loans to third parties (Note)	**210,000**	–
– unsecured and unguaranteed loans to a related party (Note 40(iii))	**–**	99,912
	210,000	99,912
Analysed as		
Non-current	**210,000**	99,912

Note: As at 31 December 2020, the carrying amount of loan to third parties is amounting to RMB210,000,000 with terms of two years and repayable in full on the maturity date. The fixed interest rate of loans is from 6% to 15% per annum. The loans are pledged with collaterals such as land use rights, shareholders' interests, constructions in progress and trade receivables of the borrowers. The Group is not permitted to sell or repledge the collaterals in the absence of default by the borrower. There has not been any significant changes in the debtor's credit quality and their related collateral pledged for the other long-term receivables. The Group has not recognised a loss allowance for the other long-term receivables as a result of these collaterals.

The directors of the Company are in the view that there have been no significant increase in credit risk nor default because no Group's other long-term receivables balance is past due as at the reporting date.

Details of impairment assessment of other long-term receivables are set out in Note 37(b).

24. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

	Impairment losses RMB'000	Tax losses RMB'000	Fair value adjustment – Investment properties RMB'000	Fair value adjustment – FVTOCI RMB'000	Equity-settled share-based payment expenses RMB'000	Accrued expenses RMB'000	Total RMB'000
At 1 January 2019	11,165	22,529	3,554	(11,738)	–	–	25,510
Credit (charge) to profit or loss	202	(22,489)	243	–	–	2,362	(19,682)
Charge to other comprehensive income	–	–	–	(3,662)	–	–	(3,662)
Disposal of subsidiaries (Note 33)	(1,206)	–	–	–	–	–	(1,206)
At 31 December 2019	**10,161**	**40**	**3,797**	**(15,400)**	**–**	**2,362**	**960**
Credit (charge) to profit or loss	**879**	**(40)**	**217**	**–**	**381**	**2,332**	**3,769**
Charge to other comprehensive income	**–**	**–**	**–**	**(1,558)**	**–**	**–**	**(1,558)**
Effect of change in tax rate	**(778)**	**–**	**(1,431)**	**–**	**–**	**(945)**	**(3,154)**
At 31 December 2020	**10,262**	**–**	**2,583**	**(16,958)**	**381**	**3,749**	**17**

For the purpose of presentation in the consolidated statement of financial position, deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same legal entity and fiscal authority. The following is the analysis of the deferred tax balances for financial reporting purposes:

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Deferred tax assets	**16,975**	16,360
Deferred tax liabilities	**(16,958)**	(15,400)
	17	960

As at 31 December 2020, the Group has deductible temporary differences of RMB22,062,000 (2019: RMB24,697,000). No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which such deductible temporary differences can be utilised.

24. DEFERRED TAXATION *(Continued)*

As at 31 December 2020, the Group has unused tax losses of RMB51,710,000 (2019: RMB44,518,000) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB nil (2019: RMB159,000) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB51,710,000 (2019: RMB44,359,000) due to the unpredictability of future profit streams. For these unrecognised tax losses, pursuant to the relevant laws and regulations in the PRC, these tax losses will be carried forward and expired in years as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
		(Note)
2021	**431**	431
2022	**21,081**	21,099
2023	**8,691**	8,691
2024	**13,481**	14,138
2025	**8,026**	–
	51,710	44,359

Note: The unused tax losses of discontinued operations which had not been recognised in deferred tax assets as at 31 December 2019 has not been included in the unrecognised tax losses of the Group as above.

25. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade receivables	**159,035**	155,095
Less: allowance for credit losses	**(17,437)**	(17,383)
Trade receivables, net of allowance for credit losses	**141,598**	137,712
Other receivables	**156,736**	135,627
Less: allowance for credit losses	**(2,562)**	(2,642)
Other receivables, net of allowance for credit losses	**154,174**	132,985
Prepayments	**43,829**	2,337
Deferred issue cost	**–**	4,226
Input value-added tax	**48,702**	35,582
	388,303	312,842

25. TRADE AND OTHER RECEIVABLES *(Continued)*

As at 1 January 2019, trade receivables from contracts with customers amounted to RMB97,707,000 before allowance for credit losses.

Included in the trade receivables were bills receivables amounted to RMB29,806,000 (2019: RMB10,692,000). All bills received by the Group are with a maturity period of less than one year.

Included in other receivables were advances to third parties of RMB16,000,000 (2019: RMB nil) as at 31 December 2020. The advances are interest bearing, unsecured and expected to be recovered within one year which carries interest at 10% (2019: nil) per annum.

The Group does not normally allow a credit period to its customers. The following is an age analysis of trade receivables (including bills receivables), net of allowance for credit losses, presented based on the invoice date at the end of each reporting period end:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within 180 days	**126,968**	121,670
180 – 365 days	**14,583**	14,983
Over 365 days	**47**	1,059
	141,598	137,712

Other receivables were mainly earnest money for potential projects, which are repayable on demand. Prepayments are expected to be recovered within 12 months or normal operating cycle.

Details of impairment assessment of trade and other receivables are set out in Note 37(b).

26. CONTRACT ASSETS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Project management service		
Contract assets	**338,581**	329,937
Less: allowance for credit losses	**(21,786)**	(18,017)
	316,795	311,920

As at 1 January 2019, contract assets amounted to RMB259,614,000 before allowance for credit losses.

The contract assets primarily relate to the Group's right to consideration for work completed in connection to project management service and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

27. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

At the end of the year, bank balances and cash of the Group comprised of cash held by the Group and short-term bank deposits with an original maturity of six months or less. Bank balances carry interest at market rates which range from 0.001% to 3.00% (2019: 0.001% to 3.55%) per annum.

The deposits are pledged to banks as collateral for the issue of letter of credit by the bank in connection with the project management projects. The pledged bank deposits carry interest at fixed rates which range from 0.30% to 3.05% (2019: 0.30% to 2.75%) per annum.

Details of impairment assessment of bank balances and pledged bank deposits are set out in Note 37(b).

28. TRADE AND OTHER PAYABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade payables	**25,220**	23,741
Other payables	**626,873**	565,147
Payroll payable	**117,505**	191,197
Dividend payable	**3,966**	–
Provision for share of losses of joint ventures exceeded interests invested (Note 21)	**45,106**	50,404
	818,670	830,489

The following is an aged analysis of trade payables presented based on the invoice date.

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within 1 year	**5,311**	21,646
1 – 2 years	**18,385**	970
2 – 3 years	**970**	1,071
More than 3 years	**554**	54
	25,220	23,741

29. CONTRACT LIABILITIES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Contract liabilities	**396,182**	239,580

As at 1 January 2019, contract liabilities amounted to RMB291,352,000.

The contract liabilities mainly represent the amounts received from the project management service before the related service is performed. Contract liabilities will be carried-forward to recognise as revenue when related performance obligations that are satisfied. The significant increase in the year ended 31 December 2020 is the result of the expansion of the project management business of the Group.

30. LEASE LIABILITIES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Lease liabilities payable:		
Within one year	**8,504**	6,294
Within a period of more than one year but not more than two years	**5,465**	5,865
Within a period of more than two years but not more than five years	**3,421**	3,013
	17,390	15,172
Less: amount due for settlement with 12 months shown under current liabilities	**(8,504)**	(6,294)
Amount due for settlement after 12 months shown under non-current liabilities	**8,886**	8,878

Lease liabilities are monitored within the Group's treasury function.

31. SHARE CAPITAL

	Number of shares	Amount Hong Kong Dollars ("HKD")
Authorised		
Ordinary shares of HKD0.01 each		
At 1 January 2019, 31 December 2019 and 2020	100,000,000,000	1,000,000,000

	Number of shares	Amount HKD	Shown in the consolidated statements of financial position as RMB'000
Issued and fully paid			
At 1 January 2019 and 31 December 2019	1,432,660,000	14,326,600	11,587
New shares issued through initial public offering (Note (i))	477,560,000	4,775,600	4,310
New shares issued through over-allotment options fully exercised (Note (ii))	47,756,000	477,560	427
At 31 December 2020	**1,957,976,000**	**19,579,760**	**16,324**

Notes:

(i) Since 10 July 2020, the Company's shares have been listed on the Main Board of the Stock Exchange. The total of 477,560,000 ordinary shares of a par value of HKD0.01 were issued at the price of HKD2.50 per share for a total cash consideration, before deducting the underwriting fees and commissions and other estimated listing expenses, of HKD1,193,900,000 (equivalent to approximately RMB1,077,471,000).

(ii) On 6 August 2020, the Company issued a total of 47,756,000 ordinary shares of HKD0.01 each at the price of HKD2.50 per share by means of full exercise of the over-allotment option. The gross proceeds received by the Company were HKD119,390,000 (equivalent to approximately RMB106,842,000).

32. ACQUISITION OF A SUBSIDIARY

No subsidiary was acquired during 2020.

Particulars of the subsidiary acquired during 2019 were as follows:

Acquired company	Principal activities	Acquisition date	Equity interest acquired	Consideration RMB'000
Greentown Qinghe (Note)	Construction design and consulting	1 February 2019	50.98%	– (Note)

Note: Greentown Construction Management Group, a wholly-owned subsidiary of the Group, obtained 50.98% equity interest of Greentown Qinghe by capital injection of RMB3,120,000. The board of the directors of Greentown Qinghe is authorised to direct the relevant activities of Greentown Qinghe. Four out of five directors of Greentown Qinghe appointed by the Group while a valid board resolution require a half of the directors' consents. Therefore, the Group can exercise control over Greentown Qinghe. Greentown Qinghe has become a joint venture of the Group in September 2019, details of which are set out in Notes 33.

A summary of the effects of the acquisition of a subsidiary is as follows:

	Year ended 31 December 2019 Fair value at acquisition date Greentown Qinghe RMB'000
Right-of-use assets	1,107
Trade and other receivables	758
Bank balances and cash	5,501
Trade and other payables	(220)
Other taxes payable	(30)
Lease liabilities	(996)
	6,120
Non-controlling interests	(3,000)
	3,120
Less: capital injection	(3,120)
	–
Net cash flow arising on acquisition	
Capital injection	(3,120)
Bank balances and cash acquired	5,501
	2,381

33. DISPOSAL OF SUBSIDIARIES

As referred to in Note 13, on 30 September 2019, the Group discontinued its landscape design operations consisted of two subsidiaries of the Group, namely Greentown Landscape Garden and Greentown Public City Garden. The disposal had been completed in September 2020.

On 26 September 2020, the Group disposed 49% equity interest in Greentown Public City Garden to an independent third party at a cash consideration of RMB12,250,000. After the disposal, the Group held a 51% equity interest in Greentown Public City Garden, and a valid shareholder resolution of relevant activities of Greentown Public City Garden requires a unanimous approval from all shareholders. Therefore, Greentown Public City Garden is accounted for as a joint venture of the Group afterwards.

On 30 September 2020, the Group disposed 2% equity interest in Greentown Landscape Garden to an independent third party at a cash consideration of RMB330,000. After the disposal, the Group held a 49% equity interest in Greentown Landscape Garden, and therefore classified the investment as an associate of the Group.

On 19 September 2019, the Group entered an agreement with another shareholder of Greentown Qinghe to revise the Article of Association of the Greentown Qinghe, all parties agreed that a valid board resolution of relevant activities of Greentown Qinghe requires more than two-third directors' consents. Three out of five directors of Greentown Qinghe are appointed by the Group. Therefore, Greentown Qinghe is accounted for as a joint venture afterwards.

On 18 September 2019, the Group entered an agreement with other shareholders of Greentown Lipu to revise the Article of Association of Greentown Lipu, all parties agreed that a valid board resolution of relevant activities of Greentown Lipu requires more than two-third directors' consents. Three out of five directors of Greentown Lipu are appointed by the Group. Therefore, Greentown Lipu is accounted for as a joint venture afterwards.

Notes to The Consolidated Financial Statements
For the year ended 31 December 2020

33. DISPOSAL OF SUBSIDIARIES *(Continued)*

A summary of the effects of the disposal of the subsidiaries is as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Property, plant and equipment	**4,481**	10,061
Right-of-use assets	**401**	15,832
Inventories	**4,847**	–
Deferred tax assets	**–**	1,206
Trade and other receivables	**27,272**	27,017
Amounts due from related parties	**54,004**	–
Contract assets	**18,993**	–
Bank balances and cash	**1,288**	43,320
Trade and other payables	**(74,733)**	(31,637)
Amounts due to related parties	**(23,307)**	–
Bank and other borrowings	**(3,000)**	–
Income tax payable	**–**	(3,758)
Other taxes payable	**–**	(703)
Contract liabilities	**(530)**	(214)
Lease liabilities	**(249)**	(16,674)
	9,467	44,450
Net gain on disposal of subsidiaries	**25,610**	–
Non-controlling interests	**(1,662)**	(21,783)
Total consideration	**33,415**	22,667
Satisfied by:		
Interests in an associate	**8,085**	–
Interests in joint ventures	**12,750**	22,667
Consideration receivables	**12,580**	–
Net cash outflow arising on disposal:		
Bank balances and cash disposed of	**(1,288)**	(43,320)

34. SHARE-BASED PAYMENT TRANSACTIONS

Share award scheme

The Company's share award scheme (the "Scheme") was adopted pursuant to a board resolution passed on 28 October 2020 for the primary purpose of providing incentives to directors and eligible employees to retain them for the continual operation and development of the Group, and will expire on 27 October 2030. Under the Scheme, the board of the Company or an authorised person may grant share awards to eligible employees, including directors of the Company. Pursuant to the Scheme, the award shares will be satisfied by existing shares to be acquired and held by a trust constituted by the Company (the "Trust") through on-market transactions at the average prevailing market price, and the Company appointed an independent trustee, Computershare Hong Kong Trustees Limited (the "Trustee") acted as the administrator of the Company's Scheme.

The total number of the award shares made pursuant to the Scheme shall not exceed 1.83% of the total number of issued shares as at 28 October 2020.

During the year, the Company repurchased its own ordinary shares through the Trust as follows:

Month of repurchase	No. of ordinary shares	Price per share Highest HKD	Lowest HKD	Aggregate consideration paid HKD'000
December	35,830,961	3.45	2.88	118,363,000

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

As at 31 December 2020, the Trust has acquired 35,830,961 award shares from the market at an average prevailing market price of approximately HKD3.30 (equivalent to approximately RMB2.79) per share, including an aggregate of 35,740,000 award shares were granted by the Group to its 45 directors and eligible employees (the "Grantee") pursuant to the Scheme on 24 December 2020. The award shares granted shall be vested in two tranches, (i) 50% of the award shares shall vest on the first anniversary date of the grant date, and (ii) the second 50% of the award shares shall vest on the second anniversary date of the grant date. When the relevant Grantee has satisfied all vesting conditions including a condition in relation to the closing price of the Company's shares on the date of exercise, and become entitled to the shares forming the subject of the award, the Trustee shall transfer the relevant granted shares to the Grantee in accordance with the Scheme rules.

The Company has the power to direct the relevant activities of the Trust and it has the ability to use its power over the Trust to affect its exposure to returns. Therefore, the assets and liabilities of the Trust are included in the Group's consolidated statement of financial position and the ordinary shares held for the Scheme were regarded as treasury shares and presented as a deduction in equity as "Shares held for share award scheme".

34. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Share award scheme *(Continued)*

Movement in the number of award shares outstanding is as follows:

	Number of award shares
At 1 January 2020	–
Granted	35,740,000
At 31 December 2020	**35,740,000**

The estimated fair value of the award shares granted on 24 December 2020 was HKD43,603,000 (equivalent to approximately RMB36,760,000). The fair value of award shares was calculated using Monte-Carlo simulation. The key inputs into the model were as follows:

Key inputs	2020
Expected volatility	41.92%
Risk-free rate for the first tranche	0.08%
Risk-free rate for the second tranche	0.07%

Expected volatility was determined by using the historical average annualised daily volatility of the Company and comparable companies within the same industry. The expected life used in the model is in accordance with the vesting condition term as described above.

The Group shall estimate the expected yearly percentage of the Grantees that will stay within the Group at the end of the vesting periods of the granted shares (the "Expected Retention Rate") in order to determine the amount of share-based compensation expenses charged to the consolidated statement of profit or loss and other comprehensive income. As at 31 December 2020, the Expected Retention Rate was assessed to be 100%.

For the year ended 31 December 2020, the Group has recognised the total expenses of RMB1,520,000 (2019: RMB nil) in the profit or loss in relation to share awards granted under the Scheme.

35. RETIREMENT BENEFITS PLANS

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions. For the year ended 31 December 2020, the total expense of retirement benefits plans recognised by the Group was approximately RMB4,863,000 (2019: RMB25,364,000), which was benefited from the government assistance implemented for the relief of the social insurance in respect of COVID-19, details are set out in Note 10.

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes interest bearing amounts due to related parties, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Financial assets		
Financial assets at amortised cost	**3,121,659**	2,166,961
Equity instruments at fair value through other comprehensive income	**93,393**	87,161
	3,215,052	2,254,122
Financial liabilities		
Amortised cost	**851,589**	1,389,641

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity instruments at FVTOCI, trade and other receivables, amounts due from related parties, other long-term receivables, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to related parties and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk

Currency risk

The Company and a subsidiary of the Group located in Hong Kong have foreign currency bank balances which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary bank balances at the end of the year are as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
HKD	**438,572**	2,584

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arises.

The following table details the Group's sensitivity to a 5% (2019: 5%) increase and decrease in RMB against HKD 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding HKD denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A negative number below indicates a decrease in post-tax profit where RMB strengthens 5% against the relevant currency. For a 5% weakening of HKD against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other comprehensive income.

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit or loss	**(21,929)**	(129)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate pledged bank deposits, other receivables, other long-term receivables, amounts due from related parties and amounts due to related parties. The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

If the interest rate had been 5 basis points (2019: 5 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit would increase/decrease by RMB1,108,000 (2019: increase/decrease by RMB466,000) for the year ended 31 December 2020.

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk (Continued)

Other price risk

The Group is exposed to equity price risk through its investments in unlisted equity securities measured at FVTOCI. The Group monitors the price risk and will consider hedging the risk exposure should the need arise.

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. If the prices of the equity instruments had been 10% (2019: 10%) higher/lower, FVTOCI reserve would increase/decrease by RMB7,004,000 (2019: increase/decrease by RMB6,537,000) for the year ended 31 December 2020.

Credit risk and impairment assessment

As at 31 December 2020 and 2019, the Group's maximum exposure to credit risk which will cause a financial loss to the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's credit risk is primarily attributable to its trade receivables, other receivables, amounts due from related parties, other long-term receivables, pledged bank deposits, bank balances and contract assets. Except for other long-term receivables are secured by collaterals as detailed in Note 23, all other financial assets are without collateral or credit enhancement.

Trade receivables, contract assets and trade related amounts due from related parties arising from contracts with customers

In order to minimise the credit risk, the Group has policies in place to ensure that sales are made to purchasers 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. In addition, the Group performs impairment assessment under ECL model upon application of IFRS 9 on trade balances individually or based on provision matrix, as appropriate.

Other receivables and non-trade related amounts due from related parties

The credit risk of other receivables and non-trade related amounts due from related parties is managed through an internal process. The Group actively monitors the outstanding amounts owed by each debtor and uses past due information to assess whether credit risk has increased significantly since initial recognition.

Other long-term receivables

The management estimates the estimated loss rates of other long-term receivables based on credit quality of the debtors as well as the fair value of the collateral pledged by the customers to the other long-term receivables. Based on assessment by the management, the loss given default is low in view of the estimated realised amount of ultimate disposal of the collaterals and the management considers the ECL for other long-term receivables is insignificant and therefore no loss allowance was recognised. Details of other long-term receivables are set out in Note 23.

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment (Continued)

Bank balances and cash and pledged bank deposits

Cash deposits are mainly placed with state-owned financial institutions and reputable banks which are all high-credit quality financial institutions, therefore the Group's credit risk on liquid funds is limited.

The Group's internal credit risk grading assessment for trade receivables, contract assets and trade related amounts due from related parties comprises the following categories:

Internal credit rating	Description	Basis for recognition of expected credit loss provision
Low risk	The counterparty has a low risk of default or counterparty frequently repays after due dates.	Lifetime ECL – not credit-impaired
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources.	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit- impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written-off

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment (Continued)

The Group's internal credit risk grading assessment for other receivables, other long-term receivables, non-trade related amounts due from related parties and bank balances and pledged bank deposits comprises the following categories:

Internal credit rating	Description	Basis for recognition of expected credit loss provision
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month ECL
Low risk	The counterparty still has a strong capacity to meet contractual cash flows after due date and the Group considers that the counterparty can settle in full afterwards.	12-month ECL
Watch list	Repayments are overdue and the Group considers that there is significant increases in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
Doubtful	Repayments are overdue and the Group considers that default has occurred.	Lifetime ECL – credit-impaired
Loss	There is evidence indicating the asset is fully impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written-off

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets and contract assets which are subject to ECL assessment:

	Notes	External credit rating	Internal credit rating	Gross 12-month or lifetime ECL	As at 31 December 2020 Gross carrying amount RMB'000	2019 Gross carrying amount RMB'000
Financial assets at amortised cost						
Trade receivables	25	N/A	Note (i)	Lifetime ECL (not credit-impaired)	**151,720**	146,222
			Loss	Lifetime ECL (credit-impaired)	**7,315**	8,873
					159,035	155,095
Trade related amounts due from related parties	40(ii)	N/A	Note (i)	Lifetime ECL (not credit-impaired)	**22,334**	33,332
			Loss	Lifetime ECL (credit-impaired)	**2,013**	21
					24,347	33,353
Other receivables	25	N/A	Performing & Low risk	12-month ECL	**154,225**	132,847
			Watch list	Lifetime ECL (not credit-impaired)	**1,395**	1,395
			Doubtful &Loss	Lifetime ECL (credit-impaired)	**1,116**	1,385
					156,736	135,627
Non-trade related amounts due from related parties	40(ii)	N/A	Performing	12-month ECL	**182,275**	626,918
Other long-term receivables	23	N/A	Performing Note (iii)	12-month ECL	**210,000**	100,526
Pledged bank deposits	27	AAA – A	N/A (Note (ii))	12-month ECL	**15,832**	14,963

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment (Continued)

	Notes	External credit rating	Internal credit rating	Gross 12-month or lifetime ECL	As at 31 December 2020 Gross carrying amount RMB'000	2019 Gross carrying amount RMB'000
Financial assets at amortised cost						
Bank balances and cash	27	AAA – A (Note (ii))	N/A	12-month ECL	**2,397,335**	1,126,771
Contract assets	26	N/A	Note (i)	Lifetime ECL (not credit-impaired)	**335,366**	329,937
			Loss	Lifetime ECL (credit-impaired)	**3,215**	–
					338,581	329,937

Notes:

(i) For trade receivables, trade related amounts due from related parties and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix based on aging of debtors.

(ii) External credit rating disclosed by the counterparty financial institutions and banks, majority of which are located in the PRC.

(iii) Debtors with significant outstanding balance with gross carrying amount of RMB210,000,000 for other long-term receivables as at 31 December 2020 (2019: RMB100,526,000) were assessed individually. For the year ended 31 December 2020, the Group has not recognised a loss allowance for the other long-term receivables since the value of collaterals pledged for these other long-term receivables is much higher than the amount of other long-term receivables and the there is no significant change in the quality of these collaterals as at 31 December 2020.

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment (Continued)

Provision matrix – debtors' aging

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers including those who are the related parties of the Group in relation to its project management service and construction design service because these operating segments have large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The Group assessed the impairment for its customers from these operating segments separately, and the information about the exposure to credit risk for these trade receivables, contract assets and trade related amounts due from related parties based on provision matrix as at 31 December 2020 and 2019 within lifetime ECL (not credit impaired) are presented below respectively. Credit-impaired debtors with gross carrying amounts of RMB7,315,000, RMB3,215,000 and RMB2,013,000 for trade receivables, contract assets and trade related amounts due from related parties respectively as at 31 December 2020 (2019: RMB8,873,000, RMB nil and RMB21,000 for trade receivables, contract assets and trade related amounts due from related parties respectively) were assessed individually.

	As at 31 December			
	2020		2019	
	Average loss rate	**Trade receivables RMB'000**	Average loss rate	Trade receivables RMB'000
Gross carrying amount				
Within 180 days	**5.68%**	**122,406**	5.63%	128,929
180 – 365 days	**7.13%**	**15,702**	6.81%	16,078
Over 365 days	**15.02%**	**13,612**	12.84%	1,215
		151,720		146,222

	As at 31 December			
	2020		2019	
	Average loss rate	**Contract assets RMB'000**	Average loss rate	Contract assets RMB'000
Gross carrying amount	**5.54%**	**335,366**	5.46%	329,937

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment (Continued)

Provision matrix – debtors' aging (Continued)

	As at 31 December			
	2020		2019	
	Average loss rate	**Trade related amounts due from related parties RMB'000**	Average loss rate	Trade related amounts due from related parties RMB'000
Gross carrying amount				
Within 180 days	**3.72%**	**22,334**	3.67%	20,183
180-365 days	**–**	**–**	8.43%	13,149
		22,334		33,332

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables, contract assets and trade related amounts due from related parties under the simplified approach.

	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
At 1 January 2019	28,388	12,082	40,470
– Transfer to credit-impaired	(287)	287	–
– Impairment losses recognised	18,170	1,176	19,346
– Impairment losses reversed	(10,905)	(332)	(11,237)
– Disposal of subsidiaries	(1,506)	(3,318)	(4,824)
– Transfer to assets classified as held for sale	(5,484)	(1,001)	(6,485)
At 31 December 2019	28,376	8,894	37,270
– Transfer to credit-impaired	(492)	492	–
– Impairment losses recognised	16,059	7,887	23,946
– Impairment losses reversed	(14,419)	(4,730)	(19,149)
At 31 December 2020	**29,524**	**12,543**	**42,067**

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment (Continued)

Provision matrix – debtors' aging (Continued)

Changes in the loss allowance for trade receivables, contract assets and trade related amounts due from related parties are mainly due to:

	Year ended 31 December 2020		2019
	Increase/(decrease) in lifetime ECL		Increase/ (decrease) in lifetime ECL
	Not credit-impaired RMB'000	Credit-impaired RMB'000	Not credit – impaired RMB'000
One trade debtor with a gross carrying amount of RMB3,216,000 (2019: RMB nil) defaulted and transferred to credit-impairment	(175)	3,216	–
Several new trade debtors with gross carrying of RMB153,274,000 (2019: RMB164,871,000)	8,451	–	13,666
Several settlement in full of trade debtors with gross carrying amounts of RMB71,854,000 (2019: RMB101,971,000)	(3,892)	(2,729)	(6,124)

Provision matrix – internal credit rating

The following table provides information about the exposure to credit risk and ECL for other receivables and non-trade related amounts due from related parties which are assessed collectively. In addition to the internal credit ratings as stated above, the Group further assessed the impairment for other receivables and non-trade related amounts due from related parties from the different operating segments separately, and the information about the exposure to credit risk for these other receivables and amounts due from related parties based on provision matrix as at 31 December 2020 and 2019 within 12-month ECL and life time (not credit impaired) are presented below respectively. Credit-impaired debtors with gross carrying amounts of RMB1,116,000 for other receivables as at 31 December 2020 (2019: RMB779,000) were assessed individually; Debtors with significant outstanding balance with gross carrying amounts of RMB nil for non-trade amount due from related parties as at 31 December 2020 (2019: RMB413,369,000) were assessed individually.

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment (Continued)

Provision matrix – internal credit rating (Continued)

	As at 31 December			
	2020		2019	
	Average loss rate	Other receivables RMB'000	Average loss rate	Other receivables RMB'000
Gross carrying amount				
Performing	0.58%	152,552	0.76%	130,109
Low risk	16.44%	1,673	17.79%	2,738
Watch list	21.00%	1,395	21.00%	1,395
Doubtful	–	–	56.77%	606
		155,620		134,848

	As at 31 December			
	2020		2019	
	Average loss rate	Non-trade related amounts due from related parties RMB'000	Average loss rate	Non-trade related amounts due from related parties RMB'000
Gross carrying amount				
Performing	0.58%	182,275	0.76%	213,549

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment (Continued)

Provision matrix – internal credit rating (Continued)

The following table shows the movement in lifetime ECL that has been recognised for other receivables, non-trade related amounts due from related parties and other long-term receivables.

	12m ECL RMB'000	Lifetime ECL (not credit-impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
At 1 January 2019	2,266	402	1,949	4,617
– Transfer to credit-impaired	–	(126)	126	–
– Transfer to lifetime ECL	(187)	187	–	–
– Impairment losses recognised	3,816	174	218	4,208
– Impairment losses reversed	(236)	(344)	(1,170)	(1,750)
– Transfer to assets classified as held for sale	(36)	–	–	(36)
At 31 December 2019	5,623	293	1,123	7,039
– Transfer to credit-impaired	(4)	–	4	–
– Transfer to lifetime ECL	(1)	1	–	–
– Impairment losses recognised	240	618	315	1,173
– Impairment losses reversed	(3,922)	(344)	(326)	(4,592)
At 31 December 2020	**1,936**	**568**	**1,116**	**3,620**

Changes in the loss allowance for other receivables, non-trade related amounts due from related parties and other long-term receivables are mainly due to:

	Year ended 31 December	
	2020	2019
	Decrease in 12 m ECL RMB'000	Decrease in 12 m ECL RMB'000
Settlement in full of non-trade debtors with gross carrying amounts of RMB413,369,000 (2019: RMB24,314,000)	**(2,537)**	(131)

37. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity and interest risk tables

	Weighted average interest rate	On demand or less than 1 year RMB'000	1 – 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
For the year ended 31 December 2020					
Non-derivative financial liabilities					
Trade and other payables	–	652,093	–	652,093	652,093
Amounts due to related parties					
– fixed rate	15.39%	–	20,920	20,920	16,000
– interest-free	–	183,496	–	183,496	183,496
Lease liabilities	5.40%	9,175	9,381	18,556	17,390
As at 31 December 2020		844,764	30,301	875,065	868,979

	Weighted average interest rate	On demand or less than 1 year RMB'000	1 – 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
For the year ended 31 December 2019					
Non-derivative financial liabilities					
Trade and other payables	–	588,888	–	588,888	588,888
Amounts due to related parties					
– interest-free	–	800,753	–	800,753	800,753
Lease liabilities	5.40%	6,934	9,296	16,230	15,172
As at 31 December 2019		1,396,575	9,296	1,405,871	1,404,813

37. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value measurements of financial instruments

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Financial instrument	Fair value	Fair value hierarchy	Valuation technique and key inputs	Significant unobservable inputs
Unquoted equity investments	Equity instrument at FVTOCI: RMB22,616,000 (2019: RMB16,604,000)	Level 3	Income approach – in this approach, the discounted cash flow method was used to capture the present value of the expected dividend income and ultimate disposal proceed.	Discount rate of 6.1% (2019: 6.1%). (Note (i))
	Equity instrument at FVTOCI: RMB40,503,000 (2019: RMB38,441,000)	Level 3	Market approach – in this approach, the value of an asset or security is based upon development of ratios of market prices which investors are paying for similar assets or securities in the market place.	Adjusted price earnings ratio "(P/E ratio"), determined by reference to the P/E ratio of listed entities in similar industries, of 6.6 (2019: 8.9). (Note (ii)) Discount for lack of marketability, determined by reference to the share price of listed entities in similar industries, of 30.3% (2019: 28.0%). (Note (iii))
	Equity instruments at FVTOCI: RMB30,274,000 (2019: RMB32,116,000)	Level 3	The value of underlying net assets is based on the expected net realisable value of properties under development calculated by the discounted future income generated from the sales of such properties under development in the future less costs to be incurred to reach the sales condition, plus adjusted value of other identifiable assets and liabilities of the underlying net assets.	Discount rate, used to determine the value of properties under development, taking into account weighted average cost of capital (WACC) determined by using a Capital Asset Pricing Model, of 10.7% (2019: 11.4%). (Note (i)) Expected price per square meter, used to determine the value of properties under development, ranging from RMB9,300 to RMB30,100 (2019: RMB10,400 to RMB28,500). (Note (iv))

37. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value measurements of financial instruments *(Continued)*

Fair value of the Group's financial assets that are measured at fair value on a recurring basis (Continued)

Notes:

(i) An increase in the discount rate used in isolation would result in a decrease in the fair value measurement of the unquoted equity investments, and vice versa.

(ii) An increase in the adjusted P/E ratio used in isolation would result in an increase in the fair value measurement of the unquoted equity investments, and vice versa.

(iii) An increase in the discount for lack of marketability used in isolation would result in a decrease in the fair value measurement of the unquoted equity investments, and vice versa.

(iv) An increase in the expected price per square meter used in isolation would result in an increase in the fair value measurement of the unquoted equity investments, and vice versa.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

38. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Borrowings RMB'000	Lease liabilities RMB'000	Dividend payable RMB'000	Amounts due to related parties RMB'000	Accrued issue costs RMB'000
At 1 January 2019	10,000	40,496	–	200,000	–
Financing cash flows	(10,402)	(8,886)	(5,200)	340,000	–
New leases	–	5,641	–	–	–
Interest expenses	402	1,766	–	–	–
Acquisition of a subsidiary	–	996	–	–	–
Disposal of subsidiaries	–	(16,674)	–	–	–
Early termination of lease	–	(7,799)	–	–	–
Dividends to non-controlling interests	–	–	5,200	–	–
At 31 December 2019	–	15,540	–	540,000	–
Financing cash flows	2,815	(9,757)	(15,354)	(524,000)	(49,455)
New leases	–	19,284	–	–	–
Interest expenses	185	1,076	–	331	–
Disposal of subsidiaries	(3,000)	(249)	–	–	–
Early termination of lease	–	(8,506)	–	–	–
Transaction costs attributable to issue of new shares	–	–	–	–	49,455
Offset by trade and other receivables	–	–	(10,439)	–	–
Dividends to non-controlling interests	–	–	29,759	–	–
At 31 December 2020	**–**	**17,390**	**3,966**	**16,331**	**–**

39. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2020, in addition to those disclosed in other notes to the consolidated financial statements, the Group acquired investment properties from the Group's project owner with a consideration amounting to RMB16,376,000 (2019: RMB19,810,000). The consideration was settled by the trade receivables from the project owners. The Company disposed one of above investment properties with the consideration of RMB10,000,000 in June 2020 to Shandong Lvxin Wanhe, a joint venture of the Group, to offset trade related amounts due to Shandong Lvxin Wanhe subsequently. In addition, the Group transferred the deposit for acquisition of properties to investment properties amounting to RMB20,236,000 for the year ended 31 December 2020.

40. RELATED PARTY DISCLOSURES

(i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties:

(a) Provided project management service to related parties

	Notes	Year ended 31 December 2020 RMB'000	2019 RMB'000
溫州綠城樂居企業管理有限公司 Wenzhou Greentown Leju Enterprise Management Co., Ltd. ("Wenzhou Leju Enterprise Management")	(1)	**72,988**	8,632
溫州綠城樂居項目管理有限公司 Wenzhou Greentown Leju Project Management Co., Ltd. ("Wenzhou Leju Project Management")	(1)	**43,501**	4,501
Zhejiang Shidai	(3)	**38,427**	–
Shandong Lvxin Wanhe	(3)	**20,970**	12,290
杭州錢江綠星樂居建設管理有限公司 Hangzhou Qianjiang Lvxing Leju Construction Management Co., Ltd. ("Hangzhou Qianjiang")	(1)	**20,025**	8,842
山東高速綠城置業投資有限公司 Shandong High Speed Greentown Real Estate Investment Co., Ltd. ("Shandong High Speed")	(2)	**14,782**	35,641
綠城房地產集團有限公司 Greentown Real Estate Group Co., Ltd. ("Greentown Real Estate Group")	(1)	**9,316**	31,199
麗水綠星樂居建設管理有限公司 Lishui Lvxing Leju Construction Management Co., Ltd. ("Lishui Lvxing Leju")	(1)	**8,672**	–
杭州綠興工程項目管理有限公司 Hangzhou Lvxing Project Management Co., Ltd. ("Hangzhou Lvxing Project Management")	(1)	**6,076**	–
杭州方氏織造有限公司 Hangzhou Fangshi Weaving Co., Ltd.("Hangzhou Fangshi")	(1)	**4,991**	3,857
Greentown Jingfeng	(3)	**3,110**	4,468
Greentown Dingli	(3)	**2,885**	4,470
Greentown Changyu	(3)	**2,296**	1,742
Hangzhou Binfeng	(3)	**1,364**	4,716
Others		**2,113**	6,996
		251,516	127,354

40. RELATED PARTY DISCLOSURES *(Continued)*

(i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties: *(Continued)*

(b) Provided construction design and education consulting service to related parties

		Year ended 31 December	
		2020	2019
	Notes	**RMB'000**	RMB'000
Greentown Lipu	(3)	**478**	–
Zhejiang Shenye	(3)	**335**	28
Wenzhou Leju Enterprise Management	(1)	**–**	15,025
Wenzhou Leju Project Management	(1)	**–**	9,543
Greentown Real Estate Group	(1)	**–**	701
Others		**369**	5,681
		1,182	30,978

(c) Interest income arising from loans to related parties

		Year ended 31 December	
		2020	2019
	Notes	**RMB'000**	RMB'000
瀋陽全運村建設有限公司 Shenyang Quanyuncun Construction Co., Ltd. ("Shenyang Quanyuncun")	(2)	**4,893**	526
Greentown Duhui	(3)	**235**	–
Greentown Landscape Garden	(3)	**207**	–
Others		**106**	–
		5,441	526

40. RELATED PARTY DISCLOSURES *(Continued)*

(i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties: *(Continued)*

(d) Received consulting and other service from related parties

	Notes	Year ended 31 December 2020 RMB'000	2019 RMB'000
Greentown Fanxing	(3)	**73,094**	70,773
Zhejiang Shidai	(3)	**65,011**	54,316
Greentown Lvming	(3)	**58,122**	75,582
Zhejiang Shenye	(3)	**57,985**	72,202
Greentown Northern	(3)	**52,601**	66,537
Greentown Innovation	(3)	**39,733**	61,057
Greentown Tianyuan	(3)	**38,913**	36,520
Greentown Zhenghong	(3)	**27,416**	18,730
Shandong Lvxin Wanhe	(3)	**21,605**	63,159
Wenzhou Leju Enterprise Management	(1)	**14,646**	–
Shanghai Fuqin	(3)	**14,414**	9,913
Xinjiang Greentown	(3)	**12,093**	(4,800)
Greentown Jinfeng	(3)	**11,997**	27,735
Wenzhou Leju Project Management	(1)	**10,643**	–
Zhejiang Greentown Jiangxin	(3)	**7,912**	3,179
Greentown Changyu	(3)	**7,871**	1,987
Shandong Wanhe	(3)	**6,279**	2,083
Others		**5,813**	2,688
		526,148	561,661

(e) Licensing fee

On 24 February 2020, the Company and Greentown China entered into a license agreement in respect of certain "綠城" ("Greentown") or related trademarks for a term commencing from its effective date on 24 February 2020 for an initial term of ten years after the listing date. Pursuant to the license agreement, there are licensing fees charged by Greentown China to the Company upon 10 July 2020, the listing date of the Company in the following manner: (i) for the first year: RMB30,000,000; (ii) for the second year: RMB40,000,000; (iii) for the third year: RMB50,000,000; (iv) for each of the fourth to tenth year: RMB60,000,000; and (v) for each of the eleventh to twentieth year: RMB60,000,000 if applicable, calculated on a pro-rated basis for less than an entire calendar year. The licensing fee for the first to tenth year shall also be subject to a lower amount that may be agreed by Greentown China and the Company, and the licensing fee for the eleventh to twentieth year may also be adjusted as agreed by Greentown China and the Company.

For the year ended 31 December 2020, the Group has accrued licensing fee of RMB14,384,000 (2019: RMB nil) pursuant to the license agreement and were presented as "Selling and marketing expenses" in the consolidated statement of profit or loss and other comprehensive income. The abovementioned licensing fee has not been paid as at 31 December 2020.

40. RELATED PARTY DISCLOSURES *(Continued)*

(i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties: *(Continued)*

(f) Interest expenses on loans from related parties

		Year ended 31 December	
		2020	2019
	Notes	**RMB'000**	RMB'000
Greentown Jiayuan	(3)	**288**	–
Greentown Zhenghong	(3)	**43**	–
		331	–

(ii) As at the end of the year, the Group had balances with related parties, which are all unsecured, as follows:

Group Level

		As at 31 December	
		2020	2019
	Notes	**RMB'000**	RMB'000
Amounts due from related parties			
Trade related			
Greentown Real Estate Group	(1)	**8,028**	16,304
Wenzhou Leju Enterprise Management	(1)	**9,212**	8,632
Shandong High Speed	(2)	**5,319**	–
Hangzhou Fangshi	(1)	**710**	–
Greentown Landscape Garden	(3)	**700**	–
Wenzhou Leju Project Management	(1)	**357**	4,501
Greentown Changyu	(3)	**–**	3,895
Others		**21**	21
		24,347	33,353

40. RELATED PARTY DISCLOSURES *(Continued)*

(ii) As at the end of the year, the Group had balances with related parties, which are all unsecured, as follows: *(Continued)*

Group Level (Continued)

	Notes	As at 31 December 2020 RMB'000	2019 RMB'000
Non-trade related			
Zhejiang Shenye	(3)	**40,517**	33,982
Greentown Northern	(3)	**27,436**	35,181
Greentown Tianyuan	(3)	**22,721**	18,264
Xinjiang Bluetown	(3)	**13,987**	6,180
北京雲溪綠城房地產開發有限公司 Beijing Yunxi Greentown Real Estate Development Co., Ltd. ("Beijing Yunxi Greentown")	(1)	**9,473**	6,893
Greentown Zhenghong	(3)	**9,081**	7,201
Greentown Innovation	(3)	**8,587**	8,555
Greentown Landscape Garden	(3)	**8,207**	–
Greentown Lvming	(3)	**7,938**	6,452
Greentown Duhui	(3)	**7,120**	–
Shanghai Fuqin	(3)	**6,731**	10,458
Shandong Wanhe	(3)	**6,200**	6,300
Zhejiang Jiangxin	(3)	**5,966**	4,589
Zhejiang Shidai	(3)	**5,364**	41,413
Greentown Changyu	(3)	**1,518**	–
Greentown Real Estate Group	(1)	**1,417**	10,603
Hangzhou Qianjiang	(1)	**–**	8,842
Greentown Fanxing	(3)	**–**	5,745
Amounts due from related parties			
Non-trade related			
綠城楊柳郡房地產有限公司 Greentown Yangliujun Real Estate Co., Ltd. ("Greentown Yangliujun")	(1)	**–**	413,369
Others		**12**	2,891
		182,275	626,918
		206,622	660,271

40. RELATED PARTY DISCLOSURES *(Continued)*

(ii) As at the end of the year, the Group had balances with related parties, which are all unsecured, as follows: *(Continued)*

Group Level (Continued)

Except for the non-trade related amounts due from Greentown Landscape Garden of RMB8,000,000 (collectively with interest receivable of RMB207,000) and Greentown Duhui of RMB6,885,000 (collectively with interest receivable of RMB235,000) are unsecured advances to related parties, which carry interest at 10% and 10% per annum respectively and are expected to be recovered within 12 months, the other abovementioned non-trade related amounts due from related parties are mainly related to the performance deposits paid to the related parties and funds paid in advance to the related parties in connection with the project management business which are all expected to be received on demand or within normal operating cycle are all interest free.

The above amounts due from related parties are presented before accumulative impairment losses of RMB3,902,000 as at 31 December 2020 (2019: RMB5,653,000).

The following is an aged analysis of gross amounts of trade related amounts due from related parties presented based on the invoice dates.

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within 180 days	**22,334**	20,183
180-365 days	**–**	13,149
Over 365 days	**2,013**	21
	24,347	33,353

		As at 31 December	
		2020	2019
	Notes	**RMB'000**	RMB'000
Prepayments (included in trade and other receivables)			
Greentown Northern	(3)	**15,756**	–
Zhejiang Shidai	(3)	**11,067**	–
Xinjiang Bluetown	(3)	**8,782**	–
Shanghai Fuqin	(3)	**5,463**	–
Zhejiang Greentown Shangdi	(3)	**987**	–
		42,055	–

40. RELATED PARTY DISCLOSURES *(Continued)*

(ii) As at the end of the year, the Group had balances with related parties, which are all unsecured, as follows: *(Continued)*

Group Level (Continued)

	Notes	As at 31 December 2020 RMB'000	2019 RMB'000
Contract assets to related parties			
Shandong High Speed	(2)	**23,312**	27,259
Greentown Real Estate Group	(1)	**7,911**	27,280
		31,223	54,539

	Notes	As at 31 December 2020 RMB'000	2019 RMB'000
Amounts due to related parties			
Trade related			
Greentown Lvming	(3)	**31,520**	32,474
Greentown Jingfeng	(3)	**20,414**	22,174
Zhejiang Shenye	(3)	**15,387**	12,100
Greentown China	(4)	**14,384**	–
Greentown Innovation	(3)	**13,205**	4,784
Greentown Zhenghong	(3)	**8,882**	2,222
Shandong Wanhe	(3)	**4,521**	1,441
Zhejiang Jianxin	(3)	**3,937**	148
Greentown Tianyuan	(3)	**3,923**	6,280
Greentown Fanxing	(3)	**–**	26,777
Greentown Northern	(3)	**–**	17,135
Zhejiang Shidai	(3)	**–**	11,085
Others		**1,789**	754
		117,962	137,374

40. RELATED PARTY DISCLOSURES *(Continued)*

(ii) As at the end of the year, the Group had balances with related parties, which are all unsecured, as follows: *(Continued)*

Group Level (Continued)

	Notes	As at 31 December 2020 RMB'000	2019 RMB'000
Non-trade related			
海南島三亞日出觀光有限公司 Hainan Sanya Sunrise Sightseeing Co., Ltd. ("Hainan Sanya Sunrise")	(1)	**20,000**	20,000
Zhejiang Shidai	(3)	**17,050**	–
Greentown Jiayuan	(3)	**10,288**	–
Greentown Zhenghong	(3)	**6,043**	–
Xinjiang Bluetown	(3)	**5,865**	1,946
Greentown Yangliujun	(1)	**5,836**	–
Shandong Lvxin Wanhe	(3)	**4,586**	6,544
Shandong High Speed	(2)	**3,000**	3,000
Greentown Public City Garden	(3)	**2,970**	–
Greentown Jingfeng	(3)	**2,695**	2,320
Greentown China	(4)	**2,407**	546,903
Wenzhou Leju Enterprise Management	(1)	**125**	27,140
Wenzhou Leju Project Management	(1)	**21**	17,320
Hangzhou Qianjiang	(1)	**–**	37,000
Others		**648**	1,206
		81,534	663,379
		199,496	800,753

Except for the non-trade related amounts due to Greentown Jiayuan of RMB10,000,000 (collectively with interest payable of RMB288,000) and Greentown Zhenghong of RMB6,000,000 (collectively with interest payable of RMB43,000) are advances from related parties, which carry interest at 15% and 16% per annum respectively, the other advances are interest free. All of the abovementioned non-trade related amounts due to related parties are unsecured and repayable on demand.

On 10 July 2020, the Company used the net proceeds from the offering to repay the amounts due to Greentown China amounting to HKD607,654,000, equivalent to RMB548,396,000, including the repayment of advance from Greentown China amounting to RMB540,000,000.

40. RELATED PARTY DISCLOSURES *(Continued)*

(ii) As at the end of the year, the Group had balances with related parties, which are all unsecured, as follows: *(Continued)*

Group Level (Continued)

The following is an aged analysis of trade related amounts due to related parties presented based on the invoice dates.

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Within 1 year	**117,487**	101,832
1-2 years	**–**	35,067
2-3 years	**–**	475
More than 3 years	**475**	–
	117,962	137,374

Notes:

(1) Fellow subsidiaries of the Group.

(2) Associates or joint ventures of the controlling shareholder of the Group.

(3) Associates or joint ventures of the Group.

(4) Parent company.

(iii) Loan to a related party

Loan to a related party presented as the non-current asset of the Group amounting to RMB99,912,000 as at 31 December 2019 was from the Group to Shenyang Quanyuncun, a joint venture of Greentown China. The principal of the loan is RMB100,000,000 with a term of two years and repayable in full on 19 December 2021 with a fixed interest rate of 16% per annum. The interests of the loan will be repaid with principal on the maturity date. The principal of the loan and the interest receivables of the loan amounted to RMB100,526,000 collectively, before accumulative impairment losses of RMB614,000 as at 31 December 2019.

In April 2020, the Group signed a termination agreement with Shenyang Quanyuncun to terminate the abovementioned loan arrangement. Shenyang Quanyuncun repaid the principal and interests occurred up to 30 April 2020 amounting to RMB105,419,000 to the Group on 30 April 2020.

40. RELATED PARTY DISCLOSURES *(Continued)*

(iv) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Salaries, directors' fees and other benefits	**11,282**	10,558
Performance-based bonus	**26,905**	16,307
Retirement benefits scheme contributions	**407**	594
Share-based payments	**940**	–
	39,534	27,459

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Non-Current Assets		
Investment in a subsidiary	**1,520**	–
Amount due from a subsidiary	**2,373,204**	1,824,934
	2,374,724	1,824,934
Current Assets		
Amount due from a subsidiary	**–**	540,000
Bank balances and cash	**437,244**	29
	437,244	540,029
Current Liabilities		
Trade and other payables	**1,721**	–
Amounts due to subsidiaries	**10,716**	–
Amount due to a related party	**–**	540,000
	12,437	540,000
Net Current Assets	**424,807**	29
Total Assets Less Current Liabilities	**2,799,531**	1,824,963
Net Assets	**2,799,531**	1,824,963

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(Continued)*

	As at 31 December 2020 RMB'000	2019 RMB'000
Capital and Reserves		
Share capital	**16,324**	11,587
Reserves	**2,783,207**	1,813,376
Total Equity	**2,799,531**	1,824,963

The movement of the reserves of the Company is as follows:

	Share premium RMB'000	Accumulated losses RMB'000	Shares held for share award scheme RMB'000	Share-based payment reserves RMB'000	Total RMB'000
At 1 January 2019	1,421,073	(10,695)	–	–	1,410,378
Losses for the year	–	(7,002)	–	–	(7,002)
Capital contribution from shareholder	410,000	–	–	–	410,000
At 31 December 2019	1,831,073	(17,697)	–	–	1,813,376
Losses for the year	–	(61,900)	–	–	(61,900)
Recognition of equity-settled share-based payments	–	–	–	1,520	1,520
Issue of new shares through initial public offering	1,179,576	–	–	–	1,179,576
Transaction costs attributable to issue of new shares	(49,455)	–	–	–	(49,455)
Repurchase of shares for share award scheme	–	–	(99,910)	–	(99,910)
At 31 December 2020	**2,961,194**	**(79,597)**	**(99,910)**	**1,520**	**2,783,207**

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries directly and indirectly held by the Company at the end of the year are set out below.

Name of subsidiary	Place of operation/ place of incorporation Date of incorporation	Registered capital	Proportion of ownership interest/voting rights held by the Company As at 31 December 2020	2019	Principal activities
Directly held:					
Mainwide (H.K.) Limited	Hong Kong/ Hong Kong, 1 April 2016	HKD1	**100%**	100%	Investment holding
Indirectly held:					
綠城建設管理集團有限公司 Greentown Construction Management Co., Ltd.	PRC/PRC, 8 September 2016	RMB1,050,000,000	**100%**	100%	Project management
淳安縣千島湖綠城房產建設管理有限公司 Chun'an Qiandao Lake Greentown Real Estate Construction Management Co., Ltd.	PRC/PRC, 13 January 2011	RMB1,000,000	**100%**	100%	Project management
義烏綠城房產建設管理有限公司 Yiwu Greentown Real Estate Construction Management Co., Ltd.	PRC/PRC, 18 December 2012	RMB10,000,000	**100%**	100%	Project management
義烏綠城投資發展有限公司 Yiwu Greentown Investment Development Co., Ltd.	PRC/PRC, 11 September 2013	RMB10,000,000	**100%**	100%	Project management
金華綠城房產建設管理有限公司 Jinhua Greentown Real Estate Construction Management Co., Ltd.	PRC/PRC, 4 November 2013	RMB1,000,000	**100%**	100%	Project management
上海綠城聯捷建設管理有限公司 Shanghai Greentown Lianjie Construction Management Co., Ltd.	PRC/PRC, 4 June 2013	RMB10,000,000	**70%**	70%	Project management
綠城樂居建設管理集團有限公司 Greentown Leju Construction Management Group Co., Ltd.	PRC/PRC, 30 November 2011	RMB100,000,000	**100%**	100%	Project management
杭州大江東綠城建設管理有限公司 Hangzhou Dajiangdong Greentown Construction Management Co., Ltd.	PRC/PRC, 26 June 2015	RMB10,000,000	**100%**	100%	Project management
上海藍城聯捷建設管理有限公司 Shanghai Bluetown Lianjie Construction Management Co., Ltd.	PRC/PRC, 30 November 2015	RMB10,000,000	**70%**	70%	Project management

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of subsidiary	Place of operation/ place of incorporation Date of incorporation	Registered capital	Proportion of ownership interest/voting rights held by the Company As at 31 December 2020	2019	Principal activities
上海藍城一方建設管理有限公司 Shanghai Bluetown Yifang Construction Management Co., Ltd. ("Bluetown Yifang")	PRC/PRC, 29 January 2016	RMB5,000,000	**N/A (Note (i))**	35%	Project management
綠城房地產建設管理集團有限公司 Greentown Real Estate Construction Management Group Co., Ltd.	PRC/PRC, 21 March 2012	RMB200,000,000	**100%**	100%	Project management
杭州綠城九略投資管理有限公司 Hangzhou Greentown Jiulve Investment Management Co., Ltd.	PRC/PRC, 21 September 2015	RMB10,000,000	**100%**	100%	Investment holding and consulting
浙江綠星教育科技有限公司 Zhejiang Lvxing Educational Technology Co., Ltd.	PRC/PRC, 21 September 2015	RMB10,000,000	**100%**	100%	Investment holding and consulting
金華綠城信息經濟產業園建設管理有限公司 Jinhua Greentown Information Economic Industrial Park Construction Management Co., Ltd.	PRC/PRC, 10 November 2016	RMB1,000,000	**100%**	100%	Project management
杭州綠城坤一景觀設計諮詢有限公司 Hangzhou Greentown Kunyi Garden Decoration & Consulting Co., Ltd. ("Greentown Kunyi")	PRC/PRC, 13 August 2014	RMB2,041,000	**67.5% (Note (ii))**	51%	Construction design and consulting
浙江綠城景道園林工程有限公司 Zhejiang Greentown Landscape Garden Project Co., Ltd. ("Greentown Landscape Garden")	PRC/PRC, 29 November 2012	RMB19,341,350	**N/A (Note (iii))**	51%	Landscape design and consulting
台州綠城樂居建設管理有限公司 Taizhou Greentown Leju Construction Management Co., Ltd.	PRC/PRC, 12 September 2017	RMB1,000,000	**100%**	100%	Project management
浙江綠城市政園林建設有限公司 Zhejiang Greentown Public City Garden Construction Co., Ltd. ("Greentown Public City Garden")	PRC/PRC, 13 September 2017	RMB50,000,000	**N/A (Note (iii))**	100%	Landscape design and consulting
溫州綠城樂居建設管理有限公司 Wenzhou Greentown Leju Construction Management Co., Ltd.	PRC/PRC, 13 December 2017	RMB1,000,000	**100%**	100%	Project management

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Name of subsidiary	Place of operation/ place of incorporation Date of incorporation	Registered capital	Proportion of ownership interest/voting rights held by the Company As at 31 December 2020	2019	Principal activities
紹興綠欣投資管理有限公司 Shaoxing Lvxin Investment Management Co., Ltd.	PRC/PRC, 22 April 2015	RMB1,000,000	**80%**	80%	Project management
杭州江南綠城樂居建設管理有限公司 Hangzhou Jiangnan Greentown Leju Construction Management Co., Ltd.	PRC/PRC, 9 February 2018	RMB20,000,000	**100%**	100%	Project management
台州黃岩綠城樂居企業管理有限公司 Taizhou Huangyan Greentown Leju Enterprise Management Co., Ltd.	PRC/PRC, 14 June 2018	RMB1,000,000	**100%**	100%	Project management
麗水綠城樂居建設管理有限公司 Lishui Greentown Leju Construction Management Co., Ltd.	PRC/PRC, 26 November 2018	RMB1,000,000	**100%**	100%	Project management
嘉興綠星樂居建設管理有限公司 Jiaxing Lvxing Leju Construction Management Co., Ltd.	PRC/PRC, 6 May 2019	RMB1,000,000	**100%**	100%	Project management
溫州綠欣企業管理有限公司 Wenzhou Lvxin Enterprise Management Co., Ltd.	PRC/PRC, 3 December 2019	RMB1,000,000	**100%**	100%	Project management
溫州綠興工程項目管理有限公司 Wenzhou Lvxing Engineering Project Management Co., Ltd.	PRC/PRC, 3 December 2019	RMB1,000,000	**100%**	100%	Project management
成都綠城致嘉建設管理有限公司 Chengdu Greentown Zhijia Construction Management Co.,Ltd.	PRC/PRC, 6 December 2019	RMB10,000,000	**100%**	100%	Project management
杭州綠欣海河工程項目管理有限公司 Hangzhou Lvxin Haihe Engineering Project Management Co., Ltd.	PRC/PRC, 12 December 2019	RMB1,000,000	**100%**	100%	Project management
遂昌縣綠興項目管理有限公司 Suichang Lvxing Project Management Co., Ltd.	PRC/PRC, 6 May 2020	RMB1,000,000	**100% Note (iv)**	N/A	Project management

English translated names for the PRC subsidiaries are for identification only.

42. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY *(Continued)*

Notes:

(i) Bluetown Yifang was liquidated in 2020.

(ii) In September 2020, the Group acquired additional 16.5% equity interest in Greentown Kunyi from its non-controlling shareholder at a cash consideration of approximately RMB955,000, which had not been paid as at 31 December 2020.

(iii) These companies were disposed by the Group in 2020. The details of the disposal are set out in Note 33.

(iv) The company was established in 2020.

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year.

43. EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to 31 December 2020, the Group completed its negotiations with third parties for the acquisition of 100% equity interests and additional 49% equity interests of Hangzhou Greentown Jiangbin Construction Management Co., Ltd. 杭州綠城江濱建設管理有限公司 ("Greentown Jiangbin") and Hangzhou Greentown Binfeng Construction Management Co., Ltd. 杭州綠城濱峰建設管理有限公司 ("Greentown Binfeng") respectively. The acquisition has been accounted for as acquisition of business using the acquisition method. The transaction was completed in January 2021 and the acquisition costs of RMB10,000,000 and RMB nil respectively were satisfied in cash. In addition, a wholly-owned subsidiary held by Greentown Jiangbin, Hangzhou Greentown Jiangjing Construction Management Co., Ltd 杭州綠城江景建設管理有限公司 has also been consolidated into the Group as a subsidiary after the acquisition. The Group acquired these companies so as to continue the expansion of the Group's governmental project management operation and the gain on acquisition of these subsidiaries would not be material.

Definitions

In this annual report, unless the context otherwise requires, the following expressions have the following meanings:

"AGM"	annual general meeting of the Company to be held on 21 June 2021
"Articles" or "Articles of Association"	the Articles of Association of the Company with effect from 10 July 2020, as amended or supplemented from time to time (as amended and restated)
"Audit Committee"	the audit committee of the Company
"Auditor"	Deloitte Touche Tohmatsu, the independent auditor of the Company
"Board"	the board of directors of the Company
"CG Code"	the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 of the Listing Rules
"China" or "PRC"	the People's Republic of China, for the purposes of this report only, excluding Hong Kong and Macau Special Administrative Region and Taiwan
"Company" or "Greentown Management"	Greentown Management Holdings Company Limited (綠城管理控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Hong Kong Stock Exchange (Stock code: 09979)
"Companies Law"	the Companies Law of the Cayman Islands, Cap. 22 (Law 3 of 1961, as consolidated and revised), as amended or supplemented or otherwise modified from time to time
"connected person(s)"	has the meaning prescribed to it under the Listing Rules;
"controlling shareholder(s)"	has the meaning prescribed to it under the Listing Rules;
"Director(s)"	the director(s) of the Company
"GFA"	gross floor area
"Greentown China"	Greentown China Holdings 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: 03900), our controlling shareholder
"Greentown Group"	Greentown China and its subsidiaries
"Group", "we", "us" or "our"	the Company and its subsidiaries
"HK$" or "Hong Kong Dollar"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	Hong Kong Special Administrative Region of the PRC
"IFRS"	International Financial Reporting Standards
"Latest Practicable Date"	14 April 2021, being the latest practicable date prior to the printing of this annual report for ascertaining certain information contained herein
"Listing Date"	10 July 2020, being the date on which the Shares of the Company were listed on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
"Prospectus"	the prospectus of the Company dated 29 June 2020
"Reporting Period" or "Period"	for the year ended 31 December 2020
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company
"Share Award Scheme"	the share award scheme for the award of Shares to eligible participant, adopted by the Company on 28 October 2020, pursuant to the announcement made by the Company on 28 October 2020
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning prescribed to it under the Listing Rules;
"substantial shareholder(s)"	has the meaning prescribed to it under the Listing Rules;
"US$" or "US dollars"	United States dollars, the lawful currency of the United States of America