大悅城控股
GRANDJOY

中粮
COFCO
自然之源 重塑你我

JOY CITY PROPERTY LIMITED
大悅城地產有限公司

Incorporated in Bermuda with limited liability
Stock Code : 207

ANNUAL REPORT 2020

OUR MISSIONS

Contribute quality green living space and services, lead the trend of a fashionable lifestyle, in order to become a leader among real estate brands in the PRC with the greatest sustainable development potential.

OUR VISIONS

Maximize the benefits of customers, shareholders and staff members wholeheartedly.

CONTENTS

Company Profile

Joy City Property Limited is a large-scale commercial property developer and operator, focusing on the development, operation, sales, leasing and management of complexes and commercial properties in the PRC.

COFCO Corporation, the ultimate controlling shareholder of Joy City Property Limited, is one of the 49 major state-owned enterprises under the administration of the Central Government of China, and has been selected as one of the Fortune Global 500 for more than 26 consecutive years since 1995. COFCO Corporation is one of the 16 enterprises under the direct management of the Central Government with the approval of SASAC to engage in the development, investment and management of real estate projects. Joy City is the flagship brand of COFCO Corporation in the commercial property sector.

The Group mainly engages in the development, operation and management of urban complexes under the brand of Joy City. It also engages in the development, sales, investment and management of other property projects. The Group has four business segments, namely investment properties, property development, hotel operations and output management and other services. As of the end of 2020, the Group had expanded into the core cities and their surrounding areas in five major city groups including Beijing-Tianjin-Hebei, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area, Chengdu-Chongqing and middle Yangtze River. Meanwhile, the Group successfully established its presence in 20 cities including Beijing, Shanghai, Tianjin, Shenyang, Yantai, Jinan, Hangzhou, Chengdu, Xi'an, Chongqing, Qingdao, Wuhan, Kunming, Sanya, Changsha, Suzhou, Xiamen, Nanchang, Wuxi and Anshan in mainland China and Hong Kong. It possesses or manages 23 Joy City urban complexes, 3 Joy Breeze projects and premium investment properties at prime locations in first-tier cities, including Beijing COFCO Plaza, Hong Kong COFCO Tower and Beijing COFCO • Landmark Tower, as well as high quality properties held for sale, namely Shanghai Joy Mansion, Shanghai Qiantan Ocean One, Jinan • COFCO Shine City, Qingdao COFCO • Gold Sand Shine City and Wuhan Optics Valley Shine City, and a number of international top-class luxury hotels in operation, including The St. Regis Sanya Yalong Bay Resort, MGM Grand Sanya and Waldorf Astoria Beijing. The Group's property projects are strategically located in central districts of first- or second-tier cities with superior quality as well as good investment value and appreciation potentials.

The Group has always served urban development and the creation of a better life for the people as a city operator and a service provider, shouldered its social responsibilities as an enterprise directly under the central government, and made active contributions to give back to the state and society.

Major Business Structure

Property Development

1. Qingdao Gold Sand • COFCO Shine City
2. Qingdao Chuangzhi • COFCO Splendid City
3. Qindao Jimo Joy Breeze • Joy Street
4. Qindao Jimo Joy Breeze • Platinum Joy
5. Qingdao JOY PARK
6. COFCO • Sanya Joy Center
7. COFCO • Sanya Joy Plaza
8. COFCO • Sanya Platinum Joy Mansion
9. Shanghai Joy Center
10. Shanghai Qiantan Ocean One Office Building
11. Shanghai Parkview
12. COFCO Ruihong Ocean One
13. Chongqing COFCO • Central Park Shine City
14. Kunming Longshengfu
15. Hangzhou Joy City • Apartment
16. Shenyang Joy City E Cube
17. Wuhan Joy City • Apartment
18. Jinan COFCO • Shine City
19. Chengdu COFCO Tianfu Shine City
20. Wuhan COFCO Optics Valley Shine City
21. Suzhou Joy
22. Qingdao Joy Bay
23. Xiamen Yunxi One
24. Nanchang Joy City • Office Building
25. Nanchang Shine Joy City

Hotel Operations

1. The St. Regis Sanya Yalong Bay Resort
2. MGM Grand Sanya
3. Cactus Resort Sanya by Gloria
4. Waldorf Astoria Beijing
5. Le Joy Hotel Beijing

Investment Properties

1. Xidan Joy City
2. Shenyang Joy City
3. Chaoyang Joy City
4. Shanghai Jing'an Joy City
5. Tianjin Nankai Joy City
6. Yantai Joy City
7. Chengdu Joy City
8. Chengdu Tianfu Joy City
9. Hangzhou Joy City
10. Chongqing Joy City
11. Wuhan Joy City
12. Sanya Joy City
13. Jinan Joy City
14. Xiamen Jimei Joy City
15. Nanchang Joy City
16. Suzhou Joy Breeze
17. Qingdao Jimo Joy Breeze
18. Beijing COFCO Plaza
19. Beijing COFCO • Landmark Tower
20. Hong Kong COFCO Tower
21. Fraser Suites Top Glory Shanghai

Output Management and Related Services

1. Joy City Commercial Management
2. Tianjin Heping Joy City
3. Kunming Joy City
4. Shanghai Parkside Joy City
5. Xi'an Joy City
6. Beijing Jingxi Joy City
7. Beijing Daxing Joy Breeze
8. Changsha North Star Delta Joy City
9. Anshan Joy City
10. Beijing Huijing Twin Towers (originally Beijing LG Twin Towers)
11. Wuxi Jiangnan Joy City

Major Events and Awards


大悦城
JOY CITY

Major Events

Grand Opening

On 19 December, Anshan Joy City, the 13th Joy City, was open officially with an opening rate of 90.2%.

25 December saw the grand opening of Beijing Daxing Joy Breeze, first of our new commercial product line.

Sales Highlights

The Group launched its online shopping malls in February to support economic recovery, notching online sales of RMB15.179 million and live broadcast sales of RMB4.68 million during the "Star Carnival Week".

During the second "Hi, It's New Shopping Festival" held in the 1 May holiday, the Group recorded total sales of over RMB433 million nationwide, up 184% quarter on quarter, attracting 2.93 million visits, up 77% quarter on quarter.

The eighth Joy City Shopping Festival recorded total sales of RMB331 million, up 93% quarter on quarter, attracting 1.75 million visits, up 22.6% quarter on quarter, with 978 merchants becoming national sales champions.

Development Strategy

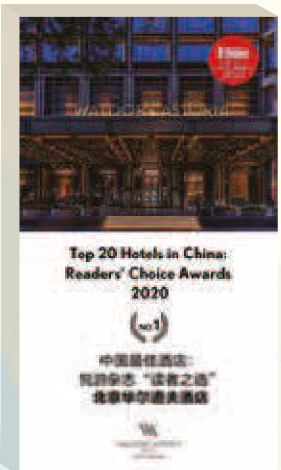
In November, the Commercial Brand Marketing Meeting 2020 was held, unveiling the in-depth operation strategy.

Social Responsibility

In December, the Group acquired the core land parcels in Xiamen, Fujian and Nanchang, Jiangxi, and plans to build commercial complex projects in the two parcels.

The Group launched the "Joy Public Welfare – Support Ganzi with Brands", teaming up with INDITEX, Bell International, Bosideng, Erdos, SiSYPHE, Sinocap Showtime to raise a total of 12,000 items of supplies worth RMB2.95 million in total.

AWARDS


Top 20 Hotels in China:
Readers' Choice Awards
2020


WINNER
COFCO Landmark


GOGO


AWARDS
2020
GOLD

In 2020, the Group won more than 120 industry awards, and its leadership in industry innovations was reaffirmed.

- ***Xidan Joy City***
  in **Mall China Shopping Mall Industry**
  won the **2020 Marketing Innovation Award**

- ***Chaoyang Joy City***
  in **RICS Awards China 2020**
  was awarded **2020 Outstanding Commercial Property**

- ***Shenyang Joy City***
  in **2020 China Commercial Real Estate Innovation Conference of Winshang.com**
  won the **Spotlighted Urban Commercial Landmark of 2020**

- ***Shanghai Jing'an Joy City***
  in **GOGO Shanghai**
  was named **Commercial Recreational and Entertainment Landmark of the Year in Fashion Ceremony 2020**

- ***Tianjin Nankai Joy City***
  in **the 15th Commercial Property Festival hosted by Winshang.com**
  won the **Outstanding Commercial Property Operation Award**

- ***Chengdu Joy City***
  by **the National Development and Reform Commission**
  was awarded **National Best Practice Demonstration Project for Building Energy Conservation**

- ***Tianjin Heping Joy City***
  in **Mall China Commercial Property Industry Awards**
  won the **New Media Marketing Star Award**

- ***Yantai Joy City***
  in **Mall China Golden Mall Awards 2020**
  won the **Marketing and Planning Award**

- ***Shanghai Parkside Joy City***
  in **2020 BRAND CEREMONY**
  was named **the Best Quality Mall**

- ***Hangzhou Joy City***
  in **RICS Awards China 2020**
  won the **2020 Outstanding Commercial Property**

- ***Xi'an Joy City***
  was named by **CCFA** as **Best Practice Five-star Case** of **Golden Lily Mall Marketing**

- ***Kunming Joy City***
  in **2020 Yunnan Commercial Real Estate Summit Forum of Winshang.com**
  won **2019-2020 Yunnan Commercial Real Estate Golden Peacock Award - Innovative Commercial Project**

- ***Beijing Daxing Joy Breeze***
  was named by **China Real Estate Daily**
  as **New Urban Landmark in China 2020**

- ***Wuhan Joy City***
  in **Mall China Golden Mall Awards 2020**
  won the **Urban Development Driver Award**

- ***Changsha North Star Delta Joy City***
  was named by **Tencent**
  as **Potential Commercial Project of the Year in Hunan**

- ***Chongqing Joy City***
  in **the 15th Commercial Property Festival hosted by Winshang.com**
  won the **"Golden Coordinate" Space Innovation Commercial Property 2019-2020**

- ***Beijing COFCO • Landmark Tower***
  in **BREEAM AWARDS 2020**
  won **Award of the Year for Asia Pacific**

- ***Waldorf Astoria Beijing***
  in **Readers' Choice Awards 2020** by **Condé Nast Traveler**
  was ranked **Top 1 in Best Hotels in China** and **17th in World**

- ***Waldorf Astoria Beijing, MGM Grand Sanya and The St. Regis Sanya Hotel***
  were named by **TripAdvisor**
  as **Travellers' Choice**

Financial Highlights

Item	For the year ended 31 December 2020 RMB'000	2019 RMB'000	Change (%)
Revenue	**14,109,832**	10,337,768	36.5
Including: Rental income from investment properties and related services income	**3,586,814**	4,341,371	-17.4
Sales of properties held for sale	**9,568,816**	4,640,980	106.2
Hotel operations	**598,264**	841,584	-28.9
Service income for primary land development	**153,653**	267,456	-42.6
Output management project	**147,235**	133,236	10.5
Other service income	**55,050**	113,141	-51.3
Gross profit	**5,457,565**	5,746,632	-5.0
Profit attributable to owners of the Company	**1,104,533**	1,635,906	-32.5
Core net profit attributable to owners of the Company (Note 1)	**828,874**	1,252,232	-33.8
Core net profit attributable to owners of the Company after deducting non-recurring gains and losses (Note 2)	**828,874**	585,171	41.6
Basic earnings per share (RMB cent)	**7.2**	10.7	-32.7

Item	31 December 2020 RMB'000	31 December 2019 RMB'000	Change (%)
Total assets	**124,167,334**	110,977,370	11.9
Equity attributable to owners of the Company	**29,447,710**	29,035,061	1.4
Net debt to total equity ratio (%) (Note 3)	**34.7**	40.9	-6.2 (Note 4)

Notes:

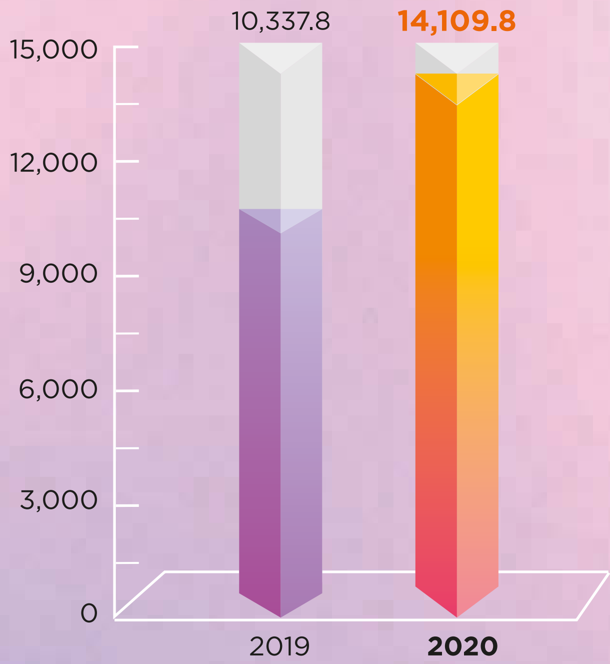
1. Core net profit attributable to owners of the Company = profit attributable to owners of the Company – foreign exchange gain/loss – fair value gains after tax of investment property attributable to owners of the Company + accumulated after-tax fair value gains on the disposal of investment properties of the Company

2. Core net profit attributable to owners of the Company after deducting net non-recurring gains and losses = Core net profit attributable to owners of the Company – net gains on disposal of subsidiaries

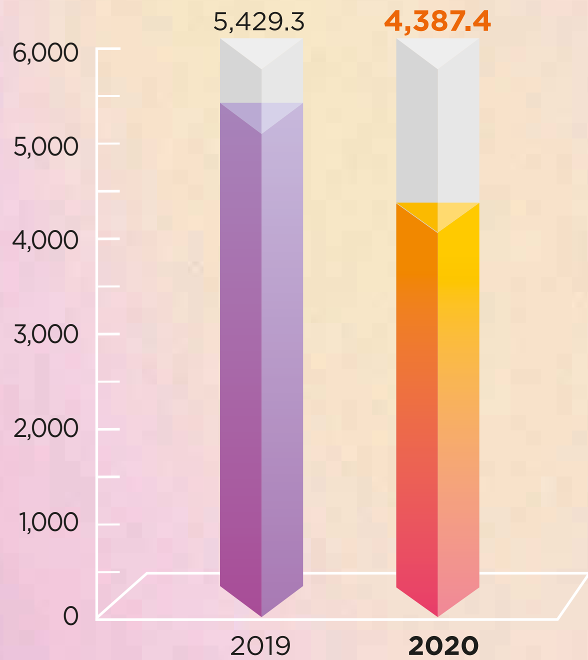
3. Net debt to total equity ratio = (bank borrowings + loans from fellow subsidiaries, and joint ventures as well as loans from non-controlling interests and loans from third parties + corporate bonds – cash and bank balances – restricted bank deposits – pledged deposits)/total equity

4 Change in percentage

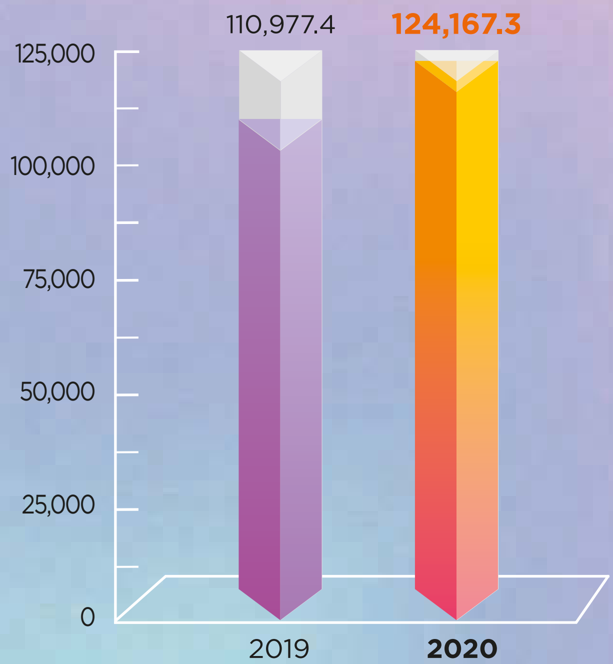
Revenue
RMB: million



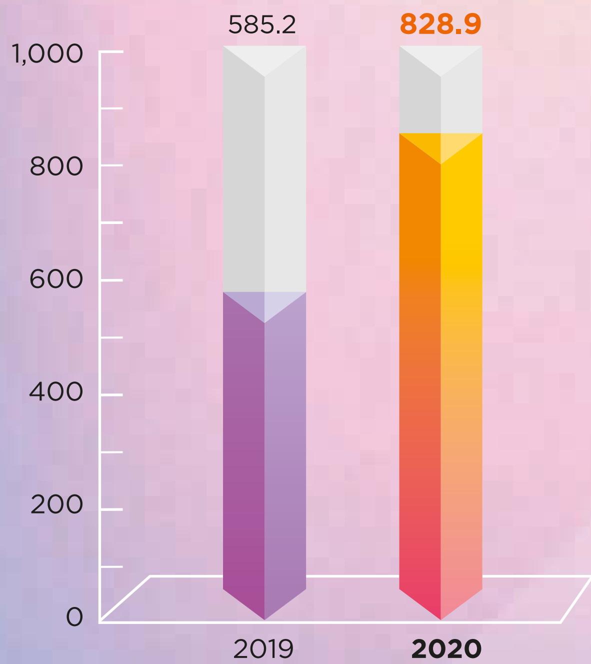
Recurring revenue (Note 5)
RMB: million



Total assets
RMB: million

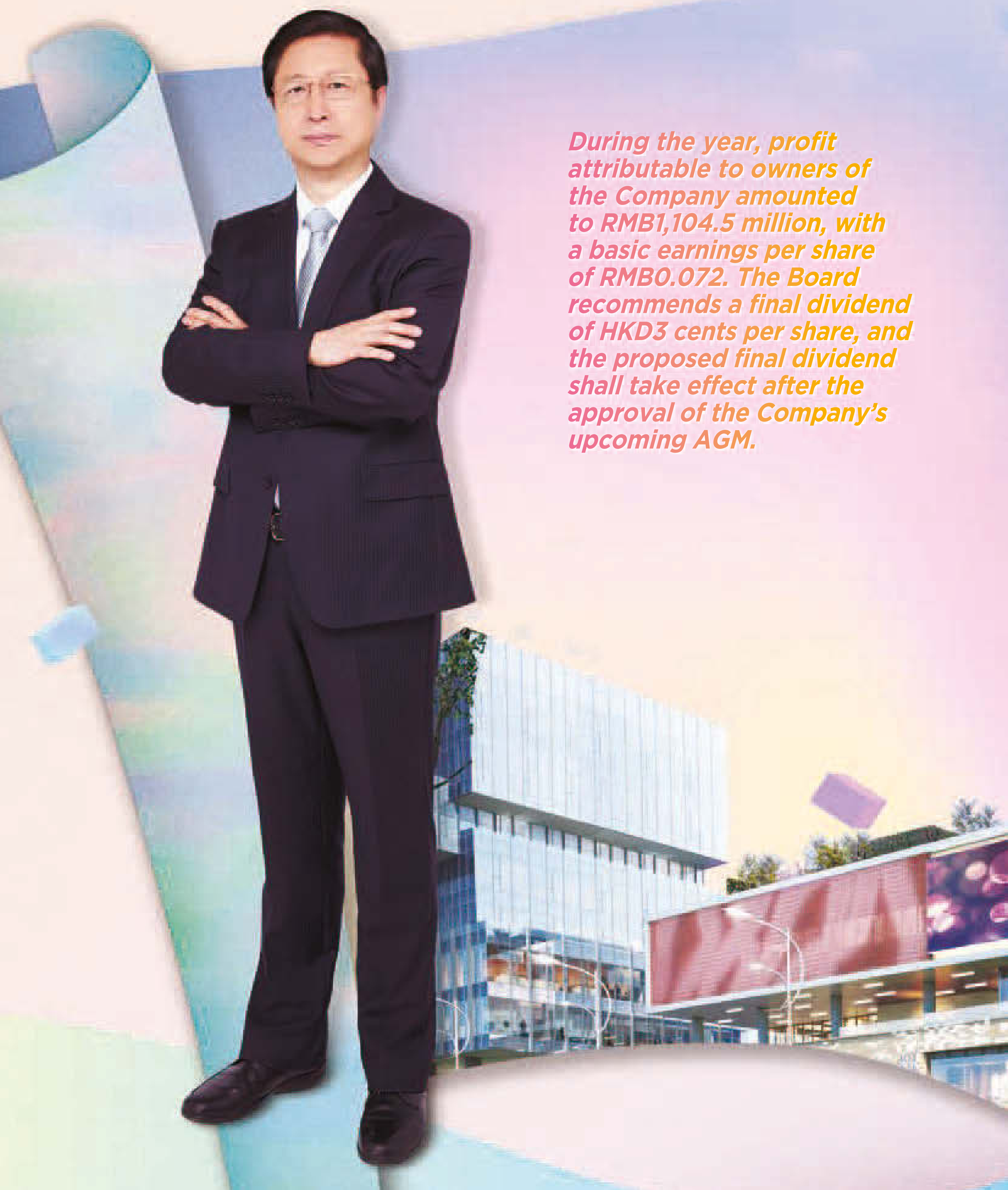


Core net profit attributable to owners of the Company after deducting non-recurring gains and losses
RMB: million



Note 5: Recurring revenue = rental income from investment properties and related services income + revenue from hotel operations + revenue from output management projects + revenue from other services

Chairman's Statement



During the year, profit attributable to owners of the Company amounted to RMB1,104.5 million, with a basic earnings per share of RMB0.072. The Board recommends a final dividend of HKD3 cents per share, and the proposed final dividend shall take effect after the approval of the Company's upcoming AGM.

Dear Shareholders,

The year 2020 is an extraordinary year in the history of the People's Republic of China. Despite a complex international landscape, domestic reforms and the impact of COVID-19, China's economy has demonstrated strong resilience and potential. With a robust recovery in consumption, investment and trade, China has become the only major economy with a positive GDP growth of 2.3% year-on-year in the world. Meanwhile, the real estate industry becomes one of the fastest recovering sectors post pandemic with enormous momentum. In 2020, sales of commercialized buildings in China reached RMB17.36 trillion, setting a new record, while investments in real estate also reached RMB14.14 trillion, representing an increase of 7% over last year.

The Commercial real estate market has recovered gradually since epidemic prevention and control becoming normal practice. Consumption is picking up on the back of various supportive policies. In 2020, national total retail sales of consumer goods amounted to RMB39.2 trillion, reducing the year-on-year decline to 3.9%. With the Matthew Effect within the industry fueled by the pandemic, a lower market tolerance will post greater challenges to the capital strength and strategic willpower of players, giving prominence to the competitive strengths of leaders. Against this backdrop, the Group adhered to a sound business strategy, continuously leveraged the commercial brand advantage of the Group and flexibly applied its experience in operation and management to active innovation, leading to a stable pick-up in sales.

Investment Properties – The Group invested in projects in core areas of first- and second-tier cities and positioned them as Young, Fashion, Trendy, Quality with a focus on mature shopping areas. Faced with the impact of COVID-19, Joy City shopping malls innovated online channels and carried out community-based operation, attracting consumer revisits through shopping festivals and themed activities. During the year, the Group's shopping malls recorded a rental revenue of approximately RMB2.38 billion, as well as a stable recovery in sales. The office building business achieved a growth amid adversities by enhancing operational services.

Chairman's Statement

Property Development – The Group adheres to a sound business strategy, introducing residential products when there is an opportunity. Amid the pandemic, the Group not only launched its online marketing channel, but also introduced the customer-oriented "3H Healthy Living System" to serve the consumer demand for healthy living and better life. During the year, the Group recorded approximately RMB20.12 billion in contracted sales of property development.

Hotel Operations – The Group significantly increased the exposure of its hotels through product and marketing model innovations like cross-over partnership and flexible use of online channels, resulting in a good profit and reputation. In the second half of the year, the business performance of hotel operations recovered steadily, with the total revenue of MGM Grand Sanya and St. Regis Sanya for the period hitting a record high.

Output Management and Other Services – The Group fully leveraged the appeal and operation capability of the commercial brands of the Group to conduct output management of such projects as Tianjin Heping Joy City, Kunming Joy City, Shanghai Parkside Joy City, Xi'an Joy City and Anshan Joy City based on a light-asset model. December saw the successful opening of Anshan Joy City, and Beijing Daxing Joy Breeze, the Group's first Breeze project, which was well received by the market. Meanwhile, the Group newly secured three output management projects, namely Changsha North Star Delta Joy City, Beijing Huijing Twin Towers (originally Beijing LG Twin Towers) and Wuxi Jiangnan Joy City, continuously strengthening its brand influence.

Land Bank – The Group insisted on land acquisition based on strategic needs. By leveraging the "high market position and product positioning" of the Joy City brand, the Group actively took part in public market competition while fully leveraging its advantages in the commercial property sector to develop joint projects. During the year, the Group acquired some 752.7 thousand sq. m. of land bank in Xiamen and Nanchang.

In terms of financial capital, the Group always maintains a prudent financial policy. As of the end of 2020, the Group's net gearing ratio was 34.7%, representing a decrease of 6.2 percentage points as compared with the 40.9% as at the end of 2019. In the case of stricter domestic industry regulatory policies leading to a tightening of domestic financing environment, the Company, by maintaining a good bank-enterprise relationship, keeps an average borrowing costs rate of 4.36%, representing a decrease of 0.19 percentage point as compared with the 4.55% as at the end of 2019, which remained at a relatively low level in the industry.

As an enterprise directly under the central government and a listed company, the Group lays great emphasis on and actively shoulders its social responsibility. During the year, in response to the impact of COVID-19 on smaller merchants, the Group not only assisted merchants in business recovery through online channel innovation, food take-out promotion and more offline activities, but also supported them to overcome the difficulties by cutting the rents for over 4,000 merchants. Since the COVID-19 outbreak, Grandjoy Holdings, a substantial shareholder of the Group, has donated RMB10 million in cash to Wuhan Charity Federation and nearly 500 tons of rubbing alcohol to Wuhan, Changsha, Beijing, Nanjing, Suzhou, Chengdu, Hangzhou, Shenyang and Sanya, performing its responsibilities as a state-owned enterprise.

Looking forward to 2021, COVID-19 vaccines will be rolled out at large scale. The Chinese economy will continue its recovery at the end of 2020, and with the market picking up, consumption rebounding and structural reforms accelerating, it is expected to achieve higher quality growth. Especially in the process of building the new development pattern "dual circulation", consumption potential will be further unlocked, creating greater space for the development of commercial real estate. However, the impact of the pandemic on the development of the industry cannot be ignored: the concentration of the industry will increase significantly with intensifying competition; digital and intelligent transformation becomes a megatrend, with online and offline integration accelerating; iterations of shopping contextualization will accelerate to meet sophisticated consumer demand; community economy is expected to become the next trend. Deeply involved in commercial real estate for more than ten years, the Group has accumulated a wealth of operational and management experience, and has established a good reputation with industry leading digitalization. In the future, the Group will continue to closely follow the industry development trend, constantly upgrade its business models and formats, and serve urban development and the demand for a better life, so as to create greater value for all shareholders with better performance.

Enhanced Comprehensive Operation with Sustainable Development

In 2020, under the impact of the epidemic and the new development pattern in which the domestic circulation is the main driver and domestic and international dual circulations support each other, changes became increasingly prominent both at the supply side and at the demand side. The demand side is gradually showing a trend of diversified consumption, and the supply side is increasingly focusing on return on operations and joint value creation. After more than ten years of operation, the Group has formed strong core capabilities such as customer base research, original IP creation, and refined operation. Based on existing advantages, the Group relied on the advanced version of comprehensive operation and management system to quickly achieve post-epidemic recovery and excellent operating performance, and continued to expand its business landscape to effectively boost market confidence, demonstrating the Group's strength in development.

Promoted Comprehensive Operation for Shared Long-term Success

Speech of Cao Ronggen, Executive Director and General Manager of the Group – 2020 Commercial Brand Promotion Conference

As a pioneer in the exploration of brick-and-mortar business operations, the Group has always adhered to brand leadership and built an comprehensive operation system centered on user needs and supported by big data to drive the high-quality development of traditional commerce.

On 11 November 2020, the Group comprehensively demonstrated its new "Comprehensive operation strategy" for commercial properties for the first time through the commercial brand promotion conference, explaining in detail the Comprehensive operation initiatives and future strategies of Joy City. Focusing on "customer base development", the Group has upgraded the standardized operation system of "people-goods-malls" to an Comprehensive operation model comprising "community-content-scenario", building a new brick-and-mortar business ecosystem characterized by sharing and co-creation. Relying on the five Comprehensive operational capabilities, namely data sharing, quick response, technical empowerment, personalization, and scenario marketing, the Group has achieved collaborative support, strengthened the connectivity between commercial operators and consumers and merchants, and helped shape a value symbiosis system in which scenarios, communities and contents are created jointly. Leveraging on its evolving Comprehensive operation capabilities, the Group has embarked on a path of differentiated development and has become the most sustainable service provider for urban operation and a better life.

Joy Start and Go Endless – Business Focus Comprehensive Operations – 2020 Commercial Brand Promotion Conference of Joy City

Meanwhile, the parent of the Group published the Search for Light – Joy City Better Life for Middle Class Handbook 2020, analyzing 5 types of typical middle-class consumers from 6 dimensions, with insights into the top 10 consumption trends in the era of domestic circulation. It aims to creatively explore the strong demand for ideal life and market potential of urban middle class, and demonstrate the Group's innovation capabilities, enabling our brand influence continue to expand in the market.

In 2020, the Group and its parent company won 125 heavyweight industry awards, with a number of projects in preparation receiving the most expected award of the year, demonstrating the Group's brand influence and solid leading position in the industry.

Marketing IP Matrix Leading Post-pandemic Consumption Recovery

In response to the negative impact of the epidemic on offline businesses, the Group accurately judged the operating situation, actively integrated brand resources, innovated iterative marketing models, and organized a range of original IP marketing campaigns, including "Joy City Spring Outing Season", "Hi, It's New Shopping Festival", "Star Carnival Week", "Super Lucky Week", and "Joy City Shopping Festival" throughout the year, leading to a growth in both sales and customer traffics. Business recovered rapidly in the first half of the year, with performance targets met in the second half, enabling the Group to be the first within the industry to emerge from difficulties and lead a strong recovery after the epidemic.

On 8 August, the Group launched its summer campaign named "Super Lucky Week" to deliver the motivational cognition that "you can get good luck in Joy City" across a range of scenarios, boosting merchant sales with innovative cultural values. The total sales recorded by our commercial projects nationwide during the campaign period from 8 August to 16 August and on each day thereof increased by 8.5% and over 14% year-on-year, respectively; consumer traffics recovered to the level in the same period last year; the number of new members exceeded 70,000; overall exposure exceeded 160 million. The campaign served as a boost for business recovery after the epidemic by increasing both sales and consumer traffics.

Offline Experience of 2020 "Hi, It's New Shopping Festival"

Hot Spot of 2020 "Joy City Shopping Festival"

Popularity of 2020 "Super Lucky Week"

Faced with industry challenges such as social distancing and consumption downgrading during the post-epidemic period, Joy City bucked the trend in brick-and-mortar commerce, setting a new sales high in the eighth annual SP campaign "Joy City Shopping Festival". During the campaign, the Group integrated and distributed high-quality resources on the content platform, effectively extending the physical space and shopping time through the smart platform, and generating a strong appeal to consumers. From 12 to 13 September, our projects across the country recorded weekend sales of more than RMB331 million and visits of 1.75 million people, both recovering to the levels in the same period of last year, with a conversion ratio of 58%, and 978 sales champion merchants in total. On 12 September, purchases by members accounted for 53.5%, an increase of nearly 5% year-on-year, and the single purchase value of new members exceeded RMB1,700 for the first time.

Expansion of national commercial footprint in adversity

Anshan Joy City

During the pandemic, with a keen strategic vision and strong business strength, the Group rose to challenges to expand its footprint, ushering in an array of new projects. In three years from 2020, more than 10 commercial projects will open one after another across the whole country.

On 19 December, Anshan Joy City officially opened as the Group's first asset-light management project and also the second Joy City in Northeast China. Upon opening, it featured 180 brands with an occupancy rate of 90.2%, including 38 new-to-Anshan brands such as Haidilao, Nayuki and KKV. At the same time, we built the Ping An Food Street, the country's first food street to resemble a marketplace back in the Tang Dynasty, so as to develop into a cool and trendy hub for Anshan by introducing Space for the Young to the Northeast market. Anshan Joy City has become a model commercial project covering Anshan and even the Northeast region with its brand-new business layout and fresh, trendy and exciting experience.

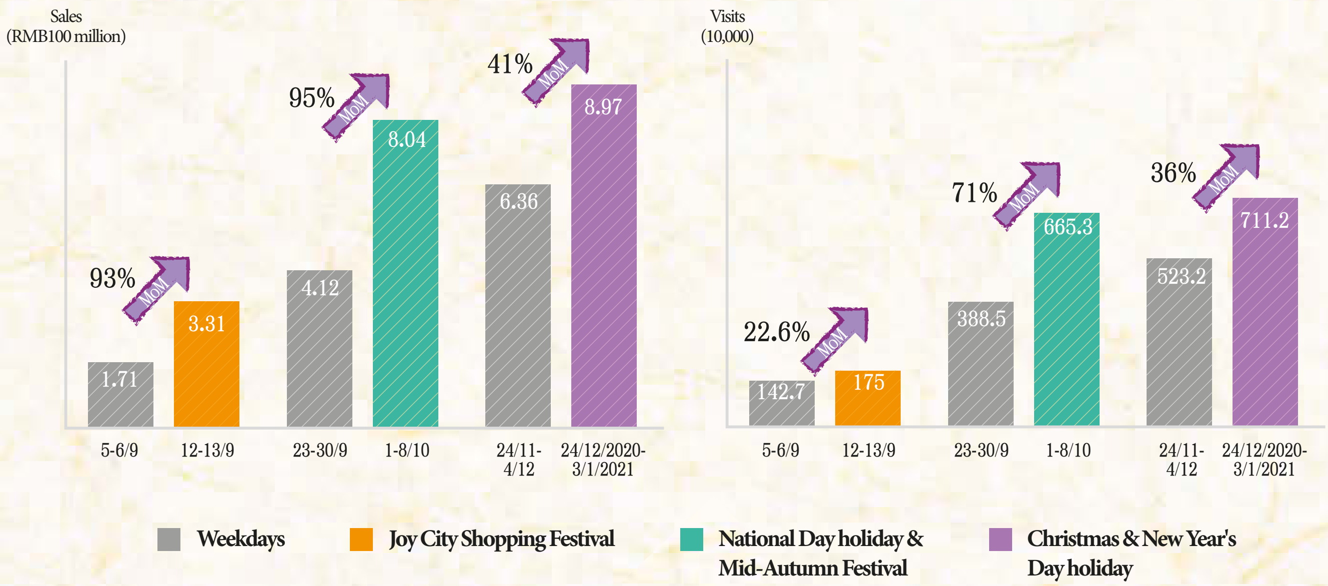
Beijing Daxing Joy Breeze

To meet the needs of urban middle-class customers for "ideal life", the Group launched a brand-new product line – Joy Breeze, building a regional lifestyle center based on the essence of the brand, namely "Life Aesthetics". On 25 December, the debut of the Joy Breeze product line – Beijing Daxing Joy Breeze opened to enhance the commercial landscape in south Beijing. It is not only a project invested by the Group's first urban renewal M&A fund, but also the only key project of business district upgrade and urban renewal in Daxing District. On the opening day, the passenger flow exceeded 150,000 and sales exceeded RMB11.75 million; the investment contract rate was 95%, and the opening rate was 90%, which officially brought the spring into the capital. Unlike Joy City focusing on "youth and fashion", Joy Breeze caters to the needs of urban middle-class customers aged 25-45 for quality life, presenting a "pleasure of life as bathed in the spring breeze", so as to create a model of middle-class life.

Positioned as a "free living place in the city", Beijing Daxing Joy Breeze introduced breezy brands such as Teasure, Huajian Way, Tesla, and KidSteam. Of the 300 brands in total, 30% were new to the country or to the region, including China's first Seven Fresh by JD integrated supermarket, the region's first MUJI and Lam Chua restaurant, the Jinyi Cinema with unique and cozy movie-watching experience and a garden-style, pet-friendly Starbucks, etc. It has become the iconic cultural space with life aesthetics in south Beijing.

Meanwhile, on 9 December, the Group, together with Xiamen Rail Transit Group and Xiamen Housing Group, successfully acquired a land plot in Jimei, Xiamen, for building Xiamen Jimei Joy City, with a GFA of 100,000 sq. m., which will fill the gap for Joy City in Southeast China, perfecting its strategic footprint in major consumption regions across the country.

Joy-Full Occasions Important Annual Festivals



Conclusion

Throughout 2020, the Group rushed against the impact of the epidemic to improve our performance. The total sales of our commercial projects nationwide exceeded RMB18.53 billion, and customer flow reached 157 million with 1.8 million new members, and average purchase value per member of RMB800, leading the post-pandemic recovery within the industry. In the future, the Group will continue to leverage the advantages of comprehensive operation and development, and realize the win-win value symbiosis among commercial property operators, merchants and consumers by capturing the development trend of a more open, agile, intelligent and considerate business ecosystem. Through accelerated deployment of commercial projects across the country, we will enable urban residents to live a better life and open a new chapter in commercial development.

Management Discussion and Analysis

Market Review

2020 saw the global economy hit hard by COVID-19. Varying prevention strategies and economic policies have resulted in obvious differences in the effectiveness of epidemic controls and economic recovery in different countries. In contrast with rest of the world, China's epidemic prevention and control has achieved remarkable results, with an outstanding economic growth. In the past year, China's economic policies have focused more on the balance between "stabilizing growth" and "adjusting structure". The counter-cyclical policy focused on offsetting the impact of COVID-19 on enterprises, driving the resumption of production, as well as a steady recovery of consumption and exports. The Chinese economy achieved a steady recovery in 2020, with a GDP growth rate of 2.3%, making it the only major economy in the world that achieved positive economic growth.

The real estate industry has shown resilience in spite of the disruption caused by COVID-19. After the epidemic has been fully contained, market demand was steadily released, coupled with increased supply, leading to a continued upturn in sales. Throughout the year, the national commercial housing sales were approximately RMB17.36 trillion, an increase of 8.7% year-on-year; the sales area of commercial housing was approximately 1.761 billion square meters, an increase of 2.6% year-on-year. Housing prices stabilized generally, with the price index of 100 cities rising 3.46% year-on-year.

In terms of commercial real estate, shopping malls opened successively after the epidemic was brought under control. However, due to the impact of the pandemic, fewer than 300 shopping malls with a GFA of more than 20,000 square meters opened nationwide throughout the year, a decrease of nearly 40% year-on-year. In the second half of the year, the 100 MALL store rental index, comprising 100 typical shopping malls in key cities as sample, dropped by 0.25% compared with first half of the year. COVID-19 is also accelerating industry reforms, giving birth to new trends such as online shopping malls, live broadcast sales, and marketplace events. After the epidemic has been under control, shopping malls focus more on the customer gathering effect of leisure, entertainment, and social interaction. Festival marketing, IP marketing and other activities have emerged one after another. Community operation, first store economy, Internet celebrity brands, etc. have become the focus of the industry, and brands have also started a new round of expansion.

Business Review

During the year, the Group gave full play to its strengths and made nimble responses to the epidemic shock, ensuring stable development in its four business segments, namely investment properties, property development, hotel operations, and output management and other services.

In terms of investment properties, the Group innovated online channels and launched live broadcast sales. Our projects actively carried out community operation by organizing a range of original IP marketing campaigns, including "Joy City Spring Outing Season", "Hi, It's New Shopping Festival", and "Joy City Shopping Festival", leading to a steady upturn in sales. During the pandemic, the Group also actively performed its social responsibility as an enterprise directly under the central government by cutting the rents for some smaller merchants to support them in overcoming the challenges. During the year, the Group's shopping malls recorded a rental revenue of approximately RMB2.38 billion. Among them, Chengdu Joy City saw a rebound in its sales to the level in the same period of last year.

In terms of property development, the Group strengthened its marketing efforts and built online channels including online live broadcast, activities and promotions to attract customers. Amid the pandemic, the Group introduced the "3H Healthy Living System" for residential products to improve product quality. During the year, the Group recorded approximately RMB20.12 billion in contracted sales of property development, rising 67.3% year-on-year.

In terms of hotel operations, the Group significantly increased the exposure of its hotels through product innovation and marketing enhancement, resulting in a good profit and reputation. As the pandemic came under control, the business performance of hotel operations recovered steadily, with the total revenue of MGM Grand Sanya and St. Regis Sanya in the second half of the year hitting a record high. In particular, MGM Grand Sanya was ranked first in the Yalong Bay area by annual total revenue. During the year, Waldorf Astoria Beijing was ranked Top 1 in Best Hotels in China and 17th in World in Readers' Choice Awards 2020 by Condé Nast Traveler. Zijin Mansion, the Chinese restaurant in the hotel, was rated as one-star restaurant in the Michelin Guide Beijing 2021.

In terms of output management and other services, the Group fully leveraged the appeal and operation capability of commercial brands of the Group to operate such projects as Tianjin Heping Joy City, Kunming Joy City, Shanghai Parkside Joy City, and Xi'an Joy City based on a light-asset model. December saw the successful opening of Anshan Joy City, and Beijing Daxing Joy Breeze, the Group's first Breeze project, which was well received by the market, Meanwhile, the Group newly secured three output management projects, namely Changsha North Star Delta Joy City, Beijing Huijing Twin Towers (originally Beijing LG Twin Towers) and Wuxi Jiangnan Joy City, continuously strengthening its brand influence.

Project Development

Xidan Joy City

51%
owned by the Group

Situated in the prime location in Xicheng District, Beijing, the project has a gross floor area of 195,000 sq.m. and a leasable area of 53,900 sq.m.

Collaborative innovation, ultimate operation and cross-sector empowerment

The project has always positioned itself as a youth trend cultural center, and it introduced Chanel, Guerlain, Coach, Lululemon, Y-3, Shake Shack, Steak House, and Chua Lam's Dim Sum and other head brands. Xidan Joy City set up an online shopping mall in advance, attracting more than 224 commercial tenants and nearly 10,000 new paid-up users with Joy+ membership rights. It held 114 applet-based live broadcasts, leading to a sales volume of more than RMB23 million. As the epidemic situation was gradually stabilized in the middle of the year, it worked with internal and external brands, well-known artists, and cross-sector IPs in a multi-dimensional way to hold multiple exhibitions and activities. At the same time, it carried out a promotion campaign targeting users in communities, and attracted nearly 10,000 loyal members in communities. It launched Yuedou Growth Plan, a new membership development system, to encourage long-distance consumers to visit the stores.

During the year, the sales of the shopping mall achieved approximately RMB2.95 billion.

Shenyang Joy City

100%
owned by the Group

The project is located in the commercial district of Shenyang Zhongjie, which is the most famous and earliest commercial street in Northeast China with the largest footfall. With a commercial GFA of 330,000 sq.m., the project consists of five malls (A, B, C, D and E) and a 600m long commercial pedestrian street. Mall E is planned to open in 2022.

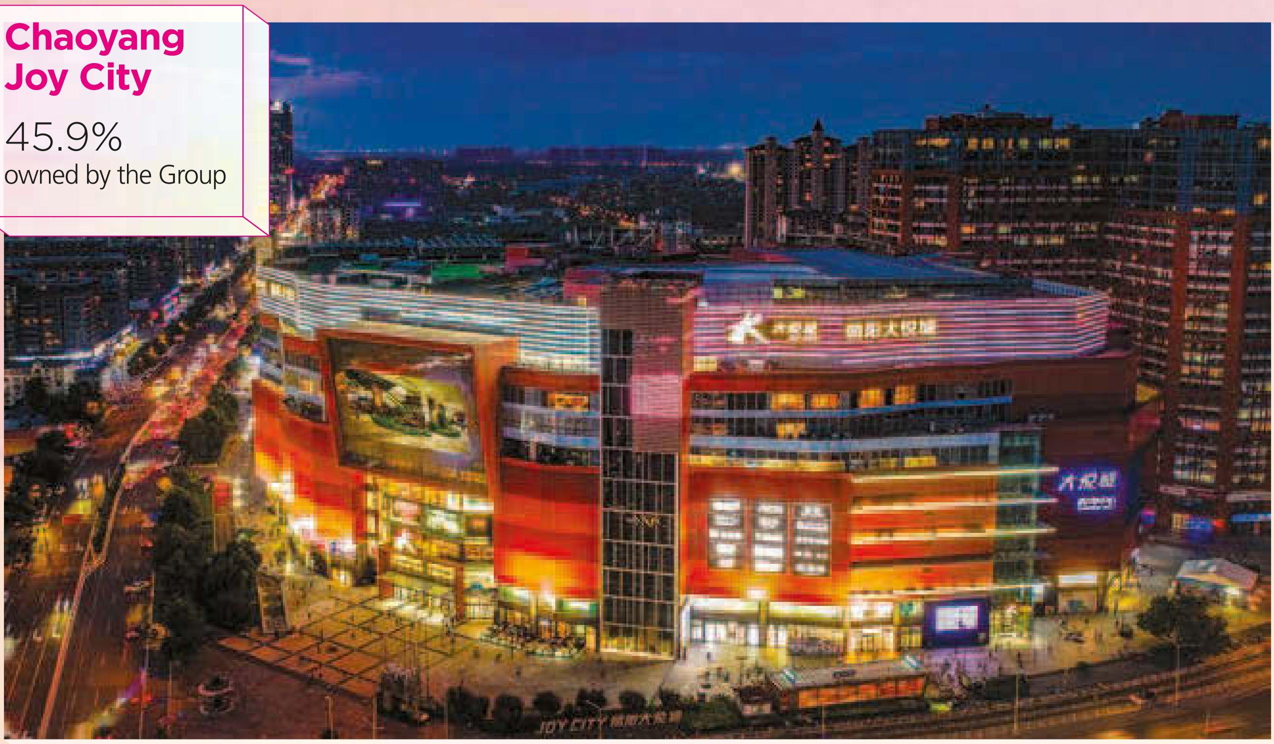
Stabilizing operation, resuming sales growth, and striving for profits

After the outbreak of the epidemic, Shenyang Joy City responded quickly, expanded online channels to propagandize, and improved user experience by united efforts from various business units. It taken deep roots in the marketing of youth customer groups, improved self-own IPs with youth culture, and vigorously introduced the first, exclusive and flagship stores to boost sales and recovery of customer flow. In the second half of the year, the rate of recovery increased significantly, and the sales and footfall during the "National Day" holiday exceeded 2019. In the future, Mall E under construction will be connected to Mall B and Mall D, and the five malls will form a closed loop, creating the concept of "city", which will drive the healthy increase of customer flow. At the same time, Mall E will also enhance the core competitiveness of Joy City, as a multi-dimensional "Fashion Landmark".

During the year, sales of the shopping mall achieved approximately RMB1.75 billion, and the total footfall was approximately 18.18 million.

Chaoyang Joy City

45.9%
owned by the Group



Located in the prime location of Chaoyang District, Beijing, the project occupies a total area of approximately 59,000 sq.m. and has a GFA of approximately 338,500 sq.m. and a leasable area of 120,000 sq.m.

Increasing revenue and reducing expenditure, actively developing partners and making innovation, creating high-quality products, and overcoming difficulties together

As the outbreak of the epidemic, Chaoyang Joy City responded quickly and flexibly, focusing on "survival, stability, and innovation." During the outbreak, with the swiftly-launched applet-based mall, live broadcast and community as the starting point, it took the lead in achieving online sales exceeding one million per day in March. Working with CCTV News and Xinshixiang, it held the "Reboot 2020" art exhibition, and continued to output positive energy. During the recovery period, according to the pace of market recovery, multiple rounds of million-level SP activities have been held to attract customers. It continued to create youth cultural landmarks and organized the "Loose-leaf Youth Art Festival". It introduced Metal Hands, one of the world's top 50 café brands, popular Hutong café brand, ONE QUARTER COFFEE LAB, and creative internet-famous café brand, Berry Beans, and helped them open their first store in the shopping mall, creating the most humanistic boutique café cluster in Beijing. International beauty brand Lancome, popular fashion brand STANCE and international fashion brand XLARGE opened their first stores in China, which greatly strengthened the cluster atmosphere and brand power.

During the year, the sales was approximately RMB3.06 billion with footfall of approximately 17.17 million.

Shanghai Jing'an Joy City

51%
owned by the Group

Located in the core area of Suzhou Creek, Jing'an District, Shanghai, the project occupies a total area of 22,300 sq.m. and has a GFA of 163,000 sq.m. and a leasable area of 67,000 sq.m.

Brand upgrading and operation optimization

In 2020, Shanghai Jing'an Joy City introduced Peet's café, LOFT, ZARA and other brands, among which the ZARA store is the latest flagship store in Asia. During the recovery period, other brands that meet the latest differentiated positioning of the North and South Buildings were also introduced. In 2020, more than 80 new stores were opened in Jing'an Joy City, and brands such as Haidilao and Lelecha will soon join in.

During the year, the project recorded sales of approximately RMB840 million.

Tianjin Nankai Joy City

51%
owned by the Group

Located in the core area of Nankai District, Tianjin, the project officially opened for business on 25 December 2011 and has a GFA of approximately 290,000 sq.m. and a leasable area of 88,300 sq.m.

Increasing footfall, sales, and revenue, and reducing costs

Under the normalization of epidemic prevention and control, 29 new brands, 9 concept or flagship stores, and 25 social media brands were introduced during the year, an increase of 3 comparing with 2019. Brands such as MUJI, Jo Malone, Burberry Beauty, Gucci Beauty, and Adidas MBC made a splash in the market of Tianjin. The project organized and held themed exhibitions, interactive activities, youth cultural sharing sessions, and cooperative flashes through online and offline various channels to attract customers. A new media channel group was created for these events, attracting great media attention, and achieving a total media exposure of over 100 million times, which set a new record. In 2020, the project won five high-quality awards, including the Golden Coordinates Outstanding Commercial Real Estate Operation Project Award and the 2020 Business Innovation Award in the China Shopping Mall Industry by Mall China.

During the year, the project recorded total sales of approximately RMB2.47 billion with footfall of approximately 16.36 million.

Yantai Joy City

51%
owned by the Group

Located in Zhifu Bay, Zhifu District, Yantai, the project is the only coastal project in the main urban area, and occupies a total site area of 40,000 sq.m. with a gross floor area of 220,000 sq.m. and a leasable area of approximately 76,000 sq.m.

Improving operation and management capabilities, deeply expanding customer base, and win-win cooperation

Based on the business experience and lessons, Yantai Joy City improved operation and management capabilities, deeply expanded customer bases, and worked with merchants for win-win results. It strengthened human resources development, and steadily expanded new businesses. In 2020, the project completed four major innovations: building a local data warehouse and iterative optimization of enterprise accounts to improve work efficiency; adopting membership tags to achieve accurate marketing in real scenarios; introducing the first IoT receipt collection device to solve the offline sales tracking problem; launching online shopping malls help merchants' make profits.

During the year, the project recorded total sales of approximately RMB720 million with footfall of approximately 8.34 million.

Management Discussion and Analysis

Chengdu Joy City

100%
owned by the Group

Located in Wuhou District, Chengdu, the project occupies a total site area of 66,500 sq.m. with a gross floor area of 290,000 sq.m., of which the shopping mall has a leasable area of approximately 106,800 sq.m.

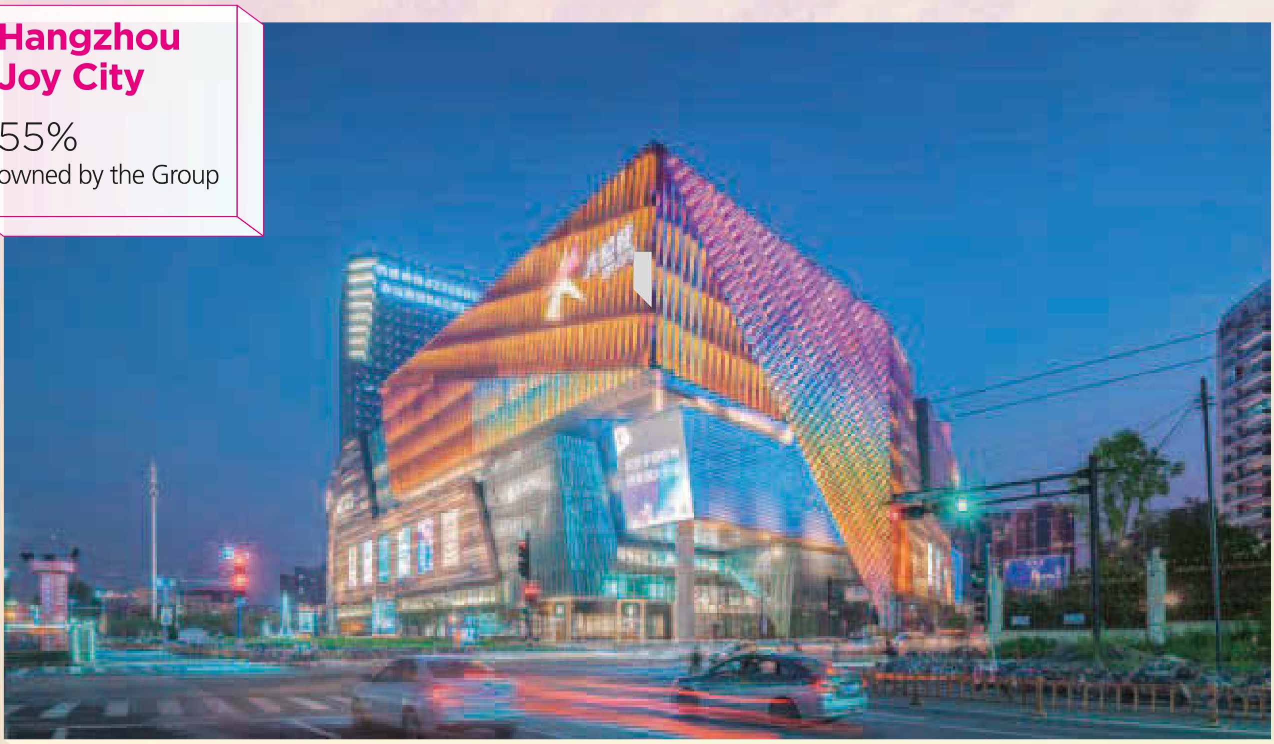
Restoring business performance, controlling risks, and high-quality development

In 2020, Chengdu Joy City implemented the business strategy of "achieving rigid indicators, restoring business performance, controlling risks, and high-quality development" and achieved performance improvement. Chengdu Joy City took targeted actions and continued to improve its attributes as a gathering place of fashion and trendy. It gained good performance against the situation, rents and operating potential were revitalized in key areas. Data construction and system technology empowerment were deepened, focusing on the sensitive problems of customer experience, the service space was fully renewed and customer-friendly commercial service space was created. The project achieved a contract signing rate of 96% and a shop opening rate of 92% during the year.

During the year, the sales was approximately RMB1.76 billion. Over the past five years since the opening of Chengdu Joy City, its sales performance has continued to grow with high quality, and its sales performance in 2020 ranked fourth among shopping malls in Chengdu.

Hangzhou Joy City

55%
owned by the Group



Located in the core commercial area in downtown Hangzhou, the project is adjacent to well-developed residential areas of Shenhua, Cuiyuan, Qiaoxi and Wenjiao. The shopping mall has a gross floor area of 147,000 sq.m. and a leasable area of 73,700 sq.m. in the shopping mall.

Adhering to positioning, focusing on operations, and steadily improving to build a business benchmark in Hangzhou

By laying emphasis both anti-epidemic and business boosting measures, Hangzhou Joy City attracted footfall through continuous brand upgrade and adjustment, and holding various special activities. It also actively promoted cost reduction and efficiency enhancement to ensure stable operation. During the year, Hangzhou Joy City successfully introduced first stores of Haidilao, VETEMENTS, Longines, mini mars at provincial- and municipal-levels and various internet-famous brands, offering consumers a fresher and diversified shopping experience. At the same time, a number of big promotion activities such as Hi, It's New Shopping Festival, Anniversary Celebration, Joy City Shopping Festival and other special activities such as outdoor music festival, breeze life festival and blue art festival were held throughout the year to revitalize the city's shopping enthusiasm and strengthen the brand appeal of the Joy City.

During the year, the project achieved footfall of approximately 7.54 million, recorded sales of approximately RMB810 million.

Chongqing Joy City

100%
owned by the Group

Chongqing Joy City is located in the Liangjiang International Business Center in Yubei District, Chongqing, boasting its easy access to Jiangbei International Airport, the Central Park and the International Expo Center within the same district and a huge pool of potential customers with strong purchasing power. The project occupies a gross floor area of 500,000 sq.m., of which the area of the shopping mall is over 180,000 sq.m. It is designed as a Transit-Oriented Development (TOD) that connects to two subways.

During the year, the project obtained pre-sale permits for Towers A and B, and the main structure of the commercial podium was completed. The project is scheduled to be completed by the end of 2021 and will open on December 2021. The project's saleable part has been sold well.

Wuhan Joy City

51%
owned by the Group

Located at the heart of Optics Valley Central City, Wuhan East Lake Hitech Development Zone, the main structure of the project has been capped and is expected to open in December 2021. The gross floor area of the shopping mall is approximately 140,000 sq.m. and the rentable area is about 70,000 sq.m.

Wuhan is one of the cities most severely affected by the COVID-19 epidemic. Although the progress of the project has been affected by both the epidemic and the flood, the project's construction had been resumed since mid-to-late March, achieving a major breakthrough in progress. The commercial podium was capped ahead of schedule and the demonstration area was completed ahead of schedule. The project's investment promotion is far beyond expectations, and 5 major stores and several regional first stores were introduced. Various works proceeded smoothly.

Chengdu Tianfu Joy City

100%
owned by the Group

The total area of the project is about 38,000 sq.m., and the gross floor area is about 300,000 sq.m., of which the shopping mall covers about 150,000 sq.m.. In 2020, the concept plan and construction plan were completed, and the construction has begun.

Chengdu Tianfu Joy City is located in the Central Business District of Chengdu Tianfu New District. Tianfu New District is a national-level strategic development zone, and the Central Business District is the core part of the new district. It focuses on building a new urban center, creating a new exemplary complex integrating headquarters economy, exhibitions, international exchange arenas, and ecological parks.

Sanya Joy City

78.05%
owned by the Group

The project is located in the Yuechuan District of Sanya, a city intensively tapped into by our company in Hainan. This district will become an inclusive new urban cultural tourism hub during its transition from an old town area to a new town area, with connection to the sea passage in Sanya. It is adjacent to Yingbin Road and close to the East Coast Wetland Park in Sanya, enjoying a prime geographic location. The project has a gross floor area of approximately 119,800 sq.m. with 78,800 sq.m. above ground and 41,000 sq.m. underground.

The project is scheduled to open in 2023. At present, the type of anchor stores has been determined and the architectural design plan has been completed.

Management Discussion and Analysis

Jinan Joy City

60%
owned by the Group

Jinan Joy City project is located on the south of the core area of New East Railway Station area of Licheng District, one of the "five major urban sub-hubs" of Jinan City. This project occupies a total site area of 29,000 sq.m., and the commercial area of the planned shopping mall is 112,000 sq.m.

The land for the project was acquired on 29 September 2019 and is expected to open in 2023. It is currently in the design plan deepening stage.

Xiamen Jimei Joy City

51%
owned by the Group

The project is located at the junction of Xiamen's Jimei University Town and Xinglin Bay CBD core area, at the intersection of Metro Line 1 and Line 6, and adjacent to the administrative service center of Jimei District. It is surrounded by famous universities and colleges in Jimei University City, enjoying prominent location advantage. The project occupies a gross floor area of approximately 230,000 sq.m. and a leasable area of approximately 100,100 sq.m
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The land for the project was acquired on 9 December 2020. In the future, coupling with the urban characteristics of Xiamen, it will be built into a seaside literature and art trendy area with the theme of "Xiamen's Joy and Fashion," and become a fashion center radiating Xiamen, a spiritual highland of culture and art, and a truism landmark in cities on the West Side of the Straits. It is expected to open in 2024.

Nanchang Joy City

100%
owned by the Group

The complex project, Nanchang Joy City, is located in the Chaoyang New Town of Xihu District, a property above two subways. The project occupies a site area of about 136,000 sq.m., with a floor area about 520,000 sq.m., and the shopping mall of Nanchang Joy City covers about 125,000 sq.m.. The project includes residences, apartments, offices and commercial buildings.

The land for the project was acquired on 28 December 2020, and various works have been advanced as planned. The shopping mall is expected to officially start construction in December 2021.

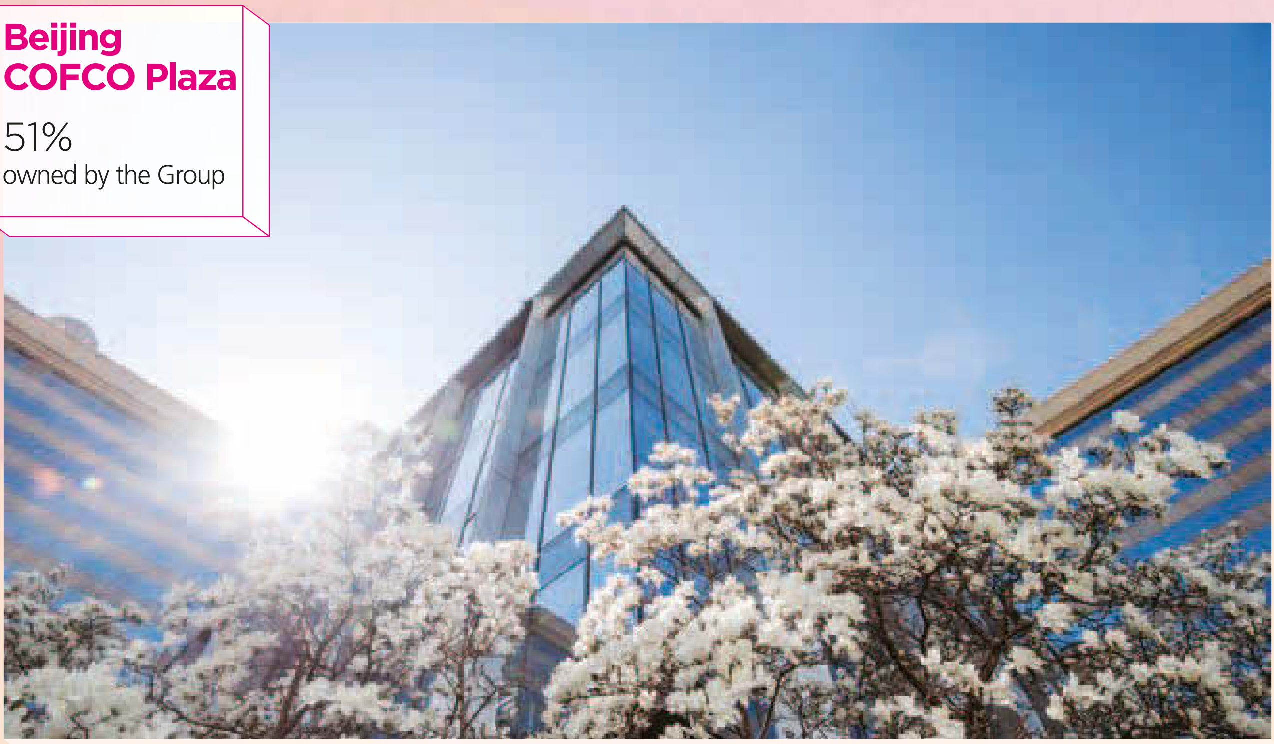
Qingdao Jimo Joy Breeze
100%
owned by the Group

Located in Jimo Economic Development Zone, Qingdao Jimo Joy Breeze occupies a total site area of 54,000 sq.m. with a gross floor area of 82,000 sq.m. (included in plot ratio calculation) Adhering to the concept of "staycation", the project has incorporated elements of "vibrance, experience, green and humanities" in view of Qingdao's four distinct seasons of the year and people's craving for nightlife, thus creating a community that not only connects Jimo Chuangzhi New Zone and adjoining business areas but also brings joy and warmth.

During the year, construction of the project progressed steadily.

Beijing COFCO Plaza

51%
owned by the Group



Located in the core area adjacent to Chang'an Avenue on the Second Ring Road of the Chinese capital, the project occupies a total site area of approximately 22,600 sq.m. with a gross floor area of approximately 120,000 sq.m.

Adopting both internal and external measures to ensure the stable development of the project

In 2020, COFCO Plaza signed 14 new tenants, and the annual average occupancy rate was 90.17%. Affected by factors such as the Sino-US trade conflict and COVID-19 epidemic, the office leasing market has been hit hard. Under this challenging market environment, a proactive, innovative external marketing model was adopted for COFCO Plaza by means of online video + offline project description to carry out project leasing. Meanwhile, internal measures were taken for the building to enhance the fight against the pandemic, operate safely, improve customer stickiness and deepen operational services.

During the year, the project achieved rental income of approximately RMB300 million.

Beijing COFCO• Landmark Tower

51%

owned by the Group

Located at No. 208, Andingmenwai Street, Dongcheng District, Beijing and enjoying a prime geographical location, the project occupies a total site area of approximately 13,000 sq.m. with a gross floor area of approximately 82,000 sq.m. and a leasable area of 56,000 sq.m.

Focusing on operations to erect a landmark building in the region

Affected by the COVID-19 epidemic in 2020, the spreading prudent tendencies in the market has driven tenants' rent affordability to continue to decline, increasing vacant areas and slowing down the rate of sales. In such a severe market situation, Beijing COFCO • Landmark Tower has overcome the challenge of the epidemic, and the occupancy rate has continued to rise since the beginning of the year. By the end of 2020, the leased area was about 8,000 sq.m. The project actively engaged with the tenants in the building, took joint actions to respond the epidemic, actively assumed the main responsibility of epidemic prevention and control within the building, strengthened the protection of epidemic prevention and control materials, access control systems, daily disinfection, public space management, and joint prevention and control, and achieved good results.

During the year, the project recorded a rental income of approximately RMB160 million.

Management Discussion and Analysis

Fraser Suites Top Glory Shanghai

100%

owned by the Group

Located in Lujiazui Financial District, Shanghai, the project occupies a gross floor area of approximately 49,200 sq.m., leasable area of approximately 48,500 sq.m., with a total of 185 leasable rooms.

Fraser Suites Top Glory Shanghai has commissioned an international hotel service apartment brand, the Frasers Group, for its operation and management since 28 September 2008. Each apartment has access to a panoramic view of the banks of the Huangpu River and the Bund. Since its operation, Fraser Suites has obtained highly rated market recognition for its premium quality and excellent services, consistently securing a leading position in the high-end service apartment industry. Most of the long-term residents of Fraser Suites are senior executives of the world's top 500 enterprises.

During the year, the project recorded an operating revenue of approximately RMB120 million.

Qingdao JOY PARK

51%
owned by the Group

The project is located in Taidong Business Area, Shibei District, Qingdao, and adjacent to Tsingtao Brewery. The project occupies a total site area of 40,600 sq.m. with a gross floor area of 96,900 sq.m..

The project includes two plots, Qingdao Business Plaza, which is an integrated quality business hub comprising offices, apartments and business facilities, and Qingdao Civic Plaza, a beer-themed business street will be constructed at the Plaza, designed to feature a never-ending beer festival. The project plans to create a brand-new cultural and tourism landmark in Qingdao with a beer theme and integrating into shopping, business, dining and entertainment.

The construction of Qingdao Business Plaza was proceeding as scheduled during the year. The entire main body of Qingdao Civic Plaza was already topped out.

COFCO • Sanya Joy Center

56.96%
owned by the Group

The project is located in the Yuechuan District. This district will become an inclusive new urban cultural tourism hub during its transition from an old town area to a new town area, with connection to the sea passage in Sanya. It is adjacent to Yingbin Road and close to the East Coast Wetland Park in Sanya, enjoying a prime geographic location. The project covers a gross floor area of approximately 99,600 sq.m. above ground, and a gross floor area of approximately 51,800 sq.m. below ground, amounting to a gross floor area of approximately 151,400 sq.m..

During the year, the project has been sold well.

Qingdao Chuangzhi • COFCO Splendid City
100%
owned by the Group

Located in Jimo Economic Development Zone, Qingdao, Qingdao Chuangzhi • COFCO Splendid City occupies a total site area of 60,000 sq.m. with a gross floor area of 108,000 sq.m. Benefiting from the regional development, advanced planning and mature facilities of Chuangzhi New District and the future development of the greater region, the project integrates diversified business sectors such as residence, shopping, leisure, education and art to implement “3H Healthy Living System” concept and meet the full-dimensional needs of urban lives.

During the year, the project advanced steadily.

Wuhan COFCO Optics Valley City
51%
owned by the Group

Located in the core area of Optics Valley Central City in East Lake High-tech Development Zone, Wuhan and 350m from Guanggushengwuyuan Station of Subway Line 11, Wuhan COFCO Guanggu Shine City project is surrounded by well-equipped medical, education and commercial facilities and enjoys excellent location resources. The project occupies a total site area of approximately 92,000 sq.m. with a gross floor area of approximately 293,000 sq.m., and a greening rate of 35%.

During the year, in the ranking of residential transaction amounts in the real estate market of Wuhan, the project ranked among the top.

Chongqing COFCO • Central Park Shine City

100%

owned by the Group

Located in the Metropolitan Core Ring in Central Park North, it covers a gross floor area of about 240,000 sq.m., divided into Plots A, B, and C. Plot A, B, C covers 90,000 sq.m., 70,000 sq.m. and 80,000 sq.m. respectively. It is connected with the north extension of Metro Line 5 and the Central Park West Station of Metro Line 10.

During the year, the project recorded a contract value of approximately RMB1.1 billion.

Chengdu COFCO Tianfu Shine City

100%

owned by the Group

The project is located in the Central Business District of Tianfu New Area, Chengdu, Sichuan Province, and is adjacent to Tianfu Joy City. It is approximately 500m away from the "Belt and Road" Building, possessing excellent location advantage. The project occupies a total site area of approximately 32,100 sq.m. with a gross floor area of about 185,400 sq.m.

The project has officially commenced construction since November 2019 and the construction of main building has been completed, it is expected to be delivered at the end of 2021. During the year, the contract value of the project was approximately RMB1.119 billion.

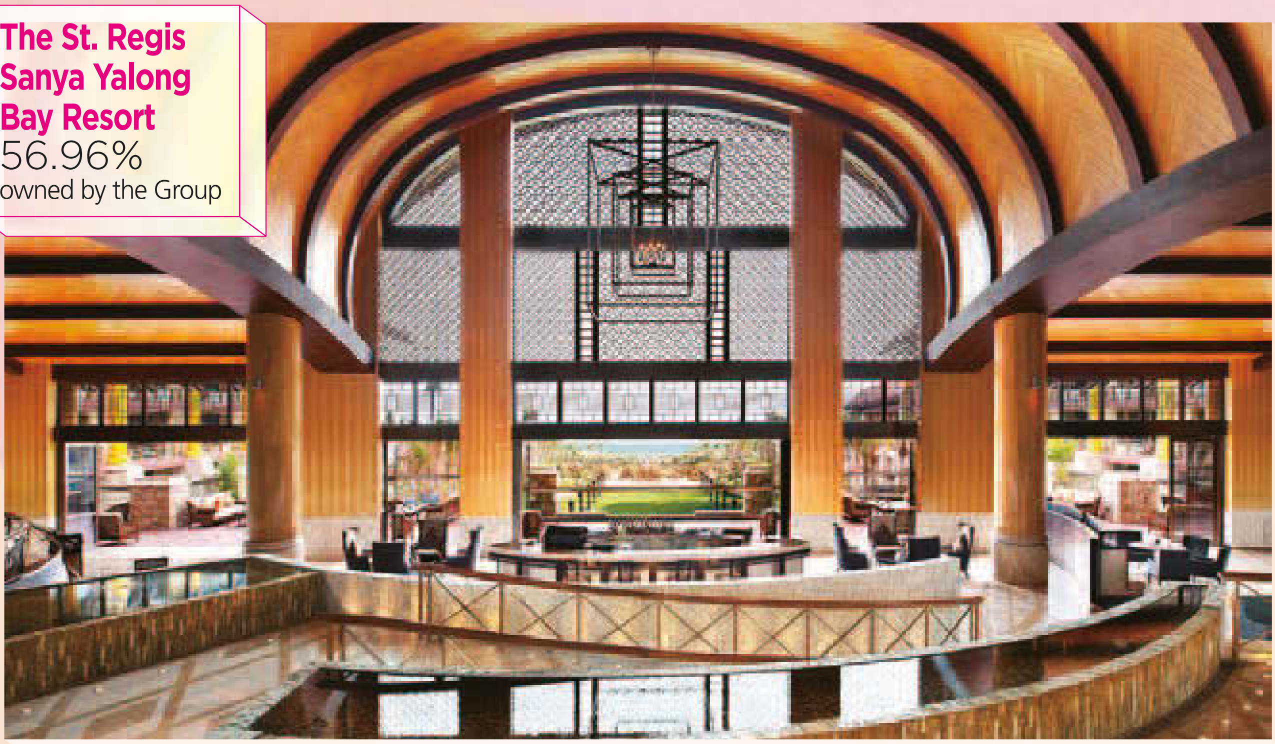
Jinan COFCO • Shine City

60%
owned by the Group

Jinan COFCO • Shine City project is located in the southern flank of the core area of Jinandong Railway Station in Licheng District, one of the "five major urban sub-hubs" in Jinan. It occupies a total site area of 170,900 sq.m. with a gross floor area of 400,200 sq.m. (included in plot ratio calculation). Leveraging the commercial complex of Joy City, Jinan COFCO • Shine City strives to develop medium and small-sized products featuring premium quality and strong functions, and aims to build a quality community for young people.

The project will be divided into three phases for development. The first phase has currently commenced construction and it has been launched for sale. During the year, the contract value of the project was approximately RMB678 million.

The St. Regis Sanya Yalong Bay Resort
56.96%
owned by the Group



Located in Yalong Bay National Resort District, Sanya, Hainan Province, the project occupies a total site area of approximately 204,000 sq.m. with a gross floor area of approximately 90,900 sq.m. It is a first-class luxury resort hotel with 373 rooms and 28 villas operated and managed by Marriott Group. It is designed to become a "home for global CEOs ".

The St. Regis Sanya Yalong Bay Resort seized the opportunity of market recovery in the second half of the year, integrated products, strengthened marketing, and quickly increased the occupancy rate and maintained a high average room rate. It further utilized its advantage in wedding banquet and increased its sales of wedding banquets. The number of wedding banquets in 2020 held by the resort ranked first in Yalong Bay. The resort's total revenue in the second half of the year exceeded the same period last year, with operating revenue in July, August and September setting new records since opening.

During the year, the project recorded an average room price of approximately RMB1,797.

MGM Grand Sanya

100%
owned by the Group

Located in Yalong Bay National Resort District, Sanya, Hainan Province, the project occupies a total site area of approximately 106,700 sq.m. with a gross floor area of approximately 108,300 sq.m., comprising 675 rooms in total.

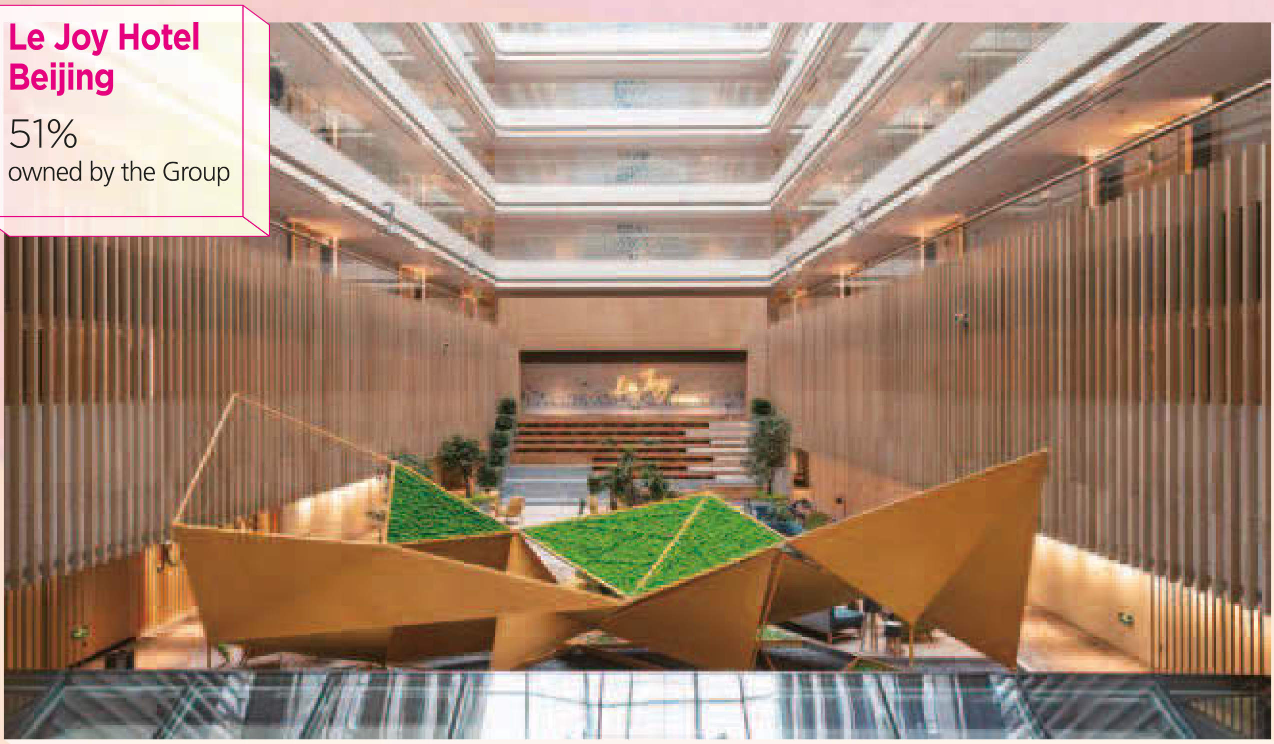
MGM Grand Sanya regards marine castles and marine projects as selling points, highlights the entertainment attributes of the hotel, and strives for more competitive advantages for its products. At the same time, the hotel actively carried out cross-sector brand cooperation, worked with Hamrez, launched the Hamrez-themed parent-child room, and organized Christmas and New Year's Day theme activities and joint marketing to increase the hotel's popularity and revenue. The hotel's operating income in the second half of the year exceeded the same period last year, with operating income in August, September, October and December setting new records since opening. MGM Grand Sanya's annual cumulative revenue ranked first in Yalong Bay District in 2020.

During the year, the project recorded an average room price of approximately RMB1,269.

Management Discussion and Analysis

Le Joy Hotel Beijing

51%
owned by the Group



Located in Xidan Commercial Area, Beijing, the project occupies a total site area of approximately 32,800 sq.m. with a gross floor area of approximately 23,600 sq.m., comprising 347 rooms in total.

It utilized new media marketing, put more efforts in publicity and promotion, promoted online sales marketing strategies, and wielded regional advantages to seize the opportunities of business market recovery in the second half of the year to increase the hotel's occupancy rate and revenue. During the year, it continued to accelerate the development and maintaining of its members, actively promoted the establishment of its own community marketing channels, organized local community interaction, and maintained member stickiness.

During the year, the project recorded an average room price of approximately RMB725.

Waldorf Astoria Beijing

91.64%
owned by the Group

Located in the Wangfujing Commercial Area of Beijing, the project occupies a total site area of approximately 6,149 sq.m. with a gross floor area of approximately 42,600 sq.m., comprising 176 rooms in total.

Waldorf Astoria Beijing actively developed new products, carried out cross-sector brand cooperation with Aston Martin sports car, created an urban luxury camping experience, achieved significant publicity effects and good revenue in the market, and maintained a high average room price. At the same time, the Zijin Pavilion Chinese Restaurant of the Waldorf Astoria Beijing was listed on the 2021 Beijing Michelin Guide as a One Michelin Star Restaurant, and the Iris Palace 1893 French Restaurant won the Michelin Plate Award for two consecutive years, helping increase the hotel's catering revenue.

During the year, the project recorded an average room price of approximately RMB2,106.

4. Land Bank

In terms of land bank, the Group adhered to strategic guidance and the "high market position and product positioning" of the Joy City brand. On one hand, on it actively participated in open market competition, and on the other hand, fully leveraging on its business edge, the Group expanded cooperation projects. During the year, the Group acquired a total of approximately 752.7 thousand sq.m. of land bank in Xiamen and Nanchang.

Name of land parcel	Location	Site area (sq.m.)	Floor area (sq.m.)	Project type	Actual shareholding ratio
Xiamen Jimei Joy City	Jimei New City Area, Jimei District, Xiamen	127,912	232,190	Business + residence	51%
Nanchang Joy City	Core area of Chaoyang New City, Xihu District, Nanchang	136,395	520,474	Residence + apartment + office + business	100%

5. Financial Review

Overall Performance Review

For the year ended 31 December 2020, the Group's operating revenue was approximately RMB14,109.8 million (2019: RMB10,337.8 million), representing an increase of 36.5% as compared with last year, mainly due to the increase in delivered settlement area in 2020, resulting in a substantial increase in revenue from property development and primary land development.

For the year ended 31 December 2020, the profit of the Group amounted to RMB2,169.1 million (2019: RMB2,668.5 million), representing a decrease of 18.7% as compared with last year, of which the profit attributable to owners of the Company amounted to RMB1,104.5 million (2019: RMB1,635.9 million). Excluding the fair value gains after tax of investment properties and the exchange rate changes, and meanwhile excluding the non-recurring after-tax effects of the disposal of subsidiaries, but retaining the accumulated realised after-tax fair value gains recognized by the Group for the sale of investment properties, the core net profit attributable to owners of the Company amounted to RMB828.9 million (2019: RMB585.2 million), representing an increase of 41.6% as compared with last year.

Revenue

For the year ended 31 December 2020, the Group's revenue amounted to RMB14,109.8 million, representing an increase of 36.5% as compared with RMB10,337.8 million for 2019.

Revenue by business segments	For the year ended 31 December				
	2020		2019		
	RMB'000	**Percentage of total revenue (%)**	RMB'000	Percentage of total revenue (%)	YOY change (%)
Property investment	**3,586,814**	**25.4**	4,341,371	42.0	-17.4
Property and land development	**9,722,469**	**68.9**	4,908,436	47.5	98.1
Hotel operations	**598,264**	**4.3**	841,584	8.1	-28.9
Output management and other services	**202,285**	**1.4**	246,377	2.4	-17.9
Total	**14,109,832**	**100.0**	10,337,768	100.0	36.5

In 2020, the Group's total rental income from investment properties and related services income was approximately RMB3,586.8 million, and accounted for 25.4% of the total revenue, representing a decrease of 17.4% as compared with last year, of which the rental income from Joy City recorded RMB2,381.3 million, representing a decrease of 22.3% as compared to RMB3,064.0 million in last year. Excluding the effect of the disposal of Shanghai Parkside Joy City and Xi'an Joy City in 2019, Joy City's rental income decreased by 15.9% as compared with last year, mainly due to the negative impact of COVID-19 on retail market in the first half of 2020, the decrease in passenger flow, and appropriate rent reductions and exemptions for its leased properties implemented by the Company. The rental income dropped significantly year on year. The Company made every effort to overcome the difficult situation caused by COVID-19 by strengthened operations, active innovation, and taking multiple measures to recover performance, thus the decline in annual rental income was significantly narrower than that in the first half of the year.

Total revenue from property development and primary land development was approximately RMB9,772.5 million, and accounted for 68.9% of the total revenue, representing an increase of 98.1% as compared with last year. In 2020, the scale of delivered products in Hangzhou, Suzhou, Shanghai and other regions increased, and settlement area was 346,659 sq.m., representing an increase of 288.5% as compared with last year.

Total revenue from hotel operations was approximately RMB598.3 million, accounting for 4.3% of the total revenue, representing a decrease of 28.9% as compared with last year, mainly due to the negative impact of COVID-19 on the tourism market in the first half of 2020, the demand for hotel accommodation has shrunk, and the occupancy rate has declined; in the second half of the year, especially in Sanya, the regional market rebounded significantly, which led to an increase in occupancy rate. Operating income of hotel business in the second half of the year increased by 4.9% year on year. However, due to the impact of the first half of the year, the revenue of hotel operation for the whole year was still lower than last year.

Total revenue from output management was approximately RMB147.2 million, accounting for 1.0% of the total revenue, representing an increase of 10.5% as compared with last year. Beijing Daxing Joy Breeze and Anshan Joy City, both were opened this year, as well as various output management projects were operating well, and the newly developed Changsha North Star Delta Joy City is progressing smoothly, all contributing a stable cash flow to the Group.

Total revenue from other services was RMB55.1 million, accounting for 0.4% of the total revenue, representing a decrease of 51.3% as compared with last year.

Cost of Sales and Gross Profit Margin

For the year ended 31 December 2020, the Group's cost of sales and services was approximately RMB8,652.3 million, and the overall gross profit margin was 38.7%, representing a decrease of 16.9 percentage points as compared with 55.6% in last year. The gross profit margin of property and land development for the year decreased by 17.4 percentage points from last year due to the changes in the structure of products delivered. Because of the pandemic, occupancy rate of hotel business fell with declined revenue, resulting in a decrease of 14.5 percentage points year-on-year of operating gross profit margin of hotel operations for the year; cost and expense control of properties held strengthened during the year, making operating costs decreased, and gross profit margin increased by 2.4 percentage points year-on-year.

Gross profit margin by business segments	For the year ended 31 December 2020 Gross profit margin (%)	2019 Gross profit margin (%)
Property investment	**78.9**	76.5
Property and land development	**24.8**	42.2
Hotel operations	**16.5**	31.0
Output management and other services	**59.6**	39.1
The Group	**38.7**	55.6

Other Income

For the year ended 31 December 2020, the Group's other income was approximately RMB405.1 million, representing an increase of 53.9% as compared to RMB263.2 million in last year, mainly due to the year-on-year increase in interest income from banks and associated companies and government subsidies in 2020.

Other Gains and Losses

For the year ended 31 December 2020, in respect of other gains and losses, the Group recorded a gain of RMB629.6 million, representing an increase of RMB832.7 million as compared to the loss of RMB203.1 million in 2019, mainly due to holding USD and HKD borrowings, during the year, the appreciation of RMB generated exchange gain of RMB597.2 million, an increase of RMB711.2 million from exchange loss of RMB114.0 million in 2019.

Disposal of Subsidiaries

The Group recorded before-tax gains of approximately RMB701.2 million from the disposal of its wholly-owned subsidiaries, Spring Wisdom Limited (its subsidiary held 100% equity interest in Shanghai Gaoxing Development Co., Ltd.) and Glorious Run Limited (its subsidiary held 80% equity interest in Xi'an Qinhantang International Plaza Management Limited) in 2019, and no such item occurred by the Group in 2020.

Fair Value Gain of Investment Properties

For the year ended 31 December 2020, the fair value loss of investment properties held by the Group was approximately RMB11.8 million (2019: gain of RMB833.7 million), mainly due to the adverse impact of the pandemic on the investment property market. However the overall fair value of the Group's investment properties remain stable, and no significant changes have been recorded in the fair value.

Distribution and Selling Costs

For the year ended 31 December 2020, the Group's distribution and selling costs amounted to RMB579.9 million, representing a decrease of 10.4% as compared with RMB647.3 million for last year. Affected by the pandemic, offline marketing and promotion activities in shopping malls and hotels were restricted, and sales promotion expenses and staff salaries have decreased. Distribution and selling costs accounted for 4.1% (2019: 6.3%) of total revenue.

Administrative Expenses

For the year ended 31 December 2020, the Group responded actively to the adverse effects of the pandemic, strengthened cost and expense management and control, and reduced expenses. Administrative expenses amounted to RMB816.3million, representing a decrease of 18.5% as compared with RMB1,001.4 million for last year. The administrative expenses mainly included, amongst others, staff salaries, social insurance and benefits for staff, insurance expenses, depreciation and amortisation, travel and entertainment expenses, overhead costs, professional third-party service fees. Administrative expenses accounted for 5.8% of total revenue of the Group (2019: 9.7%).

Finance Costs

For the year ended 31 December 2020, the Group's finance costs amounted to RMB958.3 million, representing a decrease of 18.7% as compared with RMB1,178.7 million for last year. The Group's total interest-bearing liabilities was approximately RMB34,862.7 million, an increase of 7.1% from the end of last year. On the basis of a 0.19 percentage point decrease in the weighted average borrowing cost, the total interest cost increased. However, the business scale of the Group continued to expand, the number of property construction projects increased, and the proportion of capitalized interest in total interest costs increased, all which resulting in a decrease in expensed interest.

During the year, the Group's weighted average borrowing cost was 4.36% (2019: 4.55%). The Group's efforts in maintaining a good rapport with banks enabled the Group to maintain low financing costs in the industry despite the tightening financing environment in the domestic market led by tighter regulatory policies.

Taxation

For the year ended 31 December 2020, the Group's tax expense was RMB1,736.6 million (2019: RMB1,751.4 million), basically the same as last year. The effective tax rate of the Group in 2020 was 44.5% (2019: 39.6%).

Profit Attributable to Owners of the Company

For the year ended 31 December 2020, profit attributable to owners of the Company was RMB1,104.5 million, representing a decrease of 32.5% as compared to RMB1,635.9 million for last year. Basic earnings per share for the year were RMB0.072, representing a decrease of 32.7% as compared to RMB0.107 for 2019.

Investment Properties

As of 31 December 2020, investment properties included Joy City Shopping Mall, Beijing COFCO Plaza, Fraser Suites Top Glory Shanghai, Hong Kong COFCO Tower and Beijing COFCO • Landmark Tower. As of 31 December 2020, investment properties increased from RMB57,304.0 million as at 31 December 2019 to RMB57,729.9 million as at 31 December 2020, mainly due to the new acquisitions of Suzhou Joy Breeze and Xiamen Jimei Joy City as investment properties and addition of new construction expenditures .

Management Discussion and Analysis

Right-of-use Assets

As of 31 December 2020, right-of-use assets are RMB1,686.7 million, included the land use rights of each hotel project and the land use rights and maritime rights of Yalong Bay, etc.

Properties under Development for Sale

The properties under development for sale increased from RMB21,209.7 million as of 31 December 2019 to RMB29,281.0 million as of 31 December 2020, which was mainly due to the increase in the area of properties under development for sale resulting from the addition of Suzhou Joy Breeze, Xiamen Jimei Joy City and other projects, and the increase in purchases and construction costs of projects under development during the year.

Properties Held for Sale

As of 31 December 2020, properties held for sale mainly included the office building of Hangzhou Joy City, Suzhou Joy, Shanghai Jing'an Joy City commercial street, the office building of Chengdu Joy City. Properties held for sale increased from RMB521.6 million as of 31 December 2019 to RMB1,667.4 million as of 31 December 2020, mainly because of the transferring-in of Suzhou Joy and the office building of Hangzhou Joy City and so on upon their completion of construction.

Accounts Receivable

As of 31 December 2020, accounts receivable included rental receivables, property management fee receivables, hotel operations and related services receivables. Accounts receivable increased from RMB145.9 million as of 31 December 2019 to RMB156.0 million as of 31 December 2020, mainly due to the fact that the Group actively assumed its social responsibility by offering rental reduction and exemption and simultaneously allowing some commercial tenants to postpone the payment of rentals and property management fees amid the impact of the pandemic which led to the increase in year-end balances of accounts receivable.

Accounts Payable

As of 31 December 2020, accounts payable primarily included trade payables, accrued expenditure on construction, construction costs of properties under development in respect of construction of properties held for sale, and other project-related expenses. Accounts payable increased from RMB2,510.4 million as of 31 December 2019 to RMB7,124.3 million as of 31 December 2020, mainly due to the increase in the land and construction cost payables for properties under development projects.

Bank Borrowings

Bank borrowings decreased from RMB23,091.4 million as at 31 December 2019 to RMB22,710.1 million as at 31 December 2020, representing a slight decrease of 1.7% as compared with last year. As at 31 December 2020, all bank borrowings carry floating rates.

Analysis on the Group's bank borrowings is as follows:

Item	As of 31 December 2020 (RMB'000)	 2019 (RMB'000)
Carrying amount repayable:		
Within one year	**6,069,083**	2,288,320
In the second year	**7,030,647**	5,087,619
In the third to fifth year (inclusive)	**7,046,225**	11,245,162
Over five years	**2,564,182**	4,470,305
Total	**22,710,137**	23,091,406

Bank borrowings of approximately RMB6,069.1 million is repayable within one year and is shown as current liabilities. All the Group's bank borrowings are denominated in RMB, HKD and USD. There is no material seasonal impact on the Group's needs for borrowings.

As at 31 December 2020, the Group had banking facilities of approximately RMB36,806.4 million, of which RMB26,614.4 million was utilised and all were denominated in RMB, HKD and USD.

Corporate Bonds

On 14 January 2016, a subsidiary of the Company issued 5-year domestic corporate bonds in the total principal amount of RMB3 billion, which will be due on 14 January 2021. The corporate bonds bear interest on its outstanding principal amount at the rate of 3.20% per annum payable annually in arrears on 14 January each year. Pursuant to the terms and conditions of the corporate bonds, the coupon rate was adjusted as 3.95% per annum at the option of the subsidiary from 14 January 2019, and at that time the amount of bonds had been redeemed by the holder of corporate bonds was RMB2.268 billion.

On 9 January 2019, a subsidiary of the Company issued domestic corporate bonds in the total principal amount of RMB2.36 billion, including RMB1.66 billion for 3+3 years at the coupon rate of 3.94% and RMB0.7 billion for 5+2 years at the coupon rate of 4.10%.

On 27 March 2020, a subsidiary of the Company issued domestic corporate bonds in the total principal amount of RMB1.5 billion, including RMB900 million for 3 years at the coupon rate of 3.14% and RMB600 million for 5 years at the coupon rate of 3.60%.

Medium Term Notes

On 6 September 2017, the Company completed issuance of the First Tranche Medium Term Notes, which total principal amount was RMB1 billion for 3 years at the coupon rate of 4.95%. On 6 September 2020, the Company has paid off the principal and interest of the notes in full.

Renewable Medium-Term Notes

On 16 December 2019, a subsidiary of the Company issued 3+N-year renewable domestic medium-term notes in the total principal amount of RMB1.5 billion at the coupon rate of 4.25%.

On 6 November 2020, a subsidiary of the Company issued 3+N-year renewable domestic medium-term notes in the total principal amount of RMB1.5 billion at the coupon rate of 4.51%.

Net Gearing Ratio

Item	As at 31 December 2020 (RMB'000)	2019 (RMB'000)
Bank borrowings (current and non-current)	**22,710,137**	23,091,406
Corporate bonds	**4,741,350**	4,220,417
Borrowings from fellow subsidiaries, joint ventures, non-controlling shareholders and third parties (current and non-current)	**7,411,204**	5,227,101
Total interest-bearing borrowings	**34,862,691**	32,538,924
Less: Cash and bank balances	**16,049,627**	11,752,111
Restricted and pledged bank deposits	**192,955**	386,820
Net debt	**18,620,109**	20,399,993
Total equity	**53,594,893**	49,837,893
Net debt to total equity ratio	**34.7%**	40.9%

Management Discussion and Analysis

Liquidity

The Group previously financed its working capital and capital expenditures with cash from operations, commercial bank loans, the issuance of bonds or notes and the issuance of share capital. In the future, the Group will continue to rely on cash from operating activities and business loans, and will also consider the issuance of bonds or other securities.

As of 31 December 2020, the Group had cash and cash equivalents (including restricted bank deposits and pledged deposits) of RMB16,242.6 million, mainly denominated in RMB, HKD and USD (2019: RMB12,138.9 million).

The Group's net cash inflow for the year ended 31 December 2020 amounted to RMB4,349.3 million, which included:

Net cash inflow from operating activities of RMB3,627.8 million, mainly attributable to the property sales payments received by the Group and the deposits received from pre-sale properties, property rentals, hotel operating income, etc., which were partially offset by construction costs, taxes, etc. paid.

Net cash inflow from investment activities amounted to RMB49.1 million, primarily attributable to the recovery of borrowings from associates, joint ventures, and non-controlling interests, which was partially offset by the purchase and construction of investment properties, purchases of property, plant and equipment, acquisition of subsidiaries and borrowings to associates.

Net cash inflow from financing activities was RMB672.4 million, primarily attributable to the addition of bank borrowings, loans from third parties, investments and loans from non-controlling shareholders, the issuance of bonds and perpetual capital instruments, which were partially offset by repayment of bank loans, payment of interests, payment of dividends, repayment of bonds and perpetual capital instruments.

Equity and Non-redeemable Convertible Preference Shares

Equity

Issued and fully paid	No. of shares	Amount (HKD'000)	Amount (RMB'000)
Ordinary shares of HK$0.10 each			
As at 31 December 2019 and 31 December 2020	14,231,124,858	1,423,112	1,122,414

Non-redeemable Convertible Preference Shares

As at 31 December 2020, the Company issued 1,095,300,778 non-redeemable convertible preference shares. Save for these non-redeemable convertible preference shares, there are no other issued convertible securities.

Details of movements in equity during the year are set out in Note 34 to the consolidated financial statements.

Pledge of Assets

As at 31 December 2020, the Group's bank and other borrowings were secured by the pledge of the Group's investment properties of RMB24,348.9 million, property, plant and equipment of RMB2,341.2 million, properties under development for sale of RMB9,544.6 million, right-of-use assets of RMB1,373.6 million, trade receivables of RMB9.1 million and bank deposits of RMB7.9 million, details of which are set out in Note 41 to the consolidated financial statements.

Contingent Liabilities

As at 31 December 2020, details of the Group's contingent liabilities and non-compliance issues are set out in Note 38 to the consolidated financial statements. The directors of the Company believe that, based on the reasons and circumstances of those non-compliances and the PRC legal advice, the Group is unlikely to be subject to any fine, penalty or demolishment or confiscation, and accordingly, no provision has been made in the consolidated financial statements.

Capital Commitments

As at 31 December 2020, the capital expenditure contracted for the purchase and construction of investment properties and the purchase of property, plant and equipment and capital injection commitments to a newly established offshore fund of the Group were approximately RMB3,635.5 million (as at 31 December 2019: RMB3,201.0 million). The Directors of the Company believe that the amount was not material and the Group has sufficient funds to settle the expenditures.

Interest Rate Risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate bank borrowings. The Group's policies are to reduce the interest rates by negotiating the terms of the interest-bearing borrowings, and explore direct financing at low interest rates such as the issuance of corporate bonds to replace the borrowings at high interest rates. In addition, the Company simultaneously uses the interest rate swap terms in order to reduce the interest rate fluctuation risk of foreign currency variable-rate borrowings.

Foreign Exchange Risk

The daily transaction currency for the principal business operations of the Group is Renminbi. Save for certain bank deposits, bank and other borrowings denominated in foreign currencies, the Group is not exposed to any material risk directly arising from the volatility of exchange rate. The Group will pay close attention to the change of financial environment, and reasonably allocate the scales of domestic and offshore financing. As for the exchange rate risk caused by the fluctuation of RMB exchange rate, the Company is gradually locking through forward and other tools.

6. Employees and Remuneration Policies

The Group attaches great importance to the selection, employment, training and retainment of talents. While sticking to equal employment and optimizing the remuneration incentive mechanism, it diversifies recruitment channels and protects rights and interests of employees, so as to attract and establish a lean, competent and highly efficient staff team, promote the common development of enterprise and employees, and provide talent support for the Group's strategic goals. As of 31 December 2020, the Group had 4,423 employees in total.

Aiming to maintain the "high efficiency and competitive incentives", the Group has established a sound remuneration and incentive system. In order to build a harmonious and consistent labor relationship with its staff, the Group provides competitive salaries and comprehensive benefits including pension insurance, medical insurance, maternity insurance, work-related injury insurance, unemployment insurance, housing provident fund, commercial health insurance, accident insurance and corporate annuity plan, which secures human resources for the sustainable development of the Group.

Always adhered to the training concept of "learning for application", the Group systematically planned and coordinated the layout, focused on the development of talents at all levels of key positions and their reserve, focused on the improvement of business capabilities, established a talent training system, and created a sufficient quantity and quality of talent supply chain for the Group, so as to support the achievement of strategic goals.

The Group takes the quantity and quality level training projects as the starting point to create a hierarchical and classified talent training system. At present, the Group has established the core training projects including "Short-term Training Course for Senior Executives", "Golden Helmsman", "Golden Seed", "Sword Casting Plan", "New Joy Training Camp", "Future Star Training Camp", "Joy Seminar" and so on. It explores the internal courses of the Group, and revitalizes internal training resources so as to establish a professional and systematic internal training lecturer team. At the same time, the Group has built a value-based and development-oriented dual-career-path development system for management and professionalism by integrating the features of the industry and the relevant positions. Through the "Team Members Competition" programme designed to stimulate internal competition, the "Team Members Swapping" programme designed for rotation training and the "Team Members Training" programme designed to foster young beginners, the Group facilitates internal talents exchange and the internal talent transfer and promotion, which provides a clear development path for employees.

The Group strictly complies with the management policies under the relevant international and national standards, rules and regulations, or those of the places where it operates in respect of child labor or forced labor prevention. We have developed necessary procedures of information collection and approval of recruitment of staff to ensure labor standards are implemented and executed. We adhere to employ our employees in accordance with laws, prevent employment discrimination, and eradicate the use of child labor and forced labor; whereas we provide those such as the disabled, ethnic minorities and veterans with employment opportunities and achieve "equal pay for equal work for both men and women". During the year, there was no violation by the Group of international and national standards, rules and regulations, or those of the places where the operations were located in respect of child labor and forced labor.

7. Outlook

Looking forward to 2021, the international environment is still more unstable and uncertain, but the domestic economy will still recover steadily. In the future, China will further unblock the domestic cycle, release the potential of domestic demand, and lay a solid foundation for the new "dual circulation" pattern. With a population of 1.4 billion and a per capita GDP of more than US$10,000, China is the world's largest and most potential consumer market. All these will provide huge space for the development of commercial real estate. However, the changes in consumption habits brought about by the epidemic are still affecting the development of the industry. The volume of private brands and directly-operated stores will gradually increase. The economy of Internet Celebrity Store and First Store will receive more attention, and digital technology will be further widely used. Community operation is more important, and asset-light management will also move to the front. Based on this, the Group will continue to upgrade its operation model and business format, serve urban development, serve the people's better life, and continue to enhance Joy City's position in the commercial real estate industry.

Profile of Directors and Senior Management

The following sets out the profile of the Directors and senior management of the Company as at the date of this Annual Report:

EXECUTIVE DIRECTORS

Mr. You Wei, aged 51, was appointed as the Chairman of the Board and an executive Director, the chairman of the Executive Committee, the chairman of the Nomination Committee and an authorised representative of the Company under Rule 3.05 of the Listing Rules with effect from 17 March 2021.

Mr. You had served as deputy division director of the director general office of the National Food and Reserves Administration, director of the office of the general manager of the general department of China Grain Reserves Management Corporation (中國儲備糧管理總公司), deputy head of the sales and purchase planning department, general manager of China Grain Reserves Management Corporation (Jiangxi Branch), secretary of the Party Leadership Group, general manager and member of the Party Leadership Group of China Food Reserves Management Corporation (Jiangxi Branch) and (Fujian Branch), director of general office of China Grain Reserves Management Group Co., Ltd. (中國儲備糧管理集團有限公司). From 14 November 2019 to 12 March 2021, he served as the chairman of COFCO Sugar Holding Co., Ltd. (中糧糖業控股股份有限公司) (a company listed on the Shanghai Stock Exchange (Stock Code: 600737)) and the secretary of the Party Committee of COFCO Sugar Holding Co., Ltd..

Mr. You, a member of the Communist Party of China. He holds a master's degree in Business Administration.

Profile of Directors and Senior Management

Mr. CAO Ronggen, aged 57, was appointed as an executive Director, a member of Executive Committee and a member of Remuneration Committee with effect from 7 December 2016 and a member of Audit Committee with effect from 30 May 2019, and the General Manager with effect from 28 October 2020.

Mr. Cao joined Shenzhen Baoheng (Group) Co., Ltd. (深圳市寶恒(集團)股份有限公司) (was acquired by COFCO Corporation and renamed as Grandjoy (a company listed on the Shenzhen Stock Exchange (stock code: 000031))) in July 1988. He served as an assistant engineer of Shenzhen Baohing Electric Wire & Cable Manufacture Co. Ltd., (深圳寶興電線電纜製造有限公司) secretary of managerial office of Baoan County Construction Company (寶安縣城建設公司). He had been the securities department manager of Grandjoy from October 1993 to December 1998, the board secretary, the general manager assistant, the deputy general manager etc. He had served as the deputy general manager of Grandjoy from June 2006 to December 2016. He is a director and general manager of Grandjoy since May 2017.

Mr. Cao graduated from Harbin Institute of Technology in the PRC, with a bachelor's degree in engineering in July 1985.

NON-EXECUTIVE DIRECTORS

Mr. MA Dewei, aged 57, was appointed as a non-executive Director of the Company with effect from 28 October 2020.

Mr. Ma started to work in July 1987 and served as the legal counsel of Beijing International Hotel, the deputy general manager of Beijing Yitong Dance Art Service Company, the director of the cultural and legal affairs department of Beijing Huaxin Law Firm, and the lawyer of Beijing Jiangchuan Law Firm. Mr. Ma joined COFCO Corporation (中糧集團) in December 1998 and had served in various positions, including staff of the Legal and Trademark Affairs Department, general manager of the Legal Consulting Department, deputy director of the Legal Department and general manager of the Contract and Corporate Law Department, and director of the Legal Department of COFCO Corporation. He has served as the general counsel of COFCO Corporation since February 2013. He is a director of Grandjoy (a company listed on the Shenzhen Stock Exchange (Stock Code: 000031)) since March 2019.

Mr. Ma graduated from China University of Political Science and Law with a master's degree in law in 1987.

Mr. LIU Yun, aged 50, was appointed as a non-executive Director with effect from 17 March 2021.

Mr. Liu joined COFCO Corporation in August 1993 and had served in various positions, including a staff of president office, a sales of advertising exhibition company, a staff, a deputy manager, manager (publicity and education section) and manager (party organization section) of party committee office, the head, an editor-in-chief of "COFCO Today" and a deputy general manager of public relations department, a deputy general manager of office secretary department, a general manager of public relations department, a general manager, a deputy director and a director of general office. He has been a secretary of the board (level of the department principal) and a general manager of the general office of COFCO Corporation since January 2018. He has concurrently served as the deputy dean of COFCO Academy since June 2019, as a chief privacy officer since August 2019 and as a director of Chinatex Corporation since December 2019.

Mr. Liu graduated from Department of Journalism, Renmin University of China with a bachelor's degree in laws in July 1993.

Profile of Directors and Senior Management

Mr. ZHU Laibin, aged 49, was appointed as a non-executive Director of the Company with effect from 30 March 2020.

Mr. Zhu joined COFCO Corporation (中糧集團) in August 1993 and had served in various positions, including a clerk in COFCO Packaging Industrial and Trading Company (中糧包裝實業貿易公司), a clerk of accounting department, head of the finance department, an assistant to general manager of the strategic planning department, a deputy general manager of the strategy management department, a general manager of the strategy management department, a general manager of the general office for the board in COFCO Corporation, a deputy controller of finance department and general manager of operation management department in COFCO Corporation, a chief accountant and a general manager of finance department in COFCO Trading Company Limited (中糧貿易有限公司) and a financial controller of finance department in COFCO Corporation. He has been a strategy controller director of the strategy department of COFCO Corporation since January 2020. He served as a supervisor of Grandjoy (a company listed on the Shenzhen Stock Exchange (Stock Code: 000031)) from May 2014 to June 2016. He has been a director of Grandjoy and COFCO Sugar Holding Co., Ltd. (a company listed on the Shanghai Stock Exchange (Stock Code: 600737)) since March 2020.

Mr. Zhu graduated from Hangzhou Business College with a bachelor's degree in economics in July 1993. He also graduated from the University of Science and Technology Beijing and the University of Texas at Arlington with a master's degree in business administration. Mr. Zhu is a Certified Public Accountant in the PRC.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAU Hon Chuen, Ambrose, *GBP, JP*, aged 73, was appointed as an independent non-executive Director with effect from 2 August 1995. He is currently the chairman of each of the Audit Committee and the Remuneration Committee, and a member of the Nomination Committee.

The table below sets out Mr. Lau's directorships in a number of companies listed on the Main Board of the Stock Exchange:

Name of the listed companies	Stock code	Position
Glorious Sun Enterprises Limited	00393	independent non-executive director
Yuexiu Transport Infrastructure Limited	01052	independent non-executive director
Yuexiu Property Company Limited	00123	independent non-executive director

Mr. Lau is also a director of OCBC Wing Hang Bank (China) Company Limited, Bank of China Group Insurance Company Limited, BOC Group Life Assurance Company Limited, Nanyang Commercial Bank, Limited, Cinda Financial Holdings Co., Limited, Sun Hon Investment and Finance Limited, Wydoff Limited, Wytex Limited, Helicoin Limited, Wyman Investments Limited, Trillions Profits Nominees & Secretaries Services Limited and Polex Limited. He served as the chairman of the Central and Western District Board from 1988 to 1994, the president of the Law Society of Hong Kong from 1992 to 1993, a member of the Bilingual Laws Advisory Committee from 1988 to 1997 and a member of the Legislative Council of Hong Kong from 1995 to 2004 (from 1997 to 1998, he was a member of the Provisional Legislative Council). He has served as a Standing Committee member of the 10th, 11th, and 12th National Committee of the Chinese People's Political Consultative Conference.

Mr. Lau obtained a Bachelor of Laws Degree from University of London in 1969. He is a Solicitor of the High Court of Hong Kong, a China-Appointed Attesting Officer and a Notary Public. He is the senior partner of Messrs. Chu & Lau, Solicitors & Notaries.

Profile of Directors and Senior Management

Mr. LAM Kin Ming, Lawrence, aged 65, was appointed as an independent non-executive Director with effect from 21 September 2004. He is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr. Lam was the senior vice president of the Enterprise Solutions Commercial Group of HKT Trust and HKT Limited (stock code: 06823), a company listed on the Main Board of the Stock Exchange and a member of the PCCW group.

Mr. Lam graduated from the University of Toronto with a bachelor's degree in Commerce in September 1978.

Mr. CHAN Fan Shing, aged 44, was appointed as an independent non-executive Director with effect from 10 February 2020. He is a member of each of the Audit Committee, Remuneration Committee and Nomination Committee.

Mr. Chan has extensive experience in auditing, accounting and financial management. Since September 2018, Mr. Chan has been an independent non-executive director of Trigiant Group Limited, which is a company listed on the main board of the Stock Exchange (Stock Code: 1300) and principally engaged in the manufacture and sales of feeder cable and related products for mobile communications and telecommunication equipment. In addition, Mr. Chan was an executive director of Tycoon Group Holdings Limited, which is a company listed on the main board of the Stock Exchange (stock code: 03390) from October 2018 to August 2020 and was a director of Tycoon Asia Pacific Group Limited. From September 2009 to March 2016, Mr. Chan was the company secretary, financial controller and authorized representative of CPMC Holdings Limited ("CPMC"), the shares of which are listed on the main board of the Stock Exchange (Stock Code: 00906). Prior to joining CPMC, Mr. Chan has worked as senior management in various Hong Kong listed companies and as auditor in international audit firms.

Mr. Chan obtained a bachelor's degree in Business Accounting from University of Glamorgan (currently known as University of South Wales), United Kingdom in June 1999 and a master's degree in Professional Accounting from The Hong Kong Polytechnic University in October 2008. He is a fellow member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the CPA Australia, and a chartered professional accountant member of the Chartered Professional Accountants of British Columbia, Canada.

HONORARY ADVISOR

Mr. WU Kwok Cheung, *MH*, aged 88, was appointed as an honorary advisor of the Company with effect from 10 February 2020. He was an independent non-executive Director from August 2006 to February 2020.

Mr. Wu served as a member of the Governance Committee of United Christian Hospital from April 2004 to March 2013. He has over 30 years of experience in management and administration.

SENIOR MANAGEMENT

Mr. YAO Changlin, aged 53, was appointed as a deputy general manager of the Company with effect from 19 December 2013.

Mr. Yao worked in the accounting department of China Feed Group (中國飼料集團) from March 1993 to December 1995 and the finance department of China Grain Trading Company (中國糧貿公司) from December 1995 to February 2002. Since February 2002, he had previously served as the deputy manager, the manager of the finance department, the manager of the fund development department of China Grain Trading Company (中國糧貿公司), the finance minister, assistant general manager of Zhonggu Group (中穀集團) and the general manager of Zhonggu Sanya Trading Company (中谷三亞貿易公司), the deputy general manager of COFCO (Hainan) Investment Development Co., Ltd., (中糧(海南)投資發展有限公司) the deputy general manager, the executive deputy general manager of and Sanya Yalong Bay Investment Co., Ltd., (三亞亞龍灣投資有限公司) the general manager of the hotel business department of COFCO Corporation etc. He has served as the deputy general manager of Grandjoy since April 2019.

Mr. Yao received a bachelor's degree in Economics from Anhui University of Finance and Economics in the PRC in July 1989 and finished his study for the degree of Executive Master of Business Administration from Cheung Kong Graduate School of Business in the PRC in October 2012.

Mr. ZHANG Jianguo, aged 55, was appointed as the chief financial officer of the Company with effect from 26 April 2019.

Mr. Zhang had previously served as the chief financial officer at Shenzhen Pengli Ceramics Co., Ltd., (深圳鵬麗陶瓷有限公司) a subsidiary of Shenzhen Baoheng (Group) Co., Ltd. (深圳市寶恒(集團)股份有限公司) (was acquired by COFCO Corporation and renamed as Grandjoy (a company listed on the Shenzhen Stock Exchange (stock code: 000031))) since June 1994, the managing director at Yunnan Baoyun Chemical Co., Ltd., (雲南寶雲化工有限公司), the deputy general manager of the audit department and the deputy general manager of the Shenzhen Baoheng finance department, the deputy general manager since April 2006 and general manager of the finance department since March 2010 in Grandjoy. He has served as the general accountant at Grandjoy since December 2019.

Mr. Zhang holds a master's degree in economics from Zhongnan University of Economics and Law (中南財經政法大學) and is a senior accountant.

Profile of Directors and Senior Management

Ms. SONG Bingxin, aged 50, was appointed as the deputy general manager of the Company with effect from 26 April 2019.

Ms. Song joined COFCO Corporation in August 1995. She had previously served as, amongst others, the legal consultant of the legal department, the deputy general manager of the contract and company law department and the general manager of the litigation and arbitration department at COFCO Corporation. Ms. Song was the general manager of legal department at COFCO Land Limited (中糧置地有限公司) since January 2012. She acted as general legal counsel at COFCO Land Limited (中糧置地有限公司) since February 2015. Ms. Song served as the secretary of the board of Grandjoy since April 2017. Now she is the general legal counsel and general manager of legal department at Grandjoy.

Ms. Song holds a bachelor's degree in economic law from China University of Political Science and Law (中國政法大學) and a bachelor's degree in literature from Beijing Normal University (北京師範大學). Ms. Song also holds the professional qualification as PRC lawyer, the corporate legal consultant qualification and accounting qualification certificate.

Mr. GUO Fengrui, aged 51, was appointed as the deputy general manager of the Company with effect from 26 April 2019.

Mr. Guo had been the manager, general manager assistant and deputy general manager of the planning department at Beijing Huayuan Real Estate Co., Ltd. (北京市華遠房地產股份有限公司) from July 1992 to December 2001. He was the deputy managing director at China Resources Land (Beijing) Co., Ltd (華潤置地(北京)股份有限公司) from December 2001 to February 2015. Mr. Guo has served as the general manager of the operation management department since February 2015 and acted as the general manager assistant at Grandjoy since April 2019.

Mr. Guo is a senior economist who holds a master's degree in technical economics and a doctoral degree in business management from Renmin University of China (中國人民大學).

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, accountability and independence. The Company has adopted all code provisions in the CG Code as its own code on corporate governance. The Board considers that during the year ended 31 December 2020, the Company had complied with all code provisions as set out in the CG Code except for code provision E.1.2. Code provision E.1.2 stipulates that the chairman of the board of directors should attend the annual general meeting. The Chairman of the Board was unable to attend the annual general meeting of the Company on 3 June 2020 due to travel restrictions during the COVID-19 pandemic, Mr. LAU Hon Chuen, Ambrose, the independent non-executive Director, chaired the annual general meeting on behalf of the Chairman of the Board and was available to answer questions.

SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code as its code of conduct regarding Directors' securities transactions. After specific enquiry by the Company, all Directors confirmed that they had complied with the required standards set out in the Model Code throughout the year ended 31 December 2020. The Company has also adopted a code for securities transactions by relevant employees (the "Employees Trading Code") based on the Model Code concerning dealings by relevant employees in the securities of the Company. Relevant employees who are likely to be in possession of unpublished inside information of the Group are required to comply with the Employees Trading Code in respect of their dealings in the securities of the Company. The terms of the Employees Trading Code are no less exacting than the required standards set out in the Model Code.

BOARD OF DIRECTORS

Chairman and General Manager

The respective roles and responsibilities of the chairman of the Board and the general manager were clearly divided. On 17 March 2021, Mr. ZHOU Zheng resigned as Chairman of the Board of the Company and replaced by Mr. YOU Wei. As the chairman of the Board, they took lead in formulating overall strategies and policies of the Company, and ensured effective performance by the Board of its functions, including compliance with good corporate governance practices. On 28 October 2020, Mr. ZHOU Peng resigned as the general manager of the Company and replaced by Mr. CAO Ronggen. As the general manager of the Company, they oversaw the financial management and daily operations of the Group.

Board Composition and Diversity

At the date of this Corporate Governance Report, the Board, chaired by Mr. YOU Wei, comprises two (2) executive Directors, three (3) non-executive Directors and three (3) independent non-executive Directors. The two (2) executive Directors are Mr. YOU Wei and Mr. CAO Ronggen; the three (3) non-executive Directors are Mr. MA Dewei, Mr. LIU Yun and Mr. ZHU Laibin; and the three (3) independent non-executive Directors are Mr. LAU Hon Chuen, Ambrose, *GBS, JP*, Mr. LAM Kin Ming, Lawrence and Mr. CHAN Fan Shing.

The composition of the Board satisfies the requirements of Rule 3.10(1) (every board of directors of a listed issuer must include at least three (3) independent non-executive directors) and Rule 3.10(2) (at least one (1) independent non-executive director must have appropriate qualifications), and Rule 3.10A (independent non-executive directors representing at least one-third of the board of directors) of the Listing Rules.

Corporate Governance Report

None of the Directors are involved in any relationship as defined in Appendix 16 to the Listing Rules.

As part of high standards of corporate governance, the Board has adopted a board diversity policy. Under the board diversity policy, selection of candidates for Board appointment is made in accordance with gender, age, cultural and educational background, work or professional experience, the Group's specific needs from time to time and other objective criteria considered by the Board. Board appointments will be based on merit and the contribution that the chosen candidate(s) will bring to the Board.

Appointment, Re-Election and Removal

The term of office of each Director is three (3) years, subject to retirement by rotation in accordance with byelaw 84 of the Bye-laws.

The Company has received annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules from each independent non-executive Director for the year ended 31 December 2020, and, as agreed by the Nomination Committee, the Board considers each of them to be independent.

All current Directors have signed formal appointment letters or service contracts with the Company with respect to their directorship with the Company.

Roles and Responsibilities of Directors

The Board is responsible for overseeing the Group's business and affairs with the objective of enhancing Shareholders' value, setting and approving the Group's strategic direction, and reviewing and planning all other important matters for the Company, examples of which are highlighted as follows:

- to review the effectiveness and adequacy of the Company's internal control and risk management system, in light of the scale and strategy of the Company's business;
- to review material contracts;
- to review the Group's dividend policy, significant changes in accounting policy, major financing arrangements and other related finance matters; and
- to approve all announcements and circulars issued by the Company in accordance with the Listing Rules.

As regards the corporate governance functions, the duties of the Board are to develop and review the Company's corporate governance policies and practices, to monitor continuous professional development of the Directors and senior management, to oversee the Company's policy and practice on legal and regulatory compliance, to develop the Directors' manual and update the same if necessary, and to review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

The Board is also responsible for preparing the consolidated financial statements of the Group for the year ended 31 December 2020. The consolidated financial statements are prepared on a going concern basis and give a true and fair view of the state of affairs of the Group as at 31 December 2020, and of the Group's profit and cash flows for the year ended 31 December 2020.

Corporate Governance Report

Regarding code provision A.6.6 (directors shall disclose to the issuer the number and nature of offices held in public companies or organizations and other significant commitments as well as their identities and the time involved), the Board has resolved that each Director is required to disclose such information to the Company twice per year. For the year ended 31 December 2020, each Director has disclosed to the Company such information twice.

The management is primarily responsible for effective implementation of the strategies and decisions formulated by the Board as well as daily operation of the Company.

Board Proceedings

Attendance record of each Director during the year ended 31 December 2020 is set out below:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Executive Committee Meeting	Annual General Meeting	Special General Meeting
Number of Meetings	6	3	2	1	19	1	2
Directors							
Executive Directors							
Mr. ZHOU Zheng *(chairman)* *(Resigned on 17 March 2021)*	6 (100%)			1 (100%)	19 (100%)	0 (0%)	0 (0%)
Mr. CAO Ronggen	5 (83%)	3 (100%)	2 (100%)		19 (100%)	0 (0%)	0 (0%)
Non-executive Directors							
Mr. MA Dewei	1 (100%)[1]					0 (0%)	0 (0%)
Mr. ZHU Laibin	5 (83%)					0 (0%)	0 (0%)
Mr. JIANG Yong *(Resigned on 17 March 2021)*	5 (83%)					0 (0%)	0 (0%)
Independent Non-executive Directors							
Mr. LAU Hon Chuen, Ambrose, *GBS, JP*	6 (100%)	3 (100%)	2 (100%)	1 (100%)		1 (100%)	2 (100%)
Mr. LAM Kin Ming, Lawrence	6 (100%)	3 (100%)	2 (100%)	1 (100%)		1 (100%)	2 (100%)
Mr. CHAN Fan Shing	6 (100%)	3 (100%)	2 (100%)	1 (100%)		1 (100%)	2 (100%)

Note:

1 Mr. MA Dewei was appointed as a non-executive Director on 28 October 2020.

Corporate Governance Report

Directors' Training

During the year ended 31 December 2020, individual Directors attended other programmes to refresh their knowledge and skills relevant to their roles, functions and duties as Directors. All Directors have provided the Company with records on their participation in continuous professional development during their directorship with the Company throughout the year ended 31 December 2020. Such information is summarized in the following table:

Responsibilities of Directors and Training

Names of Directors	Attending briefings, seminars or conference, site visit	Reading materials relevant to each director's duties and responsibilities
Executive Directors		
Mr. ZHOU Zheng *(Chairman) (Resigned on 17 March 2021)*	√	√
Mr. CAO Ronggen	√	√
Non-executive Directors		
Mr. MA Dewei	√	√
Mr. ZHU Laibin	√	√
Mr. JIANG Yong *(Resigned on 17 March 2021)*	√	√
Independent Non-executive Directors		
Mr. LAU Hon Chuen, Ambrose, *GBS, JP*	√	√
Mr. LAM Kin Ming, Lawrence	√	√
Mr. CHAN Fan Shing	√	√

Each current Director has received a Director's handbook which sets out, among other items, the duties of Directors and the Terms of References of the Board committees. Director's handbook is updated from time to time to align with the amendments (if any) to the relevant rules and regulations.

BOARD COMMITTEES

Remuneration Committee

Currently, the Remuneration Committee comprises one (1) executive Director and three (3) independent non-executive Directors, namely Mr. LAU Hon Chuen, Ambrose, *GBS, JP*, Mr. CAO Ronggen, Mr. LAM Kin Ming, Lawrence and Mr. CHAN Fan Shing, chaired by Mr. LAU Hon Chuen, Ambrose, *GBS, JP*.

The Board has adopted the model, pursuant to which the Remuneration Committee makes recommendations to the Board on the remuneration packages of individual executive Directors, non-executive Directors and senior management (if any).

The major roles and functions of the Remuneration Committee are as follows:

- to make recommendations to the Board on the policy and structure for remuneration of Directors and senior management (if any) of the Company;
- to make recommendations to the Board on the remuneration packages (including benefits in kind, pension rights and compensation payments) of individual executive Directors and senior management (if any);
- to make recommendations to the Board on the remuneration of non-executive Directors;
- to review and approve compensation payable to executive Directors and senior management (if any) for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and
- to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

The updated Terms of Reference of the Remuneration Committee are posted on the HKExnews website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.joy-cityproperty.com).

During the year ended 31 December 2020, the Remuneration Committee held two (2) meetings with various written resolutions passed. Its major work performed is summarized as follows:

- reviewed the remuneration policy of the Company;
- reviewed the remuneration management system; and
- considered the remuneration packages of executive Directors, non-executive Directors and general manager, and made recommendation to the Board for approval.

The attendance record of each member of Remuneration Committee is shown under the section headed "Board Proceedings".

Nomination Committee

Currently, the Nomination Committee comprises one (1) executive Director and three (3) independent non-executive Directors, namely Mr. YOU Wei, Mr. LAU Hon Chuen, Ambrose, *GBS, JP*, Mr. LAM Kin Ming, Lawrence and Mr. CHAN Fan Shing, chaired by Mr. YOU Wei.

The major roles and functions of the Nomination Committee are as follows:

- to make recommendations to the Board on the appointment, re-appointment or renewal of service contracts of Directors and succession planning for Directors;
- to review the structure, size and composition (including the skills, knowledge, experience and length of service) of the Board at least once annually, and make recommendations on any proposed changes to the Board according to the corporate strategy of the Company;

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- to assess the independence of independent non-executive Directors and review the annual confirmations on their independence of independent non-executive Directors;

- to regularly review the time required from a Director to perform his/her responsibilities; and

- to give adequate consideration to the Board Diversity Policy in carrying out its responsibilities under its Terms of Reference.

The updated Terms of Reference of the Nomination Committee are posted on the HKExnews website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.joy-cityproperty.com).

During the year ended 31 December 2020, the Nomination Committee held one (1) meeting. Its major work performed is summarized as follows:

- reviewed the structure, size and composition of the Board;

- made recommendation to the Board on the retirement of Directors by rotation in the annual general meeting;

- assessed the independence of independent non-executive Directors;

- reviewed the contribution required from the Directors to perform their responsibilities and whether they have spent sufficient time performing them; and

- nominated non-executive Directors

The Board has adopted a nomination policy. The nomination policy is posted on the website of the Company (www.joy-cityproperty.com).

The attendance record of each member of Nomination Committee is shown under the section headed "Board Proceedings".

Audit Committee

Currently, the Audit Committee comprises one (1) non-executive Director and three (3) independent non-executive Directors, namely Mr. LAU Hon Chuen, Ambrose, *GBS, JP*, Mr. CAO Ronggen, Mr. LAM Kin Ming, Lawrence and Mr. CHAN Fan Shing, chaired by Mr. LAU Hon Chuen, Ambrose, *GBS, JP*.

The major roles and functions of the Audit Committee are as follows:

- to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, the remuneration and terms of engagement of the external auditor, and any questions of their resignation or dismissal;

- to review and monitor the independence of external auditor and the objectivity and effectiveness of its audit process;

- to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;

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- to monitor the integrity of the interim and annual financial statements of the Group, and to review significant financial reporting judgments contained therein;
- to review the financial controls, internal controls and risk management systems of the Group;
- to consider any findings of major investigations on risk management and internal control matters and response from the management;
- to review the financial and accounting policies and practices of the Group;
- to review the external auditor's letter to management and ensure that the Board will provide a timely response; and
- to serve as the Company's channel of communication with the external auditor for overseeing their relations.

The updated Terms of Reference of the Audit Committee are posted on the HKExnews website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.joy-cityproperty.com).

The Audit Committee held three (3) meetings during the year ended 31 December 2020, and the external auditor had attended all meetings. Its major work performed included:

- reviewed the consolidated financial statements of the Group for the year ended 31 December 2019, and made recommendation to the Board for approval;
- reviewed the interim financial statements of the Group for the six months ended 30 June 2020, and made recommendation to the Board for approval;
- reviewed matters relating to the financial and accounting policies and practices of the Group;
- reviewed the effectiveness of internal control and risk management systems of the Company, and considered whether any major control deficiency had been identified for the year ended 31 December 2019 and for the six months ended 30 June 2020;
- reviewed and assessed the adequacy of resources, qualifications and experience of staff responsible for accounting and financial reporting function of the Company, and their training programmes;
- reviewed the independence of external auditor;
- made recommendation to the Board on the re-appointment of the existing external auditor of the Company; and
- reviewed the audit plan of the external auditor for the year ended 31 December 2020.

The attendance record of each member of Audit Committee is shown under the section headed "Board Proceedings".

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Executive Committee

Currently, the Executive Committee comprises two (2) Executive Directors, namely Mr. YOU Wei and Mr. CAO Ronggen, chaired by Mr. YOU Wei.

The major roles and functions of the Executive Committee are to carry out the normal and/or ordinary business and operation, risk control, corporate governance, internal control and management of human resources of the Group.

The updated Terms of Reference of the Executive Committee is posted on the website of the Company (www.joy-cityproperty.com).

The Executive Committee held nineteen (19) meetings during the year ended 31 December 2020. Its major work performed is summarized as follows:

- approved the establishment of wholly-owned subsidiaries;
- approved voluntary announcements, such as unaudited operating figures and issuance of corporate bonds in the PRC by a subsidiary;
- approved bank loans;
- approved and verified the signing of loan agreements with subsidiaries;
- approved the opening of bank accounts;
- approved the changes of authorised signatories of the Company's bank accounts; and
- approved the purchase of Directors and officers liability insurance.

The attendance record of each member of Executive Committee is shown under the section headed "Board Proceedings".

Company Secretary

All Directors may seek the advice and assistance of the company secretary in respect of their duties and the effective operation of the Board and the Board committees. The company secretary is also responsible for facilitating good information flow among the Directors.

During the year ended 31 December 2020, the company secretary undertook over fifteen (15) hours of professional training to update his skills and knowledge.

AUDITOR'S REMUNERATION

During the year ended 31 December 2020, the remuneration paid or to be payable to the external auditor Deloitte Touche Tohmatsu for audit services and non-audit services were RMB3,019,000 and RMB2,577,550, respectively. Non-audit services fees were mainly for review of the interim report, issuing debt statement for the acquisition of land use rights in Xiamen and Nanchang, the PRC, continuing connected transaction and other professional services.

ACCOUNTABILITY AND AUDIT

Financial Reporting

Management provides each Director a monthly financial reporting update with balanced and understandable assessment of the performance, financial position and prospects of the Group every month to facilitate the Board as a whole and each Director to discharge their duties under the Listing Rules.

The Directors acknowledge their responsibilities for preparing all information and representations contained in the financial statements of the Company for the year. The Directors consider that the financial statements have been prepared in accordance with the generally accepted accounting principles in Hong Kong, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and the management. After appropriate enquires, the Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to operate as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis.

Deloitte Touche Tohmatsu, the auditors of the Company, acknowledged their reporting responsibilities in the independent Auditor's Report on the audited consolidated financial statements for the year ended 31 December 2020.

Risk Management and Internal Control

The Board has the overall responsibility for overseeing the implementation and the maintenance of effective internal controls of the Company to adequately safeguard assets of the Company and the interest of its shareholders. The Group has established a sound and comprehensive risk management and internal control system Through its senior management, internal audit department and the monitoring team effectively and adequately, exercises full control over the administrative procedures, management and systems of the Company, and ensures the compliance with relevant regulations. Monitoring measures cover all material aspects, including compliance, monitoring environment, risk assessment, information and communication, anti-fraud management programs, financial reporting and disclosure, sales management, fixed asset management, human resources, procurement, cash management, budget management, investment management, tax administration, contracts and legal management and information technology systems.

During the year, the Company reviewed its risk management and internal control systems every six months. The Board has reviewed, through the audit committee, the work of the internal audit department, and its audit findings in relation to the risk management and internal control systems (including financial, operational and compliance controls), and considers the risk management and internal control systems of the Group are effective and adequate, and that the Company had complied with the Code Provision on risk management and internal control. The qualifications and experience of the staff of the Group's accounting, financial reporting and internal audit functions, and the training programmes, budgets and the resources available to these functions have been reviewed and are considered to be adequate.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene a Special General Meeting ("SGM")

Pursuant to bye-law 58 of the Bye-laws and section 74 of the Companies Act 1981 of Bermuda, Shareholders holding not less than one-tenth (10%) of the total voting rights of the Company at the date of deposit of the requisition are entitled, by written requisition to the Board or the company secretary, to request the Board to call a SGM (the "SGM Requisitionists"). Such written requisition must state the purposes of the proposed SGM, and must be signed by the SGM Requisitionists and deposited at the registered office of the Company. It may consist of several documents in like form, each signed by one or more SGM Requisitionists.

If the Board does not proceed duly to convene a SGM within twenty-one (21) days from the date of the deposit of the requisition, the SGM Requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM provided that it is held within three (3) months from the date of deposit of the requisition. The SGM Requisitionists shall convene such SGM in the same manner, as nearly as possible, as that in which SGMs are to be convened by the Board, pursuant to section 74(4) of the Companies Act 1981 of Bermuda.

Putting Forward a Proposal by Shareholder(s) at General Meetings

(a) A Shareholder or Shareholders holding not less than 5% of the total voting rights of the Company on the date of the requisition or (b) not less than one hundred (100) Shareholders acting together, may submit a written request putting forward a proposal (which may properly be put to a general meeting) for consideration at a general meeting. Such written request must be signed by the requisitionists, and may consist of several documents in like form, each signed by one or more requisitionists. After that, it must be deposited at the registered office of the Company, together with a sum reasonably sufficient to meet the Company's expenses in giving effect thereto, not less than six (6) weeks before the general meeting (in case of a requisition requiring notice of a resolution) or not less than one (1) week before the general meeting (in case of any other requisition). If such written request is confirmed to be proper and in order, necessary arrangement will be made to put such written request to the general meeting.

Procedures for Nomination and Election of Director by Shareholders

Pursuant to bye-law 85 of the Bye-laws, if a Shareholder wishes to propose a person other than a retiring Director (the "Candidate") for election as a Director at a general meeting, such Shareholder is required to lodge the following documents (which shall be addressed to the company secretary) at the head office (33/F., COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong) or the Registration Office (Tricor Progressive Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong) within the Notice Period:

(a) a written notice signed by a Shareholder duly qualified to attend and vote at a general meeting, stating the intention to propose the Candidate for election; and

(b) a written notice signed by the Candidate of his/her willingness to be elected, which includes the information of the Candidate as required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and the Candidate's consent to the publication of such information (collectively referred to as the "Notices for Director's Election").

"Notice Period" means at least seven (7) days prior to the date of such general meeting appointed for considering such election of Director. However, if the Notices for Director's Election are submitted after the dispatch of the notice of such general meeting appointed for considering such election of Director, then the Notice Period shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

Change(s) in the Company's constitutional documents

There was no change to the Memorandum and Bye-laws during the year ended 31 December 2020.

Communications with Shareholders and the Investment Community

The Board recognizes the importance of balanced, clear and timely communications with Shareholders and other interested parties to enable them to keep abreast of the Group's business affairs and development. The Board has taken various steps to maintain on-going and regular dialogues with Shareholders and public investors, including:

- convening annual general meetings and special general meetings (if applicable) in which members of the Board and the external auditor attended to answer questions by the Shareholders;
- posting on the Company's website the information released by the Company to the Stock Exchange;
- such information includes financial statements including interim and annual reports, announcements, circulars and notices of general meetings and associated explanatory documents (if any);
- the Company's website containing the designated email address and contact details to enable Shareholders and the investment community to make enquiry in respect of the Company;
- formulating a shareholders' communication policy to ensure that Shareholders are provided with ready and timely access to accurate and comprehensive information about the Group and its development, and if necessary, reviewing such policy to ensure its effectiveness;
- shareholders may at any time send their enquiries and concerns to the Board by post to the following address or via email (207ir@cofco.com) or in person through participation in general meetings:

  Joy City Property Limited
  33/F., COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong

The Board protects the privacy of Shareholders' information in the possession of the Company and the Company will not disclose Shareholders' information without their consent, unless otherwise required by law.

Corporate Governance Report

INVESTOR RELATIONS

The Company considers it crucial to provide investors with accurate information in a timely manner and maintain communication with investors through effective communication channels, with an aim to enhance mutual understanding between investors and the Company and improve the transparency of the Company's information disclosure.

In accordance with the Listing Rules, the Company shall duly disseminate its corporate information via various channels, including annual reports, announcements and company website. After formal announcement of its results in accordance with the Listing Rules, the Company will arrange for meetings during which the management will answer questions from investors. The Company shall meet overseas investors and facilitate communication with them through analysts' conference and roadshows.

In 2020, the Company held the following major investors relationship activities:

Month	Activity	Place
January	UBS CHINA Investment Strategy Conference 2020	Online
February	Guotai Junan Investment Strategy Conference 2020	Online
March	Annual Investors Conference	Online
April	HSBC Investment Strategy Conference 2020	Online
May	CITIC Securities Investment Strategy Conference 2020	Online
	Orient Securities Investment Strategy Conference 2020	Online
	HuaTai Securities Investment Strategy Conference 2020	Online
	UBS Investment Strategy Conference 2020	Online
June	Citibank Investors Strategy Conference 2020	Online
	Goldman Sachs Investment Strategy Conference 2020	Online
	Tianfeng Securities Investment Strategy Conference 2020	Online
July	Haitong Securities Online Investment Strategy Conference 2020	Online
August	Annual Investors Conference	Online
September	Haitong Securities Investment Strategy Conference 2020	Shanghai
	CHINA Securities Investment Strategy Conference 2020	Online
October	CITIC Securities Investment Strategy Conference 2020	Shenzhen
	Roadshow China Investment Strategy Conference 2020	Shenzhen
	XINGYE Securities Investment Strategy Conference 2020	Online
November	Goldman Sachs Investment Strategy Conference 2020	Online
December	Haitong Securities Property Investment Strategy Conference 2020	Online

25 March 2021

Directors' Report

The Board is pleased to present its report and the audited consolidated financial statements of the Group for the year ended 31 December 2020, which were approved by the Board on 25 March 2021.

PRINCIPAL ACTIVITIES

The Company is primarily engaged in property development, operation, sale, leasing and management of mixed-use complexes and other commercial properties such as shopping centres, hotels, offices, serviced apartments and resort and tourist properties. The principal businesses of the Company are divided into four major areas, namely property investment, property development, hotel operations and output management and other services.

RESULTS AND DIVIDEND

The Group's results for the year ended 31 December 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on page 113 of this Annual Report.

The Company has adopted a dividend policy (the "Dividend Policy"). According to the Dividend Policy, the company intends to declare dividends to shareholders every year and may declare special dividends from time to time. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account the Group's distributable profits generated during the year, the liquidity of cash flow, and the retained profits for future development. While sharing the profit with shareholders, the Company shall also maintain sufficient reserves to ensure the implementation of the Group's strategy for development. The payment of dividend is also subject to any restrictions under the laws of Bermuda, the laws of Hong Kong and the articles of association of the Company.

The Board recommended the payment of a final dividend of HK3 cents per share (2019: HK4 cents per share) for the year ended 31 December 2020. It is expected that the final dividend will be paid on Monday, 19 July 2021 to shareholders whose names appear on the register of members of the Company on Wednesday, 30 June 2021 subject to the approval of shareholders at the AGM to be held by the Company on Friday, 18 June 2021.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for each of the five financial years ended 31 December 2020 is set out on page 108 of this Annual Report.

BUSINESS REVIEW

Details of the business review are set out in the section headed "Management Discussion and Analysis" on page 25 to 64 in this Annual Report.

BANK BORROWINGS

Details of movements in the Group's bank borrowings during the year ended 31 December 2020 are set out in Note 31 to the consolidated financial statements.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Details of the Company's principal subsidiaries, joint ventures and associates are set out in Notes 50, 21 and 20 to the consolidated financial statements.

Directors' Report

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 December 2020 are set out in Note 34 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

RESERVES

Details of movements in the Company's and the Group's reserves during the year are set out in Notes 51 and 36 to the consolidated financial statements and the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2020, the reserves available for distribution of the Company, before the final dividend proposed by the Board which is subject to approval by the shareholders at the forthcoming AGM, amounted to RMB7,613,556,000. As at 31 December 2020, the Company's share premium in the amount of RMB17,993,202,000 (as at 31 December 2019: RMB17,993,202,000) may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

The sales to major customers and purchases from major suppliers by the Group for the year are as follows:

	Percentage of total turnover for the year ended 31 December 2020 (%)
Top five customers	15.25
Largest customer	11.59

	Percentage of total purchases for the year ended 31 December 2020 (%)
Top five suppliers	19.84
Largest supplier	7.80

To the knowledge of the Directors, apart from the Company's ultimate controlling shareholder, COFCO Corporation being the controlling shareholder of COFCO Trading Co., Ltd., one of the Group's top five customers, none of the Directors, their associates or any Shareholders holding more than 5% interest in Shares had any interest in the other four largest customers or the five largest suppliers of the Group.

DIRECTORS

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

Executive Directors:

Mr. YOU Wei *(Chairman)* (Appointed on 17 March 2021)
Mr. ZHOU Zheng *(Chairman)* (Resigned on 17 March 2021)
Mr. CAO Ronggen

Non-executive Directors:

Mr. MA Dewei (Appointed on 28 October 2020)
Mr. LIU Yun (Appointed on 17 March 2021)
Mr. JIANG Yong (Resigned on 17 March 2021)
Mr. ZHU Laibin (Appointed on 30 March 2020)

Independent Non-executive Directors:

Mr. LAU Hon Chuen, Ambrose, *GBS, JP*
Mr. LAM Kin Ming, Lawrence
Mr. CHAN Fan Shing (Appointed on 10 February 2020)
Mr. WU Kwok Cheung, *MH* (Resigned on 10 February 2020)

The non-executive Directors and independent non-executive Directors are appointed with specific terms.

Pursuant to Bye-law 83(2), any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election. In this regard Mr. YOU Wei, Mr. MA Dewei and LIU Yun shall retire from office and, being eligible, offer themselves for re-election at the AGM.

Pursuant to bye-law 84(1) of the Bye-laws, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. Pursuant to bye-law 84(2) of the Bye-laws, a retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment. In this regard, Mr. CAO Ronggen and Mr. LAM Kin Ming, Lawrence shall retire from office and, being eligible, offer themselves for re-election at the AGM.

DIRECTORS' PROFILE

Each Director's profile is set out on pages 65 to 72 of this Annual Report. Save as disclosed in the Profile of Directors and Senior Management section, none of the Directors is involved in any relationship as set out in paragraph 12 of Appendix 16 to the Listing Rules.

Directors' Report

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the AGM has any service contract with any member of the Group that is not determinable by the Group within one year without compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN CONTRACTS

No Director had any material interest, either directly or indirectly, in any contract of significance to the Group's business to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party during or at the end of the year ended 31 December 2020.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

The Board is authorized by the Shareholders to fix the Directors' remuneration at general meetings. The Directors' emoluments are determined by the Board based on the recommendation by the Remuneration Committee with reference to their job complexity, workload, responsibilities and the Company's remuneration policy.

The Directors' remuneration for the year ended 31 December 2020 is set out in Note 14 to the consolidated financial statements.

Details of the emoluments paid to the senior management in 2020 by bands are as follows:

Emolument Band	Number of Individuals
Below RMB1,000,000	0
RMB1,000,000 to RMB2,000,000	4
RMB2,000,000 to RMB3,000,000	0
RMB3,000,000 to RMB4,000,000	0

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the Directors is considered to have business interests which are likely to compete directly or indirectly with the business of the Group.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

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

Aggregate long position(s) in the shares, underlying shares and debentures of the Company and its associated corporations

Name of Directors/ Chief Executive	Company/Name of associated corporations	Capacity	Number of issued ordinary shares held (Note 1)	Approximate percentage of the issued share capital
Mr. CAO Ronggen	The Company	Beneficiary of a trust	4,533,884	0.03% (Note 2)
Mr. JIANG Yong (Resigned on 17 March 2021)	The Company	Beneficial owner	300,000	0.00% (Note 2)
	China Foods Limited	Beneficial owner	50,000	0.00% (Note 3)
Mr. LAM Kin Ming, Lawrence	The Company	Beneficial owner	6,000	0.00% (Note 2)

Notes:

1. Long positions in the shares of the Company or its associated corporations, other than equity derivatives such as share options, warrants or convertible bonds.

2. The percentage (rounded to 2 decimal places) was calculated based on the total number of Shares in issue as at 31 December 2020, i.e. 14,231,124,858 shares.

3. The percentages (rounded to 2 decimal places) were calculated based on the total number of shares of China Foods Limited in issue as at 31 December 2020, i.e. 2,797,223,396 shares.

Save as disclosed herein, as at 31 December 2020, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of interests of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed herein, at no time during the year ended or as at 31 December 2020 was the Company or any of the Company's subsidiaries or holding companies or any subsidiary of any of the Company's holding companies a party to any arrangement to enable the Directors or their respective associates to acquire benefits by an acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Report

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2020, the interests and short positions of substantial shareholders in the shares and underlying shares of the Company as recorded in the register of interests of the Company required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

Aggregate long position(s) in the shares and underlying shares of the Company

Number of substantial shareholders	Class of shares	Number of shares held	Approximate percentage of the issued share capital (Note 1)
COFCO Corporation	Ordinary shares	9,501,359,644 (L) (Note 2)	66.76%
	CPS	1,095,300,778 (L) (Note 3)	100%
COFCO (HK)	Ordinary shares	9,501,359,644 (L) (Note 2)	66.76%
	CPS	1,095,300,778 (L) (Note 3)	100%
Vibrant Oak	Ordinary shares	9,133,667,644 (L) (Note 4)	64.18%
Achieve Bloom	Ordinary shares	367,692,000 (L)	2.58%
	CPS	1,095,300,778 (L)	100%
Grandjoy	Ordinary shares	9,133,667,644 (L) (Note 4)	64.18%
GIC Private Limited	Ordinary shares	1,135,920,000 (L) (Note 5)	7.98%
Citigroup Inc.	Ordinary shares	1,074,982,763 (L)	7.55%
		8,000 (S)	0.00%
		1,074,928,763 (P)	7.55%

Notes:

1. The percentages (rounded to 2 decimal places) of the Shares were calculated based on the total number of Shares in issue as at 31 December 2020, i.e. 14,231,124,858 Shares, and assuming that 1,095,300,778 CPS were not fully converted into 1,095,300,778 Shares.

   The percentages of CPS were calculated based on 1,095,300,778 CPS in issue as at 31 December 2020.

2. COFCO (HK), through its wholly-owned subsidiaries, Achieve Bloom and Vibrant Oak, was deemed to be interested in 9,501,359,644 Shares as at 31 December 2020.

   COFCO Corporation, through its wholly-owned subsidiary, COFCO (HK), was deemed to be interested in 9,501,359,644 Shares as at 31 December 2020.

3. COFCO (HK), through its wholly-owned subsidiary, Achieve Bloom, was deemed to be interested in 1,095,300,778 CPS as at 31 December 2020.

   COFCO Corporation, through its wholly-owned subsidiary, COFCO (HK), was deemed to be interested in 1,095,300,778 CPS as at 31 December 2020.

4. Pursuant to the group reorganization, Grandjoy and Vibrant Oak entered into the sale and purchase agreement in relation to acquisition of 9,133,667,644 ordinary shares in the Company from Vibrant Oak by Grandjoy, which completion is subject to the terms and conditions of the sale and purchase agreement.

5. GIC Private Limited held 1,135,920,000 Shares as investment manager as at 31 December 2020.

L. Indicates a long position.

S. Indicates a short position.

P. Indicates a lending pool.

Save as disclosed herein, as at 31 December 2020, the Company had not been notified of any other persons who had interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register of interests of the Company required to be kept under Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on publicly available information and to the knowledge of the Directors, 25% of the Company's total issued Shares (excluding the CPS) was held by the public as at the date of this Annual Report.

CONNECTED TRANSACTIONS (INCLUDING CONTINUING CONNECTED TRANSACTIONS)

Overview

Hereunder is the information in relation to connected transactions and continuing connected transactions that existed during the year ended 31 December 2020 which are required to be disclosed in this Annual Report in accordance with Chapter 14A of the Listing Rules, mainly comprising of transactions between the Company and the COFCO Group (which for the purpose of this section, includes the associates of COFCO Corporation).

Directors' Report

The Connected Persons

COFCO Corporation is indirectly holding 66.76% of the issued share capital of the Company as at 31 December 2020 and is the controlling shareholder of the Company. COFCO Corporation, together with other members of the COFCO Group and their respective associates, will continue to be the Company's connected persons under Chapter 14A of the Listing Rules. COFCO Corporation is a state-owned enterprise incorporated in the PRC under the purview of SASAC. COFCO Corporation is engaged in a wide range of businesses through its subsidiaries including property development and management in the PRC and overseas, agricultural commodities trading, agricultural products cultivation and processing, processing of animal byproducts, food and beverages, dairy products and packaging materials, hotel management and provision of logistics and financial services in the PRC.

I. Connected Transactions

(a) *Acquisition of 50.1% Equity Interest in Suzhou City Xiang Zhi Yue Property Development Co., Ltd. ("Suzhou Xiang Zhi Yue")*

On 11 June 2020, Shanghai Top Glory Real Estate Development Co., Ltd. ("Shanghai Top Glory"), an indirect wholly-owned subsidiary of the Company, entered into an acquisition agreement with COFCO Property Investment (Beijing) Co., Ltd. ("COFCO Property Investment (Beijing)"), pursuant to which Shanghai Top Glory has conditionally agreed to acquire, and COFCO Property Investment (Beijing) has conditionally agreed to sell, 50.1% equity interest in Suzhou Xiang Zhi Yue at the consideration of RMB577,794,100, which would be paid to Shanghai Top Glory in cash by instalments. The first instalment of 60% of the consideration was paid within one month of the registration of the equity transfer at the relevant PRC authorities and the remaining 40% of the Consideration was paid within four months of the registration of the equity transfer at the relevant PRC authorities.

The purpose of the acquisition of 50.1% equity interest in Suzhou Xiang Zhi Yue is that the Group can leverage on its property development and management expertise to develop the commercial properties on the land and expand its portfolio whilst enhancing its brand image in the commercial property market. Moreover, it can also increase the Group's market share in Suzhou and are expected to provide the Group with satisfactory return in the future.

COFCO Property Investment (Beijing) is an indirect non wholly-owned subsidiary of Grandjoy, a controlling shareholder of the Company, and therefore, COFCO Property Investment (Beijing) is a connected person of the Company.

The above acquisition was approved by the independent shareholders at the special general meeting convened on 31 August 2020 and was completed on 9 October 2020. The consideration has been settled accordingly. After completion, Suzhou Xiang Zhi Yue became an indirect non wholly-owned subsidiary of the Company.

(b) *Equity Transfer of 8.36% Equity Interest in Taiwan Hotel Limited ("Taiwan Hotel")*

On 4 August 2020, COFCO (BVI) No.97 Limited ("COFCO (BVI) No.97"), an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with COFCO Corporation, pursuant to which COFCO (BVI) No.97 has agreed to acquire, and COFCO Corporation has agreed to sell, 8.36% equity interest in Taiwan Hotel at the consideration of RMB83,699,800, which would be paid to COFCO Corporation within 5 business days from the date of completion.

Through the equity transfer, the Group can consolidate its interests in Taiwan Hotel and thus enjoy the full potential of the steadily improving returns from Taiwan Hotel and the capital gains for Taiwan Hotel.

COFCO Corporation is an indirect controlling shareholder of the Company and thus a connected person of the Company.

The above equity transfer was completed on 2 April 2020 and the consideration has been settled accordingly. Immediately upon completion, Taiwan Hotel became wholly owned by COFCO (BVI) No.97 and became an indirect wholly-owned subsidiary of the Company.

(c) *Sale of Properties*

On 21 December 2020, Shanghai Yueyao Development Co., Ltd. ("Shanghai Yueyao"), an indirect non wholly-owned subsidiary of the Company, entered into sale and purchase agreements with (a) Shanghai Dongqing Shiye Company Limited ("Shanghai Dongqing") in relation to the sale and purchase of the office building and related underground car parking spaces located at No. 2 and 3, Block 6, Lane 511 at Yongyao Road in Yueyaolanyuan of Sanlin Town, Pudong New District, Shanghai in the PRC ("Property A") at a consideration of RMB1,716,843,600; and (b) Shanghai Donghui Shiye Company Limited ("Shanghai Donghui") in relation to the sale and purchase of the office building and related underground car parking spaces located at No. 1, Block 7, Lane 511 at Yongyao Road in Yueyaolanyuan of Sanlin Town, Pudong New District, Shanghai in the PRC ("Property B") at a consideration of RMB283,159,888, respectively. The consideration for the sale of Property A will be settled by (a) the initial payment of 95% of the consideration, being RMB1,631,001,420, within five business days of the date of the sale and purchase agreement; and (b) the final payment of the remaining balance of 5% of the consideration, being RMB85,842,180, within five business days after delivery of Property A to Shanghai Dongqing and completion of filing and registration with relevant PRC authorities. The consideration for the sale of Property B will be settled by (a) the initial payment of 95% of the consideration, being RMB269,001,894, within five business days of the date of the sale and purchase agreement; and (b) the final payment of the remaining balance of 5% of the consideration, being RMB14,157,994, within five business days after delivery of Property B to Shanghai Donghui and completion of filing and registration with relevant PRC authorities.

For the sale of above properties, the net sales proceeds from the sale will be recorded as the profit of the Group and will be used as general working capital by the Group.

Each of Shanghai Dongqing and Shanghai Donghui is a fellow subsidiary of Shanghai Qiantan, a substantial shareholder of Shanghai Yueyao and a connected person at the subsidiary level of the Company, and therefore, both Shanghai Dongqing and Shanghai Donghui are connected persons of the Company at the subsidiary level.

The above sale of properties was completed on 30 December 2020 and the consideration has been settled accordingly.

(d) *Extension of Financial Assistance*

On 24 December 2020, the Company, Shanghai Yueyao Development Co., Ltd. ("Shanghai Yueyao"), an indirect non wholly-owned subsidiary of the Company, and Shanghai Qiantan International Commercial Area Investment Group Co., Ltd. ("Shanghai Qiantan") entered into a loan agreement ("2020 Loan Agreement") to extend the period of the loan under the existing loan agreement for one year, pursuant to which, Shanghai Yueyao has agreed to provide unsecured revolving loan facilities in the aggregate amount of not more than RMB1,100,000,000 to Shanghai Qiantan. The loan period of the 2020 Loan Agreement is from 27 December 2020 to 26 December 2021. The interest rate for the amounts drawn down for the loan under the 2020 Loan Agreement shall be determined with reference to the prevailing benchmark interest rate for demand deposits in the PRC as promulgated by the People's Bank of China from time to time. The interest payments on the outstanding principal amount shall be payable on a quarterly basis to Shanghai Yueyao. The repayment date of the principal amount and the outstanding interest shall be on the date falling on the end of the loan period. Shanghai Yueyao may demand for an early repayment of the loan facilities pursuant to the 2020 Loan Agreement.

Interest income will be generated from the Loan based on the outstanding principal amounts of the Loan, which will contribute to the income of the Group.

Shanghai Yueyao is an indirect non wholly-owned subsidiary of the Company. Shanghai Qiantan holds 50% equity interest in Shanghai Yueyao and accordingly is its substantial shareholder. Therefore, Shanghai Qiantan is a connected person at the subsidiary level of the Company.

Directors' Report

II. **Continuing Connected Transactions**

Set out below is a summary of the continuing connected transactions of the Company during the year ended 31 December 2020:

(a) Leasing of properties to the COFCO Group

(b) Provision of hotel and property management services by the COFCO Group to the Group

(c) Sourcing of staple supplies, catering services and other ancillary services from the COFCO Group

(d) Financial Services

Details of Continuing Connected Transactions

(a) Leasing of properties to the COFCO Group

As of 31 December 2020, the Company has entered into various lease agreements for the leasing of commercial premises to the COFCO Group. The lease agreements were entered into mainly by (i) Beijing COFCO Plaza Co. for the leasing of commercial premises in Beijing COFCO Plaza; (ii) Bapton for the leasing of commercial premises in Hong Kong COFCO Tower. These leased properties are generally occupied by relevant members of the COFCO Group as their headquarters, offices, sales offices or for other commercial uses.

The Company considers that the leasing of the commercial premises to the COFCO Group is conducted in the Company's ordinary and usual course of business based on the commercial needs of the Company and the COFCO Group. To better regulate the arrangements, the Company entered into the Master Lease Agreement on 29 November 2013, followed by three supplemental agreements on 3 November 2014, 21 December 2016 and 30 December 2019, respectively, to further extend its term to 31 December 2022, with COFCO Corporation to govern the terms of the lease arrangements between the Company and the COFCO Group.

The 2020 Annual Caps and the actual amounts for the rent and management fees payable under the Master Lease Agreement during the year are set out below:

Annual Caps (financial year ended 31 December 2020) (RMB'000)	Actual Amounts (financial year ended 31 December 2020) (RMB'000)
250,000	161,338

Pursuant to the Master Lease Agreement, the rent and management fees payable by the COFCO Group are subject to the general pricing terms as set out in the paragraph headed "Common terms of the Master Agreements" below, and are to be agreed between the relevant members of the Group and the COFCO Group having regard to the quality and nature of the relevant property, its location, neighborhood area and ancillary infrastructure facilities, and based on the rents payable under leases in the same building as those with tenants which are independent third parties and the prevailing market rents for similar premises in the vicinity of the relevant property.

(b) **Provision of hotel and property management services by the COFCO Group to the Group**

During the year, certain members of the COFCO Group have also provided hotel and property management services to the hotel projects and property projects developed by the Group, which include but are not limited to the following:

Relevant member of the COFCO	Group Relevant member of Group	Hotel and property management services provided to the Group
COFCO Property Group Shenzhen Property Management Co., Ltd., Tianjin Joy City Branch	Joy City (Tianjin) Co., Ltd.	Provision of property management services for Tianjin Nankai Joy City
COFCO Property Group Shenzhen Property Management Co., Ltd., Suzhou Branch	Suzhou City Xiang Zhi Yue Property Development Co., Ltd.	Provision of property management services for Suzhou Joy
COFCO Property Group Shenzhen Property Management Co., Ltd., Xidan Branch	Xidan Joy City Co., Ltd.	Provision of property management services for Xidan Joy City
COFCO Property Group Shenzhen Property Management Co., Ltd., Wuhan Branch	Wuhan Joy City Property Development Co., Ltd.	Provision of property management services for Wuhan COFCO Optics Valley Shine City
COFCO Property Group Shenzhen Property Management Co., Ltd., Qingdao Branch	Qingdao Joy City Property Development Co., Ltd.	Provision of property management services for Qingdao Gold Sand • COFCO Shine City
COFCO Property Group Shenzhen Property Management Co., Ltd., Chengdu Branch	Chengdu Tianfu Chenyue Development Co., Ltd.	Provision of property management services for Chengdu COFCO Tianfu Shine City
COFCO Property Group Shenzhen Property Management Co., Ltd., Chongqing Branch	Chongqing Zeyue Co., Ltd.	Provision of property management services for Chongqing COFCO • Central Park Shine City
COFCO Property Group Shenzhen Property Management Co., Ltd., Shenyang Branch	Shenyang Joy City Real Estate Development Co., Ltd.	Provision of property management services for Shenyang Joy City

The hotel and property management services provided by the COFCO Group to the Group include the following:

(a) hotel management services, including operating and managing restaurants, shops, recreational facilities and other facilities in the hotel premises, marketing services, catering services, setting and implementing policies and standards for use of hotel rooms, maintaining common area and public facilities, as well as other general property management services; and

Directors' Report

(b) property management services, including maintenance, repair and management of building, cleaning services, security services, fire and safety services, environmental conservation, customer services, staff recruitment and training, preparing budgets, collecting rent from tenants and managing the leasing arrangements with tenants.

The Annual Caps and the actual amounts for the service fees for the hotel and property management services payable by the Company pursuant to the Master Property Management Agreement during the year are set out below:

Annual Caps (financial year ended 31 December 2020) (in RMB'000)	Actual amounts (financial year ended 31 December 2020) (RMB'000)
100,000	33,651

The Company considers that the Group will receive stable hotel and property management services with better quality from the COFCO Group. To better regulate the arrangements, the Company and COFCO Corporation entered into the Master Property Management Agreement on 29 November 2013, followed by three supplemental agreements on 3 November 2014, 21 December 2016 and 30 December 2019, respectively, to further extend its term to 31 December 2022, to govern the terms of the provision of hotel and property management services.

Pursuant to the Master Property Management Agreement, the service fees for the hotel and property management services are subject to the general pricing terms as set out in the paragraph headed "Common terms of Master Agreements" below. Detailed terms of the hotel and property management services received by the Group from the COFCO Group and the pricing terms shall be set out in the specific property management service contracts to be entered into between the relevant members of the Group and the COFCO Group which are ancillary to and subject to the terms and conditions of the Master Property Management Agreement.

The consideration to be paid by the members of the Group pursuant to the Master Property Management Agreement shall be agreed between the relevant members of the Group and the COFCO Group having regard to various factors such as the nature and scope of the services to be provided, the costs of providing such services and the market rate for similar services offered by other independent third party suppliers, or based on a prescribed fee schedule or charging rate as agreed between the relevant parties from time to time.

(c) Sourcing of staple supplies, catering services and other ancillary services from the COFCO Group

During the year under review, the Group has been sourcing certain staple supplies from the COFCO Group, including agricultural products, food, beverage, wine and confectionery, packaging materials and daily supplies such as oil, rice, sugar and tea, mainly used in the Group's ordinary business operations, the catering services provided in the hotels and other commercial properties operated by the Group and as the Group's staff benefits and corporate gifts to its customers and business partners. The COFCO Group also provides conference room facilities, accommodation, car parking lots and catering services to the Group for its general corporate uses, corporate events and promotional activities.

The Company considers that it will be beneficial to the Group to continue to source staple supplies and catering services from the COFCO Group as it will allow the Group to benefit from bulk purchase discounts and ensure a stable and reliable staple supply and provision of services which is crucial for its property and hotel business. To better regulate the arrangements, the Company entered into the Master Sourcing Agreement on 29 November 2013 with COFCO Corporation for the supply of staple supplies and catering services by the COFCO Group to the Group, followed by three supplemental agreements on 3 November 2014, 21 December 2016 and 30 December 2019, respectively, to further extend its term to 31 December 2022.

The Annual Caps and the actual amounts for the purchase amounts for staple supplies and catering services payable by the Company pursuant to the Master Sourcing Agreement during the year are set out below:

Annual Caps (financial year ended 31 December 2020) (in RMB'000)	Actual amounts (financial year ended 31 December 2020) (RMB'000)
33,000	5,982

Pursuant to the Master Sourcing Agreement, the prices for the staple supplies and catering services are subject to the general pricing terms as set out in the paragraph headed "Common Terms of the Master Agreements" below, and shall be agreed between the relevant members of the Group and the COFCO Group having regard to various factors such as the quantity and quality of the supplies and services, the market prices for the staple supplies and catering services, the prices offered by other independent third party suppliers and the procurement or manufacturing costs of the relevant members of the COFCO Group, or based on a prescribed fee schedule or purchase price as agreed between the relevant parties from time to time. Detailed terms of the provision of staple supplies and catering services and the pricing terms will be set out in the specific service contracts or confirmation orders to be entered into between the relevant members of the Group and the COFCO Group which are ancillary to and subject to the terms and conditions of the Master Sourcing Agreement.

Common Terms of the Master Agreements

Each of the Master Agreements is a framework agreement comprising the general terms and conditions upon which the Group and the COFCO Group are to carry out the particular type of Non-Exempt Continuing Connected Transaction contemplated thereunder. The common terms of the Master Agreements are set out below:

Term:	Each Master Agreement was approved by the Independent Shareholders at the SGM dated 18 December 2013, and has become effective from 19 December 2013 to 31 December 2016, and extended to 31 December 2022, which can be renewed on terms to be agreed upon between the Company and COFCO Corporation subject to compliance with the applicable provisions of the Listing Rules.
Framework agreement:	The Master Agreements are framework agreements which contain general terms and conditions upon which the Group and the COFCO Group are to carry out the particular type of transaction contemplated thereunder. Members of the Group and the COFCO Group may from time to time enter into specific agreements in respect of the leases, services and/or products to be provided or received by the Group, provided that the terms of such detailed agreements are not inconsistent with the terms of the relevant Master Agreement. The actual services and/or products to be provided or received by the Group are subject to such detailed agreements entered into between the relevant members of the Group and the COFCO Group from time to time during the terms of the Master Agreements.

Directors' Report

Pricing basis:	The purchase amounts, rent and service fees payable under each of the Master Agreements by the Group or the COFCO Group (as the case may be) are to be agreed and determined on an arm's length basis between the relevant members of the Group and the COFCO Group from time to time, which shall be comparable to, or no less favourable to the Group than, the fair market rents or market prices for similar products and services offered by independent third parties to the Group or by the Group to independent third parties. The relevant member of the Group shall, before it enters into specific agreements in respect of the leases, services and/or products pursuant to the Master Agreements, (a) when the price is the sole determining factor: (i) obtain quotations from not less than two independent third party suppliers of the same or similar products and/or services required by the Group; or (ii) request COFCO Group to provide it with not less than two records of same or similar products and/or services offered by it to other customers, and in such case the purchase amounts rent and service fees payable by the Group and other relevant conditions under the Master Agreements shall not be less favourable from the Group's perspective than those quotations or records (as the case may be); or (b) when the price is one of the determining factors, conduct negotiations and, if necessary, obtain relevant quotation and/or pricing record to determine the overall terms of the transaction on an arm's length basis.
Termination:	The Master Agreements may be terminated by either party giving the other party a written notice not less than 30 days before the intended date of termination.

(d) Financial Services

On 30 September 2016, the Company, COFCO Finance Company Limited ("COFCO Finance") and Joy City Commercial Management (Beijing) Co., Ltd. ("Joy City Commercial Management") (a wholly-owned subsidiary of the Company) entered into a financial services agreement ("Financial Services Agreement"), pursuant to which COFCO Finance shall provide the depository services and the entrustment loan services to the Group. The Financial Services Agreement shall be for a term till 31 December 2017. The Company, COFCO Finance and Joy City Commercial Management renewed the Financial Services Agreement on 21 December 2017 for a term of three years from 1 January 2018 to 31 December 2020.

On 17 July 2020, the Company, COFCO Finance and Joy City Commercial Management (Tianjin) Co., Ltd. (the "Management Company") (an indirect wholly-owned subsidiary of the Company) entered into the 2020 Financial Services Agreement to make arrangements in advance for continuing the depository services and the entrustment loan services provided by COFCO Finance to the Group extended for three years term commencing from the date of relevant special general meeting (i.e. 31 August 2020). The 2020 Financial Services Agreement, the transactions contemplated thereunder and the 2020 Annual Caps were approved by the independent shareholders at the special general meeting convened on 31 August 2020.

COFCO Finance is a non-banking financial institution subject to regulations by the PBOC and CBIRC, and is authorised to provide various kinds of financial services to the Group, including deposit taking and entrustment loan services. The main reasons for and benefits of the Arrangements are as follows: (i) the use of COFCO Finance as a vehicle through which the funds of the Group, including the Management Company, would allow a more efficient deployment of funds between subsidiaries of the Company; (ii) the Arrangements would allow the greater utilisation of available funds, utilise the collected funds to repay the external commercial loans of the subsidiaries of the Company and optimise the efficiency of the Group's funds; (iii) the Arrangements would promote liquidity among the Group, including the Management Company, enhance the overall ability of the Group to repay debts, and assist in monitoring and controlling financial risks; (iv) the Arrangements would save financial costs, thereby increasing the profitability of the Group and benefitting the Shareholders, including the minority Shareholders; (v) the Arrangements would allow a prompt and accurate monitoring and regulation of the application of funds of the Group including the Management Company; (vi) COFCO Finance was established in 2002 with a complete corporate structure, and its internal control mechanism is standardised. Since its incorporation, COFCO Finance's operation has been stable, financial performance has been excellent and no violation of any rules has occurred; (vii) COFCO Finance has well established operating networks with eight major domestic banks, namely the Industrial and Commercial Bank of China, China Construction Bank, Bank of China, Agricultural Bank of China, China Merchants Bank, Bank of Communications, China CITIC Bank and Agricultural Development Bank of China and such network has become the necessary and efficient channel of collecting the funds of the subsidiaries of the Company; (viii) COFCO Finance has comparatively strong financing ability through credit lines of not less than RMB7.5 billion arranged with such domestic banks; (ix) the Company believes that COFCO Finance may provide more diversified and flexible financial services to the Group compared with a single or a small number of third party commercial banks; and (x) the Company believes that the risk profile of COFCO Finance, as a financial services provider to the Group, is not greater than that of independent commercial banks in the PRC.

The depository services are provided by COFCO Finance on a free-of-charge basis, and as a financial institution which takes the deposits, COFCO Finance shall pay interests to the subsidiaries of the Group and the Management Company with reference to the RMB benchmark deposit interest rates published by the PBOC and no less than the deposit interest rates offered by other financial institutions in the PRC based on similar terms. The maximum daily balance of deposits (including the corresponding interests accrued thereon) placed by the Group with COFCO Finance pursuant to the 2020 Financial Services Agreement shall not exceed RMB1,500 million (equivalent to approximately HK$1,782 million) on any day throughout the term of the 2020 Financial Services Agreement. For the year ended 31 December 2020, the maximum daily balance of deposits (including the corresponding interests accrued thereon) placed by the Group with COFCO Finance was RMB1,495 million (equivalent to approximately HK$1,776 million).

COFCO Finance will charge handling fees for the entrustment loan services provided to the Group, which are equal to or more favourable to the Group as compared with other independent financial institutions providing similar services. The handling fees payable by the Group to COFCO Finance shall not exceed RMB5 million (equivalent to approximately HK$5.54 million) annually during the term of the 2020 Financial Services Agreement. For the year ended 31 December 2020, the annual handling fees charged by COFCO Finance for providing the entrusted loans to the Management Company was RMB1.58 million (equivalent to approximately HK$1.88 million).

COFCO Finance is an indirect wholly-owned subsidiary of COFCO Corporation, an indirect controlling shareholder of the Company. Therefore, COFCO Finance is a connected person of the Company.

Directors' Report

CONFIRMATION FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that all the continuing connected transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to their respective agreements governing them on the terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTIONS

Pursuant to Rule 14A.56 of the Listing Rules, the Board engaged Deloitte Touche Tohmatsu, the Company's auditor, to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in pages 94 to 99 of the Annual Report 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.

CONTRACT(S) OF SIGNIFICANCE

The Group has entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this annual report which is or may be material:

(a) the framework agreement entered into between the Company, Spring Wisdom Limited (a wholly-owned subsidiary of the Company), Gain Success Limited (a wholly-owned subsidiary of the Company), Shanghai Gaoxing Property Limited (a wholly-owned subsidiary of the Company), Grand Favour Limited (a whollyowned subsidiary of the Company), Bright Motion Limited (a wholly-owned subsidiary of the Company) and Garbo Commercial Property Fund L.P. (a limited partnership which the Group holds approximately 36.36% of the limited partnership interests) on 30 August 2019 in relation to (i) the transfer of the entire issued share capital in Spring Wisdom Limited by the Company to Grand Favour Limited and in consideration, Grand Favour Limited shall issue one share of US$1 to the Company; (ii) Grand Favour Limited shall transfer the entire issued share capital in Spring Wisdom Limited to Bright Motion Limited and in consideration, Bright Motion Limited shall issue one share of US$1 to Grand Favour Limited; and (iii) Bright Motion Limited shall transfer the entire issued share capital in Spring Wisdom Limited to Garbo Commercial Property Fund L.P. and in consideration, Spring Wisdom Limited will repay the due but outstanding related party's loan, accrued loan interest and certain receivables in the amount of approximately RMB1.432 billion owed to the Company and/or its related parties;

(b) the framework agreement entered into between the Company, Glorious Run Limited (a wholly-owned subsidiary of the Company), Mark Creative Limited (a wholly-owned subsidiary of the Company), Xi'an Qin Han Tang International Plaza Management Company Limited (a subsidiary of the Company), Grand Favour Limited (a wholly-owned subsidiary of the Company), Bright Motion Limited (a wholly-owned subsidiary of the Company) and Garbo Commercial Property Fund L.P. (a limited partnership which the Group holds approximately 36.36% of the limited partnership interests) on 30 August 2019 in relation to (i) the transfer of the entire issued share capital in Glorious Run Limited by the Company to Grand Favour Limited and in consideration, Grand Favour Limited shall issue one share of US$1 to the Company as consideration; (ii) the transfer of the entire issued share capital in Glorious Run Limited by Grand Favour Limited to Bright Motion Limited and in consideration, Bright Motion Limited shall issue one share of US$1 to Grand Favour Limited; and (iii) the transfer of the entire issued share capital in Glorious Run Limited by Bright Motion Limited to Garbo Commercial Property Fund L.P. and in consideration, Mark Creative Limited and Glorious Run Limited will repay the due but outstanding related party's loan, accrued loan interest and certain receivables in the amount of approximately RMB668.6 million owed to the Company and/or its related parties; and

(c) the acquisition agreement dated 11 June 2020 entered into by Shanghai Top Glory Real Estate Development Co., Ltd. (an indirect wholly-owned subsidiary of the Company) and COFCO Property Investment (Beijing) Co., Ltd. (a connected person of the Company), in connection to the acquisition of 50.1% equity interest in Suzhou City Xiang Zhi Yue Property Development Co., Ltd. at a consideration of RMB577,794,100.

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

On 18 January 2018, the Company as borrower entered into a facility letter with Bank of China (Hong Kong) Limited as lender whereby the banking facilities of (i) a term loan up to HKD700,000,000 or its equivalent amount in USD; (ii) a revolving loan up to HKD300,000,000 or its equivalent amount in USD; and (iii) a treasury credit limit of HKD60,000,000 would be made available by the bank to the Company subject to the terms and conditions of the facility letter. The term loan shall be repaid in full on the date falling three years from the date of first drawdown while the revolving loan shall be repaid or reborrowed at the end of each interest period or shall be repaid in full on demand. Pursuant to the facility letter, if COFCO Corporation (a) fails to remain as a company under the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China; and/or (b) fails to maintain as single largest shareholder and/or the management controlling position of the Company, it would constitute an event of default upon which the bank shall entitled to debit at any time and from time to time thereafter all amounts due and payable by the Company in respect of the facilities from any of the account(s) of the Company without prior notice to the Company. Details are set out in the announcement dated 18 January 2018.

On 24 September 2018, the Company as borrower entered into a facility agreement with Bank of China (Hong Kong) Limited, Hongkong and Shanghai Banking Corporation and DBS Bank (Hong Kong) Limited (collectively, the "Lenders") whereby a US$350,000,000 or its Hong Kong Dollars equivalent term loan facility would be made available by the Lenders to the Company subject to the terms and conditions of the facility agreement. The loan shall be repaid on the date falling 36 months from the date of the facility agreement. Pursuant to the facility agreement, if (a) COFCO Corporation and COFCO (HK) together do not or cease to be, directly or indirectly, the single largest shareholder of the Company; and/or have management control over the Company; and/or (b) COFCO Corporation is not or ceases to be majority owned or otherwise controlled by the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China or China Central Government, it would constitute an event of default upon which all or any part of the amount of the loan committed by the Lenders shall be cancelled and be reduced them to zero; and/or all or part of the loan, together with accrued interest, and all other amounts accrued or outstanding be immediately due and payable. Details are set out in the announcement dated 24 September 2018.

On 29 January 2019, the Company as borrower entered into a facility letter with a bank as lender whereby the banking facility of an uncommitted revolving loan up to HKD500,000,000 would be made available by the bank to the Company subject to the terms and conditions of the facility letter. The expiry of the facility shall be determined by the bank in its sole discretion, subject to annual review. Pursuant to the facility letter, COFCO Corporation shall remain as the single largest shareholder of the Company, otherwise, the facility letter will be terminated upon which all outstanding indebtedness in connection with the Facility shall be repaid and settled in full. Details are set out in the announcement dated 29 January 2019.

Directors' Report

On 24 October 2019, Bapton, an indirect wholly-owned subsidiary of the Company, as borrower and the Company as guarantor entered into facility agreement a US$800,000,000 dual tranche term facility with certain banks as lenders whereby a term loan facility in an aggregate of US$800,000,000, which divided into two tranches, a US dollar tranche in an aggregate amount equal to US$400,000,000 ("Tranche A Facility") and a US dollar tranche in an aggregate amount equal to US$400,000,000 ("Tranche B Facility") would be made available by the banks to Bapton subject to the terms and conditions of the facility agreement. The final maturity date of the Tranche A Facility shall be the date falling 36 months from the date of the facility agreement and the final maturity date of the Tranche B Facility shall be the date falling 60 months from the date of the facility agreement. Pursuant to the facility agreement, if COFCO Corporation (a) does not or ceases to be, directly or indirectly, the single largest shareholder of the Company or have management control over the Company; and/or (b) is not or ceases to be majority owned or otherwise controlled by the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China or China Central Government, it would constitute an event of default upon which all or any part of the facility shall immediately be cancelled; and/or all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding shall become immediately due and payable; and/or all or part of the loans shall immediately become payable on demand. Details are set out in the announcement dated 24 October 2019.

On 29 October 2019, the Company as borrower entered into a facility letter with a bank as lender whereby the banking facility of an uncommitted revolving loan up to USD50,000,000 or its equivalent amount in HKD would be made available by the bank to the Company subject to the terms and conditions of the facility letter. The final maturity of the facility shall be subject to the bank's review on or before the date of the earlier of the date falling one year from the date of accepting the facility letter and 8 January 2021. Pursuant to the facility letter, COFCO Corporation shall directly and indirectly have the single largest shareholding interest in the Company; otherwise, it would constitute an event of default upon which the facility shall be repaid to the bank on demand. Details are set out in the announcement dated 29 October 2019.

On 4 December 2019, the Company as borrower entered into a facility letter (the "Facility Letter A") with the bank as lender whereby the banking facility of a revolving loan up to HKD400,000,000 or its equivalent amount in USD (the "Revolving Loan") would be made available by the bank to the Company subject to the terms and conditions of the Facility Letter A. The Revolving Loan shall be repaid or re-borrowed at the end of each interest period or shall be repaid in full on demand. On 4 December 2019, the Company as borrower entered into another facility letter (the "Facility Letter B") with the Bank as lender whereby the banking facility for extension of treasury credit limit from HK$60,000,000 to HK$100,000,000 would be made available by the bank to the Company subject to the terms and conditions of the Facility Letter B. On 9 December 2020, the Company as borrower entered into a supplemental facility letter (the "Supplemental Facility Letter") with the bank as lender whereby the banking facility for extension of treasury credit limit from HK$100,000,000 to HK$400,000,000 (the "Treasury Credit Limit") would be made available by the bank to the Company subject to the terms and conditions of the Supplemental Facility Letter. Maximum tenor of each transaction under the Treasury Credit Limit shall not exceed five years. Pursuant to the Facility Letter A, Facility Letter B and the Supplemental Facility Letter, if COFCO Corporation (a) fails to remain as a company under the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China; and/or (b) fails to maintain as single largest shareholder and/or the management controlling position of the Company, it would constitute an event of default upon which all amounts due or owing by the Company to the bank in respect of the Treasury Credit Limit and/or the Revolving Loan shall become immediately due and payable. Details are set out in the announcements dated 18 January 2018, 4 December 2019 and 9 December 2020, respectively.

On 13 December 2019, the Company as borrower entered into facility letter with a bank as lender whereby the banking facility of an uncommitted revolving loan up to USD80,000,000 would be made available by the bank to the Company subject to the terms and conditions of the facility letter. The final maturity of the facility shall be the date falling 364 days from the date of first drawdown. The bank may exercise at its sole discretion an option to further extend the final maturity date to another 364 days by giving written confirmation to the Company. Pursuant to the facility letter, COFCO Corporation (a) shall remain majority owned or management controlled by the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China; and/or (b) shall remain directly or indirectly, the single largest shareholder and the management controlling position of the Company; otherwise, it would constitute an event of default upon which all of the obligations of the Company to the bank in respect of the facility shall be become immediately due and payable on demand. Details are set out in the announcement dated 13 December 2019.

On 20 July 2020, the Company as borrower entered into a supplemental facility letter with the bank as lender whereby the renewal of existing short term loan facility up to HKD400,000,000 or its equivalent amount in USD would be made available by the bank to the Company subject to the terms and conditions of the supplemental facility letter. The final maturity date of the short term loan shall be one year from the issuance date of the supplemental facility letter. The short term loan facility is subject to the bank's review from time to time no later than 24 May 2021 and at the bank's absolute discretion to continue the short term loan facility thereafter the same terms and conditions. On 20 July 2020, the Company as borrower entered into a facility letter with the bank as lender whereby the banking facility of a committed term loan up to HKD780,000,000 would be made available by the bank to the Company subject to the terms and conditions of the facility letter. The final maturity date of the term loan shall be one year from the date of acceptance of the facility letter. Pursuant to the supplemental facility letter and facility letter, if COFCO Corporation (a) is not or ceases to be majority owned or otherwise controlled by the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China or China Central Government; and/or (b) do not or cease to be, directly or indirectly, the single largest shareholder of the Company and/or have management control over the Company, it would constitute an event of default upon which the short term loan and the term loan, all interest thereon, and all other sums payable thereunder shall become immediately due and payable and shall immediately be repaid or paid to the bank. Details are set out in the announcements dated 4 July 2019 and 20 July 2020, respectively.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year ended 31 December 2020.

Directors' Report

CONVERTIBLE SECURITIES, WARRANTS OR OPTIONS

On 19 December 2013, the Acquisition was completed and upon completion, the Company issued 1,095,300,778 CPS to Achieve Bloom as part of settlement of the consideration for the Acquisition. Currently, the Company has two classes of shares, being the ordinary shares and the CPS.

The major terms of the CPS are as follows:

Nominal value:	Non-redeemable convertible preference shares of HK$0.10 each created as a new class of shares in the share capital of the Company.
Conversion ratio:	The CPS shall be convertible at the option of its holder, without the payment of any additional consideration therefor, into such number of fully-paid Shares at the conversion ratio of one CPS for one Share.
Conversion rights:	Holders of the CPS will have the right to convert all or such number of CPS into Conversion Shares at any time after the issuance of the CPS, provided that they may not exercise the conversion rights as to such number of CPS the conversion of which would result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules.
Redemption:	The CPS shall be non-redeemable by the Company or their holders.
Dividend and distribution entitlement:	Each CPS shall confer on its holder the right to receive any dividend pari passu with holders of Shares on the basis of the number of Share(s) into which each CPS may be converted and on an as converted basis.
	The holders of the CPS shall have priority over the Shareholders on the assets and funds of the Company available for distribution in a distribution of assets on liquidation, winding-up or dissolution of the Company (but not on conversion of CPS or any repurchase by the Company of CPS or Shares).
Voting rights:	The holders of the CPS shall be entitled to receive notices of and to attend general meetings of the Company, but the CPS shall not confer on their holders the right to vote at a general meeting of the Company, unless a resolution is to be proposed at a general meeting for the winding-up of the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the CPS or vary the restrictions to which the CPS are subject.
Transferability:	The CPS (including the Conversion Shares once converted from the CPS) may be transferred by their holders without restriction.
Ranking:	Save as expressly provided in the Bye-laws and save and except for the voting rights and distribution entitlements upon liquidation, winding-up or dissolution of the Company, each CPS shall have the same rights as each of the Shares.
	The Conversion Shares will be issued as fully paid and rank pari passu in all respects with the Shares in issue as at the date of conversion.

Adjustment:	If and whenever the Shares are consolidated or sub-divided into a different nominal amount, then the same consolidation or subdivision shall be effected on the CPS, in which case the conversion ratio shall remain as one CPS for one Share (as consolidated or sub-divided, as the case may be).
Listing:	No listing has been sought for the CPS on the Stock Exchange or any other stock exchange. However, an application has been made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

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

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

NON-COMPETITION UNDERTAKING

Pursuant to the Non-Competition Undertaking, COFCO Corporation has undertaken in favour of the Company for itself and on behalf of its subsidiaries during the term of the Non-Competition Undertaking, COFCO Corporation shall not, and shall procure that none of its subsidiaries (excluding Grandjoy and its subsidiaries) shall, directly or indirectly, whether as principal or agent, and whether undertaken solely or jointly and whether through intermediate holding companies or otherwise, carry on, engage, invest, participate or otherwise be interested in any business or company which is directly or indirectly engaged in the Restricted Business in competition with the Group in the PRC and Hong Kong. After review of all relevant information on 31 December 2020, the Independent Board Committee considered that COFCO Corporation had complied with the Non-Competition Undertaking for the year ended 31 December 2020.

REGULATORY COMPLIANCE

As disclosed in the Company's circular dated 30 November 2013 and 5 November 2014, there were certain non-compliances relating to the Group or its property projects during the year under review. As at the date of this Annual Report, the respective progress of the remedial measures taken by the Group in respect of those non-compliances which may be remedied remained substantially the same as described in the Company's annual report dated 30 March 2015.

CORPORATE GOVERNANCE

The Company's principal corporate governance practices are set out in the Corporate Governance Report on pages 73 to 84 of this Annual Report.

CLOSURE OF REGISTER OF MEMBERS

For determining the eligibility of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 11 June 2021 to Friday, 18 June 2021, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents, accompanied by the relevant share certificate(s), must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Thursday, 10 June 2021.

Directors' Report

For the purposes of ascertaining shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Thursday, 24 June 2021 to Wednesday, 30 June 2021, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the propose final dividend, all transfer documents, accompanied by the relevant share certificate(s), must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Wednesday, 23 June 2021.

AUDIT COMMITTEE

The audited consolidated results of the Group for the year ended 31 December 2020 have been reviewed by the Audit Committee. Information on the work of Audit Committee and its composition are set out in the Corporate Governance Report.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in normal course of business are set out in Note 48 to the consolidated financial statements. In relation to those related party transactions that constituted connected transactions under the Listing Rules, they have complied with applicable requirements in accordance with the Listing Rules.

CHARITABLE DONATIONS

Charitable donations made by the Group during the financial year amounted to RMB5,114,000 (2019: RMB2,994,000).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Company will separately publish the "Environmental, Social and Governance Report" prepared in accordance with Appendix 27 to the Listing Rules on the HKExnews website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.joy-cityproperty.com) in due course.

PERMITTED INDEMNITY PROVISIONS

During the year ended 31 December 2020 and up to the date of this report, there was or is permitted indemnity provision in the Bye-laws of the Company being in force. The Company has maintained directors' and officers' liability insurance throughout the year, which provides appropriate cover certain legal actions brought against its Directors and officers arising out of corporate activities.

EQUITY-LINKED AGREEMENTS

Save as disclosed in respect of CPS in Note 35 to the consolidated financial statements, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year ended 31 December 2020 or subsisted at the end of the year.

ON BEHALF OF THE BOARD

YOU Wei
Chairman

25 March 2021

Five Years Financial Summary

	For the year ended 31 December				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Consolidated results revenue	**14,109,832**	10,337,768	8,128,914	11,657,761	6,987,097
Profit for the year attributable to owners of the Company	**1,104,533**	1,635,906	2,103,271	1,513,162	797,581

	As at 31 December				
	2020	2019	2018	2017	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Consolidated assets and liabilities					
Total assets	**124,167,334**	110,977,370	98,860,489	86,370,523	82,550,683
Total liabilities	**70,572,441**	61,139,477	53,689,705	43,897,714	41,044,052
Total equity	**53,594,893**	49,837,893	45,170,784	42,472,809	41,506,631
Equity attributable to owners of the Company	**29,447,710**	29,035,061	28,209,016	27,018,517	26,203,351

Independent Auditor's Report

Deloitte. 德勤

TO THE SHAREHOLDERS OF JOY CITY PROPERTY LIMITED

(incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Joy City Property Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 113 to 247, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss, the consolidated statement of 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 Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

Independent Auditor's Report

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
We identified the valuation of investment properties as a key audit matter because the valuation process is based on the estimation of future results, a set of assumptions and a determination of key inputs, which are judgmental. Any changes to these inputs may have a significant impact on the fair value of the Group's investment properties. Management has determined the fair value of the Group's investment properties at 31 December 2020 with the assistance of an independent external valuer. Details of the investment properties and the related key estimation uncertainty are set out in Notes 16 and 4, respectively, to the consolidated financial statements.	Our procedures in relation to management's valuation of investment properties included: • Evaluating the competence, capabilities and objectivity of the external valuer engaged by the management. • Obtaining a copy of valuation report prepared by the external valuer and discussing with the external valuer together with our internal valuation specialists to understand the basis of determination of valuation. • Challenging the external valuer the methodologies and judgments used in valuing the investment properties with the assistance of our internal valuation specialists and obtaining the market evidence that the external valuer used to support the key inputs. • Assessing the adequacy of the disclosures of the fair value measurement of investment properties including the fair value measurement hierarchy, the valuation technique and significant unobservable inputs in the consolidated financial statements.
Revenue recognised of property sales	

We identified the revenue from sales of properties as a key audit matter due to the significance of the amount and volume of sales transactions recognised during the year.
 	
Details of revenue from sales of properties are set out in Note 5 to the consolidated financial statements.
	Our procedures in relation to revenue from sales of properties included:
	
	• Understanding, documenting and testing key internal controls over revenue recognition on sales of properties.
	
	• Selecting property sales transactions on a sampling basis and:
	
	    • reading the signed sales and purchase agreements to understand the relevant terms of the timing of property delivery and title transfer;
	
	    • obtaining evidence regarding the property delivery and title transfer; and
	
	    • reconciling the monetary amounts of recorded transactions and related payments to the signed sales and purchase agreements of properties sold.

Independent Auditor's Report

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, 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.

Independent Auditor's Report

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Stephen C.L. Yuen.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 March 2021

Consolidated Statement of Profit or Loss

For the year ended 31 December 2020

	NOTES	Year ended 31 December 2020 RMB'000	2019 RMB'000
Revenue	5		
Contracts with customers		**10,979,107**	6,533,830
Leases		**3,130,725**	3,803,938
Total revenue		**14,109,832**	10,337,768
Cost of sales and services rendered	10	**(8,652,267)**	(4,591,136)
Gross profit		**5,457,565**	5,746,632
Other income	6	**405,070**	263,249
Other gains and losses, net	7	**629,604**	(203,117)
Impairment losses under expected credit loss model, net of reversal	8	**(9,414)**	(1,302)
Gain on disposal of subsidiaries	47	**–**	701,154
Distribution and selling costs		**(579,925)**	(647,257)
Administrative expenses		**(816,329)**	(1,001,422)
Fair value (loss)/gain on:			
investment properties	16	**(11,794)**	833,662
financial liabilities at fair value through profit or loss		**(15,942)**	(8,100)
Finance costs	9	**(958,303)**	(1,178,660)
Share of (losses)/profits of associates	20	**(5,544)**	1,883
Share of losses of joint ventures	21	**(189,250)**	(86,801)
Profit before tax	10	**3,905,738**	4,419,921
Income tax expense	11	**(1,736,646)**	(1,751,422)
Profit for the year		**2,169,092**	2,668,499
Profit for the year attributable to:			
Owners of the Company		**1,104,533**	1,635,906
Holders of perpetual capital instruments		**211,196**	151,976
Non-controlling interests		**853,363**	880,617
		2,169,092	2,668,499
Basic and diluted earnings per share	13	**RMB7.2 cents**	RMB10.7 cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2020

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit for the year	**2,169,092**	2,668,499
Other comprehensive income/(expense):		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation	**155,573**	(57,310)
Fair value (loss)/gain on hedging instruments designated as cash flow hedges	**(351,914)**	55,149
Other comprehensive expense for the year, net of income tax	**(196,341)**	(2,161)
Total comprehensive income for the year	**1,972,751**	2,666,338
Total comprehensive income for the year attributable to:		
Owners of the Company	**933,227**	1,632,757
Holders of perpetual capital instruments	**211,196**	151,976
Non-controlling interests	**828,328**	881,605
	1,972,751	2,666,338

Consolidated Statement of Financial Position

At 31 December 2020

	NOTES	At 31 December 2020 RMB'000	At 31 December 2019 RMB'000
NON-CURRENT ASSETS			
Investment properties	16	**57,729,887**	57,303,993
Property, plant and equipment	17	**3,598,694**	3,767,707
Right-of-use assets	18	**1,686,685**	1,761,700
Intangible assets	19	**119,108**	126,434
Interests in associates	20	**81,572**	109,958
Interests in joint ventures	21	**6,069,875**	6,164,344
Loan to a joint venture	23	**–**	92,290
Loans to associates	23	**1,151,780**	1,188,213
Financial assets at fair value through profit or loss		**510**	510
Goodwill		**184,297**	184,297
Deposits	26	**185,112**	136,194
Deferred tax assets	22	**235,517**	122,236
Hedging instruments		**–**	53,133
		71,043,037	71,011,009
CURRENT ASSETS			
Inventories		**24,445**	24,843
Properties held for sale	24 (a)	**1,667,377**	521,638
Properties under development for sale	24 (b)	**29,280,964**	21,209,749
Accounts receivable	25	**155,967**	145,887
Contract costs		**69,199**	68,698
Deposits, prepayments and other receivables	26	**2,749,592**	2,202,962
Amount due from the ultimate holding company	27	**–**	7
Amounts due from fellow subsidiaries	27	**24,547**	956
Amounts due from non-controlling interests	27	**41,334**	42,654
Amounts due from joint ventures	27	**10,927**	17,094
Amounts due from associates	27	**516,606**	290,074
Loans to associates	23	**771,938**	1,649,370
Loans to joint ventures	23	**166,440**	549,450
Loan to non-controlling interests	23	**1,100,000**	1,000,000
Tax recoverable		**302,379**	104,048
Restricted bank deposits	28	**185,040**	372,480
Pledged deposits	28	**7,915**	14,340
Cash and bank balances	28	**16,049,627**	11,752,111
		53,124,297	39,966,361
TOTAL ASSETS		**124,167,334**	110,977,370

Consolidated Statement of Financial Position

At 31 December 2020

	NOTES	At 31 December 2020 RMB'000	At 31 December 2019 RMB'000
CURRENT LIABILITIES			
Accounts payable	29	**7,124,271**	2,510,357
Other payables and accruals	30	**6,018,042**	6,562,245
Contract liabilities	33	**10,170,298**	7,781,928
Lease liabilities		**57,648**	48,292
Amount due to the ultimate holding company	27	**346**	136
Amount due to an intermediate holding company	27	**674**	695
Amount due to the immediate holding company	27	**–**	8,090
Amounts due to non-controlling interests	27	**1,424,712**	1,755,037
Amount due to an associate	27	**201,797**	166,827
Amounts due to joint ventures	27	**19,400**	28,978
Amounts due to fellow subsidiaries	27	**152,140**	117,960
Loans from fellow subsidiaries	23	**573,083**	245,362
Loan from non-controlling interests	23	**559,712**	626,721
Loan from a joint venture	23	**274,800**	–
Loan from a third party	23	**–**	991,800
Bank borrowings	31	**6,069,083**	2,288,320
Income tax and land appreciation tax payables		**1,486,144**	1,327,280
Deferred income		**6,692**	6,883
Bonds payable	32	**905,098**	1,138,851
Hedging instruments		**27,056**	–
		35,070,996	25,605,762
NET CURRENT ASSETS		**18,053,301**	14,360,599
TOTAL ASSETS LESS CURRENT LIABILITIES		**89,096,338**	85,371,608

Consolidated Statement of Financial Position

At 31 December 2020

	NOTES	At 31 December 2020 RMB'000	2019 RMB'000
NON-CURRENT LIABILITIES			
Other payables and accruals	30	**781,591**	848,089
Lease liabilities		**219,952**	136,703
Loans from a fellow subsidiary	23	**868,578**	1,239,418
Loans from third parties	23	**5,135,031**	2,123,800
Bank borrowings	31	**16,641,054**	20,803,086
Deferred tax liabilities	22	**7,741,084**	7,300,545
Bonds payable	32	**3,836,252**	3,081,566
Hedging instruments		**277,903**	–
Amounts due to fellow subsidiaries	27	**–**	508
		35,501,445	35,533,715
NET ASSETS		**53,594,893**	49,837,893
CAPITAL AND RESERVES			
Share capital	34	**1,122,414**	1,122,414
Reserves	36	**28,325,296**	27,912,647
Equity attributable to owners of the Company		**29,447,710**	29,035,061
Perpetual capital instruments	37	**7,158,633**	5,330,086
Non-controlling interests		**16,988,550**	15,472,746
TOTAL EQUITY		**53,594,893**	49,837,893

The consolidated financial statements on pages 113 to 247 were approved and authorised for issue by the Board of Directors on 25 March 2021 and are signed on its behalf by:

YOU Wei
DIRECTOR

CAO Rongen
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Attributable to owners of the Company													
	Ordinary share capital RMB'000 (Note (a)) (Note 34)	Share premium RMB'000 (Note (a))	Non-redeemable convertible preference shares RMB'000 (Note (a)) (Note 35)	Special reserve RMB'000 (Notes (a) and (e))	Other reserve RMB'000 (Note (b))	Capital reserve RMB'000 (Note (c))	Statutory reserve RMB'000 (Note (d))	Property revaluation reserve RMB'000	Foreign currency translation reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	Perpetual capital instruments RMB'000 (Note 37)	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2020	1,122,414	17,993,202	1,722,317	(20,801,408)	2,855,621	6,140,228	982,616	76,497	(178,171)	19,121,745	29,035,061	5,330,086	15,472,746	49,837,893
Profit for the year	-	-	-	-	-	-	-	-	-	1,104,533	1,104,533	211,196	853,363	2,169,092
Other comprehensive (expense)/income for the year	-	-	-	-	(326,879)	-	-	-	155,573	-	(171,306)	-	(25,035)	(196,341)
Total comprehensive (expense)/income for the year	-	-	-	-	(326,879)	-	-	-	155,573	1,104,533	933,227	211,196	828,328	1,972,751
Interest paid on perpetual capital instruments	-	-	-	-	-	-	-	-	-	-	-	(494,366)	-	(494,366)
Repayment of perpetual capital instruments (Note f)	-	-	-	-	-	-	-	-	-	-	-	(148,000)	-	(148,000)
Issue of perpetual capital instruments	-	-	-	-	-	-	-	-	-	-	-	2,259,717	-	2,259,717
Acquisition of additional interests in a subsidiary (Note g)	-	-	-	-	46,348	-	-	-	-	-	46,348	-	(326,743)	(280,395)
Statutory reserve appropriation	-	-	-	-	-	-	206,727	-	-	(206,727)	-	-	-	-
Acquisition of a subsidiary (Note 46)	-	-	-	-	-	-	-	-	-	-	-	-	575,488	575,488
Capital injection by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	1,004,500	1,004,500
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(561,464)	(561,464)
Final 2019 dividend declared (Note 12)	-	-	-	-	-	-	-	-	-	(562,173)	(562,173)	-	-	(562,173)
Others	-	-	-	-	(4,753)	-	-	-	-	-	(4,753)	-	(4,305)	(9,058)
At 31 December 2020	1,122,414	17,993,202	1,722,317	(20,801,408)	2,570,337	6,140,228	1,189,343	76,497	(22,598)	19,457,378	29,447,710	7,158,633	16,988,550	53,594,893

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

	Attributable to owners of the Company													
	Ordinary share capital RMB'000 (Note (a)) (Note 34)	Share premium RMB'000 (Note (a))	Non- redeemable convertible preference shares RMB'000 (Note (a)) (Note 35)	Special reserve RMB'000 (Notes (a) and (e))	Other reserve RMB'000 (Note (b))	Capital reserve RMB'000 (Note (c))	Statutory reserve RMB'000 (Note (d))	Property revaluation reserve RMB'000	Foreign currency translation reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	Perpetual capital instruments RMB'000 (Note 37)	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2019	1,122,414	17,993,202	1,722,317	(20,801,408)	2,799,531	6,140,228	768,000	76,497	(120,861)	18,509,096	28,209,016	2,743,326	14,218,442	45,170,784
Profit for the year	-	-	-	-	-	-	-	-	-	1,635,906	1,635,906	151,976	880,617	2,668,499
Other comprehensive income/(expense) for the year	-	-	-	-	54,161	-	-	-	(57,310)	-	(3,149)	-	988	(2,161)
Total comprehensive income/(expense) for the year	-	-	-	-	54,161	-	-	-	(57,310)	1,635,906	1,632,757	151,976	881,605	2,666,338
Repayment of perpetual capital instruments	-	-	-	-	-	-	-	-	-	-	-	(1,200,000)	-	(1,200,000)
Issue of perpetual capital instruments	-	-	-	-	-	-	-	-	-	-	-	3,634,784	-	3,634,784
Capital injection by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	636,715	636,715
Statutory reserve appropriation	-	-	-	-	-	-	214,987	-	-	(214,987)	-	-	-	-
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	(327,801)	(327,801)
Final 2018 dividend declared (Note 12)	-	-	-	-	-	-	-	-	-	(808,270)	(808,270)	-	-	(808,270)
Acquisition of a subsidiary (Note 46)	-	-	-	-	-	-	-	-	-	-	-	-	167,694	167,694
Disposal of subsidiaries (Note 47)	-	-	-	-	-	-	(45)	-	-	-	(45)	-	(98,672)	(98,717)
Others	-	-	-	-	1,929	-	(326)	-	-	-	1,603	-	(5,237)	(3,634)
At 31 December 2019	1,122,414	17,993,202	1,722,317	(20,801,408)	2,855,621	6,140,228	982,616	76,497	(178,171)	19,121,745	29,035,061	5,330,086	15,472,746	49,837,893

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

Notes:

(a) Issued equity comprises ordinary share capital of Joy City Property Limited (the "Company"), share premium, non-redeemable convertible preference shares ("CPS") and special reserve.

(b) Other reserve mainly included balances arising from merger accounting for business combinations involving entities under common control of RMB288,561,000 in 2012 and RMB2,617,690,000 in 2013 and offset with obligation arising from a put option to non-controlling shareholder of RMB336,470,000 in 2018 (Note 30).

(c) Capital reserve mainly included capital contribution from COFCO Corporation, the ultimate holding company of the Company, of which included capital contribution of RMB4,208,294,000 to a subsidiary of the Company during the year ended 31 December 2012.

During 2016, the Group (see definition in Note 1) disposed of 49% of its equity interests in Fortune Set Limited ("Fortune Set"), Sunny Ease Limited ("Sunny Ease") and Vivid Star Limited ("Vivid Star") respectively, resulting in reducing its equity interests in these three subsidiaries to 51%. The proceeds on disposal of RMB9,443,143,000 were received in cash. An amount of RMB7,802,203,000 (being the proportionate share of the carrying amount of net assets of these three subsidiaries, respectively) has been transferred to non-controlling interests. The difference of RMB1,640,940,000 between the increase in the non-controlling interests and the consideration received has been adjusted to capital reserve of the Group.

(d) The amount mainly represents statutory reserve of the companies registered in the People's Republic of China (the "PRC"). According to the relevant laws in the PRC, companies established in the PRC are required to transfer their net profit after tax, as determined under the relevant accounting principles and financial regulations applicable to enterprises established in the PRC, to a non-distributable reserve fund before the distribution of a dividend to equity owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

(e) On 19 December 2013, a very substantial acquisition, connected transaction and reverse takeover involving a new listing application of the Company was completed. The Company acquired from COFCO Land Limited ("COFCO Land''), a fellow subsidiary, the equity interests in certain subsidiaries of COFCO Land (collectively "COFCO Land Subsidiaries'') and the shareholder's loan of HK$3,329 million (equivalent to approximately RMB2,618 million) which were outstanding and owing by certain of the COFCO Land Subsidiaries to COFCO Land immediately before the completion of the acquisition of the COFCO Land Subsidiaries (together with the acquisition of the COFCO Land Subsidiaries), by the allotment and issue of 5,988,199,222 ordinary shares of the Company at the issue price of HK$2.00 each and 1,095,300,778 new CPS of the Company at the issue price of HK$2.00 each to Achieve Bloom Limited, the then immediate holding company of the Company, and COFCO Land ("Reverse Takeover Transaction"). Special reserve at the reporting date included balances arising on the Reverse Takeover Transaction completed in December 2013 of RMB11,138,521,000.

(f) The Group repaid perpetual capital instruments with principal amount of RMB148,000,000 during the current year.

(g) During the year ended 31 December 2020, the Group acquired 10.78% equity interest in Sanya Yalong Development Company Limited, a subsidiary of the Company from its non-controlling shareholders for a consideration of RMB280,395,000. Upon the completion of the transaction, the Group held 56.96% of Sanya Yalong Development Company Limited.

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 before tax	**3,905,738**	4,419,921
Adjustments for:		
Finance costs	**958,303**	1,178,660
Interest income	**(346,707)**	(234,673)
Share of losses/(profits) of associates	**5,544**	(1,883)
Share of losses of joint ventures	**189,250**	86,801
Recognition of impairment loss on goodwill	**–**	68,745
Amortisation of intangible assets	**14,272**	14,686
Depreciation of right-of-use assets	**72,219**	100,073
Depreciation of property, plant and equipment	**232,332**	221,541
Fair value loss/(gain) on:		
investment properties	**11,794**	(833,662)
financial liabilities at fair value through profit or loss	**15,942**	8,100
Recognition of impairment loss on accounts receivable, net	**6,762**	4,453
Recognition/(reversal) of impairment loss on other receivables, net	**2,652**	(3,151)
Exchange (gain)/loss, net	**(425,402)**	69,730
Gains on disposal of subsidiaries	**–**	(701,154)
Loss on disposal of property, plant and equipment, net	**4,905**	25,173
Other gain relating to reversal of contract costs	**–**	(6,023)
Release of deferred revenue	**–**	(12,434)
Operating cash flows before movements in working capital	**4,647,604**	4,404,903
Decrease in inventories	**398**	10,873
Decrease in properties held for sale	**7,781,092**	2,859,285
Increase in properties under development for sale	**(9,620,880)**	(8,206,650)
(Increase)/decrease in accounts receivable	**(16,842)**	62,564
Decrease/(increase) in contract costs	**13,343**	(25,641)
Decrease/(increase) in deposits, prepayments and other receivables	**181,427**	(492,071)
Increase in amounts due from non-controlling interests	**–**	(275)
(Decrease)/increase in amount due to non-controlling interest	**(768)**	1,306
Increase in accounts payable	**4,011,306**	272,447
(Decrease)/increase in contract liabilities	**(1,819,838)**	824,136
(Decrease)/increase in other payables and accruals	**(382,828)**	1,207,087
(Decrease)/increase in rental deposits received	**(147,621)**	80,776
Decrease/(increase) in restricted bank deposits	**338,683**	(372,480)
Decrease in amount due from the ultimate holding company	**7**	5
Increase/(decrease) in amount due to the ultimate holding company	**210**	(1,023)
(Increase)/decrease in amounts due from fellow subsidiaries	**(23,591)**	2,648

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
OPERATING ACTIVITIES – continued		
Increase in amounts due from joint ventures	**(2,678)**	–
Decrease in amounts due to joint ventures	**–**	(18,943)
(Decrease)/increase in amount due to the immediate holding company	**(227)**	227
Increase in amounts due to fellow subsidiaries	**15,117**	20,746
Interest received	**131,340**	66,130
Increase in deposits paid	**(58,836)**	(9,918)
(Decrease)/increase in deferred income	**(224)**	17,243
Cash generated from operations	**5,046,194**	703,375
PRC Enterprise Income Tax and Hong Kong Profits Tax paid	**(955,159)**	(898,929)
Land Appreciation Tax paid	**(463,234)**	(269,750)
NET CASH FROM/(USED IN) OPERATING ACTIVITIES	**3,627,801**	(465,304)
INVESTING ACTIVITIES		
Purchases of property, plant and equipment	**(53,020)**	(241,827)
Payments for right-of-use assets/leasehold land and land use rights (Note 18)	**(305)**	(30,605)
Payments for intangible assets	**(6,904)**	(62,082)
Payments for investment properties	**(1,332,756)**	(2,034,813)
Proceeds on disposal of property, plant and equipment	**4,079**	61,432
Proceeds on disposal of investment properties	**3,678**	16,787
Acquisition of subsidiaries (Note 46)	**729,868**	304
Disposal of interest in an associate	**–**	1,330
Acquisition of interest in an associate	**–**	(340)
Acquisition of interests in joint ventures	**(148,599)**	(760,658)
Disposal of interest in joint ventures	**(436)**	–
Loans to joint ventures	**(287,650)**	–
Loans to an associate	**(601,368)**	(1,454,796)
Proceeds from repayment of loans to associates	**1,502,594**	896,664
Loan to non-controlling interests	**(170,000)**	(1,750,000)
Repayment of loan to non-controlling interests	**70,000**	1,850,000
Net cash outflow on disposal of subsidiaries (Note 47)	**–**	(105,694)
Repayment of loans to joint ventures	**762,950**	673,750
Repayment of loan from a third party on acquisition of a subsidiary	**–**	(338,982)
Subsequent payment to a third party on acquisition of a joint venture in previous year	**(500,000)**	–
Decrease in amount due to non-controlling interest	**–**	(75,418)
Decrease/(increase) in deposits paid for land acquisition for investment properties	**16,000**	(116,276)
Decrease in amounts due from non-controlling interests	**3,215**	21,282
Decrease in amounts due from joint ventures	**51,325**	2,180,535
Decrease/(increase) in pledged deposits	**6,425**	(1,818)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES	**49,096**	(1,271,225)

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
FINANCING ACTIVITIES		
Interest paid	**(1,275,763)**	(1,015,702)
Repayment of perpetual capital instruments	**(148,000)**	(1,200,000)
Repayment of bonds payable	**(1,000,000)**	(2,267,788)
Repayment of guaranteed notes	**–**	(5,580,960)
Issuance of perpetual capital instruments	**2,259,717**	3,634,784
Issuance of bonds	**1,494,623**	2,349,774
Interest paid on perpetual capital instruments	**(494,366)**	–
Interest paid to guaranteed notes holders	**–**	(202,310)
Interest paid on bonds payable	**(172,526)**	(145,500)
Repayments of amount due to non-controlling interest	**(185,100)**	(10,000)
Proceeds from bank borrowings	**7,195,824**	15,183,898
Repayments of bank borrowings	**(8,606,664)**	(7,090,078)
Loans from fellow subsidiaries	**1,000**	263,796
Repayments of loans from fellow subsidiaries	**(31,110)**	(132,640)
Repayments of leases liabilities	**(46,951)**	(36,931)
Repayments to joint ventures	**(10,809)**	(1,125)
Acquisition of additional interest of a subsidiary from non-controlling interests	**(280,395)**	–
Advance from an associate	**34,970**	166,600
Repayments to fellow subsidiaries	**(56,363)**	(32,784)
Repayments of loans from non-controlling interests	**(49,328)**	(63,194)
Loans from joint ventures	**274,800**	–
Loans from third parties	**3,612,118**	4,107,400
Repayment of loan from a third party	**(1,600,000)**	(991,800)
Dividends paid	**(517,992)**	(777,044)
Dividends paid to non-controlling interests	**(729,824)**	(418,095)
Contribution from non-controlling interests	**1,004,500**	636,715
NET CASH FROM FINANCING ACTIVITIES	**672,361**	6,377,016

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
NET INCREASE IN CASH AND CASH EQUIVALENTS	**4,349,258**	4,640,487
Cash and cash equivalents at beginning of year	**11,752,111**	7,107,503
Effects of exchange rate changes on the balance of cash and bank balances held in foreign currencies	**(51,742)**	4,121
CASH AND CASH EQUIVALENTS AT END OF YEAR	**16,049,627**	11,752,111
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS AT END OF YEAR		
Cash and bank balances	**16,022,493**	11,725,521
Non-pledged time deposits	**27,134**	26,590
Cash and bank balances as stated in the consolidated statement of financial position	**16,049,627**	11,752,111
	16,049,627	11,752,111

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

1. GENERAL INFORMATION

Joy City Property Limited (the "Company", together with its subsidiaries, collectively referred to as the "Group") was incorporated in Bermuda with limited liability and its ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activities of the Company and its subsidiaries (the "Group") are principally investment holding, property investment and development and hotel operations.

The immediate holding company of the Company changed from Vibrant Oak Limited, a company incorporated in the British Virgin Islands, to Grandjoy Holdings Group Co., Ltd ("Grandjoy Holdings", formerly known as COFCO Property (Group) Co., Ltd.), a company established in the People's Republic of China (the "PRC") with its A shares listed on the Shenzhen Stock Exchange, in January 2019. Vibrant Oak Limited and Grandjoy Holdings are both under common control of COFCO (Hong Kong) Limited, an intermediate holding company of the Company. In the opinion of the directors of the Company (the "Directors"), before and subsequent to the change of immediate holding company, the ultimate holding company of the Company is COFCO Corporation, a company established in the PRC.

The consolidated financial statements are presented in Renminbi ("RMB"), the currency of the primary economic environment in which most of the group entities operate (the functional currency of the Company and most of the entities comprising the Group), and all values are rounded to the nearest thousand ('000) unless otherwise indicated.

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs 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 HKFRS Standards* and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Group's consolidated financial statements:

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

Except as described below, the application of the *Amendments to References to the Conceptual Framework in HKFRS Standards* and the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and on the disclosures set out in these consolidated financial statements.

2.1 Impacts of application on Amendments to HKAS 1 and HKAS 8 "Definition of Material"

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the amendments in the current year had no impact on the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

2.2 Impacts on application of Amendments to HKFRS 3 Definition of a Business

The Group has applied the amendments for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

In addition, the amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. The election on whether to apply the optional concentration test is available on transaction-by-transaction basis.

The amendments had no impact on the consolidated financial statements of the Group but may impact future periods should the Group make any acquisition.

2.3 Impacts on application of Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform

The Group has applied the amendments for the first time in the current year. The amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the year of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reform. The amendments are relevant to the Group given that it applies hedge accounting to its benchmark interest rate exposures.

The amendments had no material impact on the consolidated financial statements of the Group as the Group's designated hedged items is not affected by the interest rate benchmark reform.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments[1]
Amendment to HKFRS 16	Covid-19-Related Rent Concessions[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[1]
Amendments to HKAS 16	Property, Plant and Equipment-Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 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.

Except for the amendments to HKFRSs mentioned below, the Directors anticipate that the application of the above new and amendments to HKFRSs will have no material impact on the Group's consolidated financial statements in the foreseeable future.

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2 relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements and disclosure requirements applying HKFRS 7 Financial Instruments: Disclosures to accompany the amendments regarding modifications and hedge accounting.

- Modification of financial assets, financial liabilities and lease liabilities. A practical expedient is introduced for modifications required by the reform (modifications required as a direct consequence of the interest rate benchmark reform and made on an economically equivalent basis). These modifications are accounted for by updating the effective interest rate. All other modifications are accounted for using the current HKFRSs requirements. A similar practical expedient is proposed for lessee accounting applying HKFRS 16;

- Hedge accounting requirements. Under the amendments, hedge accounting is not discontinued solely because of the interest rate benchmark reform. Hedging relationships (and related documentation) are required to be amended to reflect modifications to the hedged item, hedging instrument and hedged risk. Amended hedging relationships should meet all qualifying criteria to apply hedge accounting, including effectiveness requirements; and

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

New and amendments to HKFRSs in issue but not yet effective (continued)

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 Interest Rate Benchmark Reform – Phase 2 (continued)

- Disclosures. The amendments require disclosures in order to allow users to understand the nature and extent of risks arising from the interest rate benchmark reform to which the Group is exposed to and how the entity manages those risks as well as the entity's progress in transitioning from interbank offered rates to alternative benchmark rates, and how the entity is managing this transition.

As at 31 December 2020, the Group has several London Interbank Offered Rate ("LIBOR"), Hong Kong Interbank Offered Rate ("HIBOR") bank loans, and several LIBOR bank loans entered into interest rate swap agreements with independent counterparties which may be subject to interest rate benchmark reform. The Group expects no significant gains or losses should the interest rate benchmark for these loans change resulting from the reform on application of the amendments.

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 HKFRSs issued by the HKICPA. 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 of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance.

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

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 HKFRS 2 *Share-based Payment*, leasing transactions that are accounted for in accordance with HKFRS 16 *Leases* ("HKFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 *Inventories* or value in use in HKAS 36 *Impairment of Assets*.

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

3.1 Basis of preparation of consolidated financial statements (continued)

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 is 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.

3.2 Significant accounting policies

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and 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.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

When the Group is an investor of a fund in which the Group also acts as a fund manager, the Group will determine whether it is a principal or an agent for the purpose of assessing whether the Group controls the relevant fund.

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

3.2 Significant accounting policies (continued)

Basis of consolidation (continued)

An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties (the principal(s)) and therefore does not control the investee when it exercises its decision-making authority. In determining whether the Group is an agent to the fund, the Group would assess:

- the scope of its decision-making authority over the investee;
- the rights held by other parties;
- the remuneration to which it is entitled in accordance with the remuneration agreements; and
- the decision maker's exposure to variability of returns from other interests that it holds in the investee.

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 from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component 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 into 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.

Changes in the Group's 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 HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9 Financial Instruments ("HKFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

3.2 Significant accounting policies (continued)

Business combinations

Acquisitions of businesses 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 *Framework for the Preparation and Presentation of Financial Statements* (replaced by the *Conceptual Framework for Financial Reporting* issued in October 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 assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS *12 Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 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 HKFRS 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 the acquisition date. If, after reassessment, 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.

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 are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquire 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.

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 group 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 an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

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 for capital appreciation (including properties under development for such purpose). Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases.

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 year in which they arise.

Construction costs incurred for investment properties under development are capitalised as part of the carrying amount of the investment properties under construction.

Investment properties are transferred to inventories when and only when there is evidence that substantiates the change in use, including the commencement of development with a view to sale.

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 disposals. 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 arsing on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the year in which the property is derecognised.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses.

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For the year ended 31 December 2020

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

3.2 Significant accounting policies (continued)

Intangible assets (continued)

The Group engages in certain service concession arrangements in which the Group carries out construction work (such as sewage-treatment plant and Canal Cultural Center) for the granting authority and receives in exchange a right to operate the assets concerned in accordance with the pre-established conditions set by the granting authority.

The Group receives a right to charge users of public service, which is classified as intangible assets in the consolidated statement of financial position. The amortisation approach should be selected for concession operation projects based on the pattern in which the asset's future economic benefits are expected to be realised at the commencement of operations.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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 that is accounted for as an operating lease 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 assets (other than construction in progress) less their residual values over their 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)

Properties under development/held for sale

Properties under development which are intended to be sold upon completion of development and properties held for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties under development/properties held for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. For a transfer from investment property carried at fair value to properties held for sale, the property's deemed cost for subsequent accounting is its fair value at the date of change in use.

Properties under development for sale are transferred to properties held for sale upon completion.

The Group transfers a property from inventories to investment property when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the inception of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

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.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joints 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 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 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 year in which the investment is acquired.

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 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 HKAS 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 HKAS 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 HKFRS 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.

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 consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

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

At the end of reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives and contract costs 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, right-of-use assets, and intangible 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.

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, intangible assets, right-of-use assets and contract costs other than goodwill (continued)

Before the Group recognises an impairment loss for assets capitalised as contract costs under HKFRS 15 *Revenue from Contracts with Customers* ("HKFRS 15"), the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amount exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

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.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or the 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 the group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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For the year ended 31 December 2020

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 instruments. 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 accounts receivable arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and 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 FVTPL 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.

Interest/dividend income which are derived from the Group's ordinary course of business are presented as other income.

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 fair value through other comprehensive income ("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.

All other financial assets are subsequently measured at FVTPL, except that at the date of application of HKFRS 9/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 HKFRS 3 *Business Combinations* applies.

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)

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 managers 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 are 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) 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 includes any dividend or interest earned on the financial asset and is included in the " other gains and losses, net" line item.

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

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including accounts receivable excluded lease receivables, loans to and amounts due from ultimate holding company, fellow subsidiaries, non-controlling interests, joint ventures and associates, deposits and other receivables, restricted bank deposits, pledged deposits, cash and bank balances), and other items (lease receivables included in accounts receivable, and financial guarantee contracts) which are subject to impairment assessment under HKFRS 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.

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 HKFRS 9 (continued)

The Group always recognises lifetime ECL for accounts receivable and lease receivables. The ECL on these assets are assessed individually for debtors with significant balances or collectively using a provision matrix with appropriate groupings.

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.

(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.

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)

(i) Significant increase in credit risk (continued)

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.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

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.

(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.

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For the year ended 31 December 2020

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 HKFRS 9 (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default 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 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 lender(s) would not otherwise consider;

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

(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, or in the case of accounts receivable, when the amounts are over three years past due, whichever occurs sooner. 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.

(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.

Generally, the ECL is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

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 HKFRS 9 (continued)

(v) Measurement and recognition of ECL (continued)

The Group has measured ECL at the individual instrument level for loan to/amount due from related parties and non-controlling interests, and the credit-impaired financial assets. For collective assessment, where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the Group takes into consideration the following characteristics when formulating the grouping:

- 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.

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

Except for financial guarantee contracts, 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 accounts receivable and other receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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.

Financial liabilities and equity

Classification as debt or equity

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

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

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

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 Company are recorded at the proceeds received, net of direct issue costs.

Perpetual instruments, which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

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 or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is 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, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

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

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Financial liabilities at amortised cost

Financial liabilities of the Group including accounts and other payables, amounts due to/loans from holding companies, fellow subsidiaries, an associate, joint ventures, non-controlling interests and third parties, bank borrowings and bonds payable are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at fair value. It is subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, when appropriate, cumulative amortisation recognised over the guarantee period.

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.

Obligation arising from a put option on shares of a subsidiary written to non-controlling shareholders

The gross financial liability arising from the put option written to non-controlling shareholders, is recognised when contractual obligation to repurchase the shares in a subsidiary is established even if the obligation is conditional on the counterparty exercising a right to sell back the shares to the Group. The liability for the share redemption amount is initially recognised and measured at present value of the estimated repurchase price with the corresponding debit to other reserve. In subsequent periods, the remeasurement of the present value of the estimated gross obligation under the written put option to the non-controlling shareholders is recognised in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

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

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Hedge accounting

The Group designates certain derivatives as hedging instruments for cash flow hedges.

At the inception of the hedging relationship the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

For the purpose of determining whether a forecast transaction (or a component thereof) is highly probable, the Group assumes that the interest rate benchmark on which the hedged cash flows (contractually or non- contractually specified) are based is not altered as a result of interest rate benchmark reform.

Assessment of hedging relationship and effectiveness

For hedge effectiveness assessment, the Group considers whether the hedging instrument is effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

In assessing the economic relationship between the hedged item and the hedging instrument, the Group assumes that the interest rate benchmark on which the hedged cash flows and/or the hedged risk (contractually or non-contractually specified) are based, or the interest rate benchmark on which the cash flows of the hedging instrument are based, is not altered as a result of interest rate benchmark reform.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

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

3.2 Significant accounting policies (continued)

Financial instruments (continued)

Hedge accounting (continued)

Assessment of hedging relationship and effectiveness (continued)

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'other gains and losses, net' line item.

For the purpose of reclassifying the amount of gains and losses accumulated in the cash flow hedge reserve in order to determine whether the hedged future cash flows are expected to occur, the Group assumes the interest rate benchmark on which the hedged cash flows (contractually or non-contractually specified) are based is not altered as a result of interest rate benchmark reform.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are removed from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability. This transfer does not affect other comprehensive income. Furthermore, if the Group expects that some or all of the loss accumulated in the equity will not be recovered in the future, that amount is immediately reclassified to profit or loss.

Discontinuation of hedge accounting

The Group discontinues hedge accounting prospectively only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria (after rebalancing, if applicable). This includes instances when the hedging instrument expires or is sold, terminated or exercised. Discontinuing hedge accounting can either affect a hedging relationship in its entirety or only a part of it (in which case hedge accounting continues for the remainder of the hedging relationship).

For cash flow hedge, any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transactions is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

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

3.2 Significant accounting policies (continued)

Leases

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 on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 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.

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.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of equipment, furniture and fixtures and motor vehicles 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.

Right-of-use assets

The cost of right-of-use assets 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.

Except for those that are classified as investment properties and measured under fair value model, 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 in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, 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 assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property and inventory are presented within "investment properties", "properties under development for sale", and "properties held for sale" respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

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

3.2 Significant accounting policies (continued)

Leases (continued)

The Group as a lessee (continued)

Refundable rental deposits

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

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 or there is a change in the assessment of exercise of a purchase option, 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 lease payments change due to changes in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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)

Leases (continued)

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. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 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 HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

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

3.2 Significant accounting policies (continued)

Leases (continued)

Sale and leaseback transactions

The Group applies the requirements of HKFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that satisfies the requirements as a sale, the Group as a seller-lessee measures the right-of-use asset arising from the leaseback at the proportion of the previous carrying amount of the asset and recognises any gain or loss that relates to the rights transferred to the buyer-lessor only.

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 exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. 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 retranslation of monetary items, are recognised in profit or loss in the year in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in associates/joint ventures.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

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

3.2 Significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on the weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provision

Provision 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).

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 base 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 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 interests in associates and 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.

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

3.2 Significant accounting policies (continued)

Taxation (continued)

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 each 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 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 business 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.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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 it relates 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. When 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.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

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

3.2 Significant accounting policies (continued)

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.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

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 and 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 goods or services.

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 HKFRS 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.

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

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

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.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

For contracts where the Group transferred the associated goods or services before payments from customers in which the Group adjusts for the promised amount of consideration for significant financing components, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The Group recognises interest income during the period between the payment from customers and the transfer of the associated goods or services.

Contract costs

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (sales commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

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

3.2 Significant accounting policies (continued)

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 income".

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

The employees of the Group in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The Group's PRC companies are required to contribute certain percentage of their payroll to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

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 HKFRS 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 benefits expected to be paid in exchange for that service.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgements, 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 ongoing 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.

Critical judgments in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred tax on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties located in Hong Kong are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred tax on investment properties located in Hong Kong, the Directors have determined with the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties located in Hong Kong as the Group is not subject to any income taxes on disposal of its investment properties.

With regards to the Group's investment properties located in Mainland China, the Directors considered that they are held under a business model whose objective is to consume substantially all of the economic benefits embodied in these investment properties over time. Therefore, the Directors have determined with the presumption that the carrying amounts of investment properties located in Mainland China measured using the fair value model are recovered entirely through sale is rebutted. As a result, the Group recognised deferred taxes on changes in fair value of the Group's investment properties located in Mainland China on the basis that the entire carrying amounts of these properties are recovered through use.

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it did not transfer substantially all the significant risks and rewards of ownership of these properties which are leased out through operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows substantially independent from the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the Group will account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty

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

Valuation of investment properties

Investment properties are measured at fair value based on the valuation performed by an independent professional valuer. In determining the fair value, the valuer has based on a method of valuation which involves certain estimates of market conditions. In relying on the valuation report, the Directors have exercised their judgments and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair value of the Group's investment properties and the corresponding adjustments to the amount of gain or loss would be recognised in profit or loss. The fair value of investment properties at 31 December 2020 was RMB57,729,887,000 (2019: RMB57,303,993,000), details are set out in Note 16.

Land appreciation tax ("LAT")

Certain subsidiaries of the Group are subject to LAT in the Mainland China. However, the implementation of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Group have not finalised their LAT calculations with the local tax authorities in the PRC.

Accordingly, significant judgement is required in determining the amount of land appreciation and its related income tax provisions. The Group recognised the LAT based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the period in which such tax is finalised with local tax authorities.

Impairment on properties held for sale/properties under development for sale

Impairment on properties held for sale/properties under development for sale is made based on the assessment of net realisable value. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, and the amount the properties are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period. Significant management estimates are required in the estimates. Where the actual outcome or expectation in future is different from the original estimates, such differences will impact on the carrying amounts of properties held for sale/properties under development for sale and the amount of impairment loss/write-back of impairment loss in the periods in which such estimates have been changed.

The aggregate carrying amount of properties held for sale as at 31 December 2020 was RMB1,667,377,000 (2019: RMB521,638,000). The aggregate carrying amount of properties under development for sale as at 31 December 2020 was RMB29,280,964,000 (2019: RMB21,209,749,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

5. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for goods sold and services rendered during the year.

The Group is organised into certain business units according to the nature of goods sold or services provided. The operating segments of the Group are determined by the Directors based on the business units by reference to the goods sold or services provided. These business units are the basis of internal reports provided to the Executive Directors, the chief operating decision maker ("CODM"), for the purpose of resource allocation and performance assessment. In the current period, information reported to CODM for the purposes of performance assessment and resource allocation had been re-categorised. Segment of "output management project and other services" reported in the prior periods has been disaggregated into new segments of "output management project" and "other services" in accordance with the information reported to CODM. Comparative figures are re-presented to conform with changes in presentation in the current period.

The operating segments of the entities comprising the Group with similar economic characteristics and similar nature of goods sold or services provided have been aggregated into different reportable segments as follows:

Property investment	Property letting and related services
Property and land development	Development and sale of properties, and development of lands
Hotel operations	Hotel ownership and management
Output management project	Provision of output management services
Other services	Provision of miscellaneous services

An analysis of the Group's revenue, which is also turnover of the Group, for the year is as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Property investment and development:		
Rental income from investment properties and related services	**3,586,814**	4,341,371
Sales of properties held for sale	**9,568,816**	4,640,980
Service income for primary land development	**153,653**	267,456
Output management project	**147,235**	133,236
Other service income	**55,050**	113,141
	13,511,568	9,496,184
Hotel operations:		
Hotel room revenue	**442,752**	606,956
Other ancillary service	**155,512**	234,628
	598,264	841,584
Total revenue	**14,109,832**	10,337,768

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

5. REVENUE AND SEGMENT INFORMATION (continued)

(i) Disaggregation of revenue from contracts with customers

For the year ended 31 December 2020

	Property investment RMB'000	Property and land development RMB'000	Hotel operations RMB'000	Output management project RMB'000	Other services RMB'000	Total RMB'000
Revenue from contracts with customers	456,089	9,722,469	598,264	147,235	55,050	10,979,107
Geographical markets						
Mainland China	439,196	9,722,469	598,264	107,482	51,918	10,919,329
Hong Kong	16,893	–	–	39,753	3,132	59,778
	456,089	9,722,469	598,264	147,235	55,050	10,979,107
Timing of revenue recognition						
A point in time	–	9,722,469	155,512	–	–	9,877,981
Over time	456,089	–	442,752	147,235	55,050	1,101,126
	456,089	9,722,469	598,264	147,235	55,050	10,979,107

Set out below is reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	Property investment RMB'000	Property and land development RMB'000	Hotel operations RMB'000	Output management project RMB'000	Other services RMB'000	Total RMB'000
Revenue from contracts with customers						
External customers	456,089	9,722,469	598,264	147,235	55,050	10,979,107
Inter-segment	10,211	–	–	136,763	34,177	181,151
Total	**466,300**	**9,722,469**	**598,264**	**283,998**	**89,227**	**11,160,258**
Rental revenue	3,133,310	–	–	–	–	3,133,310
Rental adjustments	(2,585)	–	–	–	–	(2,585)
Revenue from rental total	**3,130,725**	**–**	**–**	**–**	**–**	**3,130,725**
Inter-segment elimination	**(10,211)**	**–**	**–**	**(136,763)**	**(34,177)**	**(181,151)**
Revenue disclosed in segment information	**3,586,814**	**9,722,469**	**598,264**	**147,235**	**55,050**	**14,109,832**

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

5. REVENUE AND SEGMENT INFORMATION (continued)

(i) Disaggregation of revenue from contracts with customers (continued)

For the year ended 31 December 2019

	Property investment RMB'000	Property and land development RMB'000	Hotel operations RMB'000	Output management project RMB'000	Other services RMB'000	Total RMB'000
Revenue from contracts with customers	537,433	4,908,436	841,584	133,236	113,141	6,533,830
Geographical markets						
Mainland China	518,297	4,908,436	841,584	99,933	108,474	6,476,724
Hong Kong	19,136	–	–	33,303	4,667	57,106
	537,433	4,908,436	841,584	133,236	113,141	6,533,830
Timing of revenue recognition						
A point in time	–	4,908,436	234,628	–	–	5,143,064
Over time	537,433	–	606,956	133,236	113,141	1,390,766
	537,433	4,908,436	841,584	133,236	113,141	6,533,830

Set out below is reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

	Property investment RMB'000	Property and land development RMB'000	Hotel operations RMB'000	Output management project RMB'000	Other services RMB'000	Total RMB'000
Revenue from contracts with customers						
External customers	537,433	4,908,436	841,584	133,236	113,141	6,533,830
Inter-segment	10,917	–	–	119,175	6,324	136,416
Total	**548,350**	**4,908,436**	**841,584**	**252,411**	**119,465**	**6,670,246**
Rental revenue	3,806,523	–	–	–	–	3,806,523
Rental adjustments	(2,585)	–	–	–	–	(2,585)
Revenue from rental	**3,803,938**	**–**	**–**	**–**	**–**	**3,803,938**
Inter-segment elimination	**(10,917)**	**–**	**–**	**(119,175)**	**(6,324)**	**(136,416)**
Revenue disclosed in segment information	**4,341,371**	**4,908,436**	**841,584**	**133,236**	**113,141**	**10,337,768**

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For the year ended 31 December 2020

5. REVENUE AND SEGMENT INFORMATION (continued)

(ii) Performance obligations for contracts with customers

Development and sales of properties (revenue recognised at a point in time)

For contracts entered into with customers on sales of properties, the relevant properties specified in the contracts are based on customer's specifications with no alternative use. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, the Directors concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Revenue from sales of residential properties is therefore recognised at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

The Group receives 30%~100% of the contract value as deposits from customers when they sign the sale and purchase agreement. This will give rise to contract liabilities until the completed property is transferred to the customers. In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

The Group assesses the advance payment by contract whether it may contain significant financing component. If the effects of the financing component will materially change the amount of revenue at a contract level, accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the party receiving financing in the contract. As this accrual increases the amount of the contract liability during the period of construction, it increases the amount of revenue recognised when control of the completed property is transferred to the customer. The Directors apply the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

Property management related services, hotel room operation and other services

Revenue relating to the property management related services, hotel room operation and other services is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, or at a point in time when the customer obtains control of the distinct good or service, as appropriate.

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For the year ended 31 December 2020

5. REVENUE AND SEGMENT INFORMATION (continued)

(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:

	Sales of properties Year ended at 31 December 2020 RMB'000	 2019 RMB'000
Within one year	**8,336,265**	6,458,926
More than one year but not more than two years	**3,662,928**	2,320,608
	11,999,193	8,779,534

All the property management related services, hotel room operation and other services are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(iv) Leases

	Year ended 31/12/2020 RMB'000	Year ended 31/12/2019 RMB'000
Total revenue arising from operating lease:		
Lease payments that are fixed or linked to the performance of lessees	**3,130,725**	3,803,938

Information regarding the segments is reported below.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and segment results

The following is an analysis of the Group's revenue and results by reportable segments.

Year ended 31 December 2020

	Property investment RMB'000	Property and land development RMB'000	Hotel operations RMB'000	Output management project RMB'000	Other services RMB'000	Segment total RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Segment revenue								
External customers	3,589,399	9,722,469	598,264	147,235	55,050	14,112,417	–	14,112,417
Inter-segment revenue	10,211	–	–	136,763	34,177	181,151	(181,151)	–
Consolidated	3,599,610	9,722,469	598,264	283,998	89,227	14,293,568	(181,151)	14,112,417
Rental adjustments								(2,585)
Revenue as presented in consolidated statement of profit or loss								14,109,832
Segment results	2,431,399	2,090,899	(67,507)	213,348	(126,049)	4,542,090		4,542,090
Unallocated corporate income and other gains								783,740
Unallocated corporate expenses and other losses								(266,995)
Finance costs								(958,303)
Share of losses of associates								(5,544)
Share of losses of joint ventures								(189,250)
Profit before tax as presented in consolidated statement of profit or loss								3,905,738

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment revenue and segment results (continued)

Year ended 31 December 2019

	Property investment RMB'000	Property and land development RMB'000	Hotel operations RMB'000	Output management project RMB'000	Other services RMB'000	Segment total RMB'000	Inter-segment elimination RMB'000	Total RMB'000
Segment revenue								
External customers	4,343,956	4,908,436	841,584	133,236	113,141	10,340,353		10,340,353
Inter-segment revenue	10,917	–	–	119,175	6,324	136,416	(136,416)	–
Consolidated	4,354,873	4,908,436	841,584	252,411	119,465	10,476,769	(136,416)	10,340,353
Rental adjustments								(2,585)
Revenue as presented in consolidated statement of profit or loss								10,337,768
Segment results	4,056,527	1,747,945	11,333	186,453	(210,111)	5,792,147		5,792,147
Unallocated corporate income and other gains								108,327
Unallocated corporate expenses and other losses								(216,975)
Finance costs								(1,178,660)
Share of profits of associates								1,883
Share of losses of joint ventures								(86,801)
Profit before tax as presented in consolidated statement of profit or loss								4,419,921

Inter-segment revenue was charged at prices agreed between group entities, which have no material differences as compared to the prices provided to the third parties.

Segment revenue represents revenue earned by each segment without rental adjustments for property letting relating to the recognition of rental income from operating lease on a straight-line basis over the term of the relevant lease. Segment results represent the profit earned/loss incurred by each segment without allocation of certain items incurred for management purpose, including certain other income, other gains and losses, administrative expenses, finance costs, share of profits/losses of associates and joint ventures. The above is the measure reported to the Executive Directors for the purposes of resource allocation and performance assessment.

5. REVENUE AND SEGMENT INFORMATION (continued)

Segment assets and liabilities

Segment assets and liabilities are not disclosed in the consolidated financial statements as they are not regularly provided to the Executive Directors for the purposes of resource allocation and performance assessment.

Geographical information

The following table sets out information about the Group's revenue from external customers by geographical location. The geographical location of customers is based on the location at which the services were provided or the goods and properties were delivered.

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Mainland China	**13,972,901**	10,196,119
Hong Kong	**136,931**	141,649
	14,109,832	10,337,768

Information about the Group's non-current assets by location is detailed below.

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Mainland China	**66,515,456**	66,406,267
Hong Kong	**2,770,365**	2,827,869
	69,285,821	69,234,136

Non-current assets exclude goodwill, deferred tax assets, financial instruments under non-current assets.

Information about major customer

Revenue generated from a single customer, Shanghai Donghui Shiye Company Limited and Shanghai Dongqing Shiye Company Limited which are under common control and wholly owned subsidiaries of a state-owned enterprise from property and land development was RMB1,904,765,000 (2019:nil) which amounted to more than 10% of the Group's revenue for the year ended 31 December 2020.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

5. REVENUE AND SEGMENT INFORMATION (continued)

Other information

Amounts regularly provided to CODM are as follows:

	Property investment RMB'000	Property and land development RMB'000	Hotel operations RMB'000	Output management project RMB'000	Other services RMB'000	Total RMB'000
Year ended 31 December 2020						
Impairment loss recognised on accounts and other receivables, net	**8,309**	**741**	**291**	**16**	**57**	**9,414**
Depreciation of property, plant and equipment	**25,786**	**2,037**	**185,068**	**2,863**	**16,578**	**232,332**
Depreciation of right-of-use assets	**11,118**	**2,134**	**56,184**	**–**	**2,783**	**72,219**
Loss/(gain) on disposal of property, plant and equipment, net	**5,068**	**(23)**	**(2)**	**–**	**(138)**	**4,905**
Year ended 31 December 2019						
Impairment loss recognised/(reversed) on accounts and other receivables, net	5,060	(154)	(4)	–	(3,600)	1,302
Depreciation of property, plant and equipment	42,191	3,179	157,990	2,573	15,608	221,541
Depreciation of right-of-use assets	10,772	2,791	83,008	–	3,502	100,073
Loss/(gain) on disposal of property, plant and equipment, net	12,342	(310)	134	–	13,007	25,173
Impairment loss on goodwill	–	68,745	–	–	–	68,745

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

6. OTHER INCOME

	2020 RMB'000	2019 RMB'000
Interest income from:		
Banks	**131,340**	66,130
Loans to joint ventures	**21,281**	39,075
Loans to associates	**190,846**	125,277
Loan to non-controlling interests	**3,240**	4,191
Government grants (Note)	**54,479**	12,434
Refund of PRC value added tax and surcharges	**452**	11,220
Others	**3,432**	4,922
	405,070	263,249

Note: Various government grants have been received for developments in certain provinces in Mainland China. The government grants mainly related to discretionary awards granted by local governments to certain subsidiaries of the Group to award their contributions to the local development. There are no unfulfilled conditions or contingencies relating to these grants.

7. OTHER GAINS AND LOSSES, NET

	2020 RMB'000	2019 RMB'000
Loss on disposal of property, plant and equipment, net	**(4,905)**	(25,173)
Impairment loss on goodwill	**–**	(68,745)
Exchange gain/(loss), net	**597,198**	(113,996)
Others	**37,311**	4,797
	629,604	(203,117)

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

	2020 RMB'000	2019 RMB'000
Impairment loss recognised/(reversed)		
– accounts receivable	**6,762**	4,453
– other receivables	**2,652**	(3,151)
	9,414	1,302

9. FINANCE COSTS

	2020 RMB'000	2019 RMB'000
Interest on:		
Bank borrowings	**880,709**	888,691
Loans from a non-banking financial institution*	**56,142**	58,961
Loans from other fellow subsidiaries	**6,463**	9,333
Loan from a joint venture	**1,161**	227
Loan from non-controlling interests	**48,756**	52,353
Bonds payable	**198,836**	175,704
Guaranteed notes	**–**	187,833
Loans from third parties	**357,347**	70,478
Lease liabilities	**9,856**	9,074
Others	**21,872**	12,174
Total interest expenses	**1,581,142**	1,464,828
Less: Interest capitalised:		
Investment properties under development (Note 16)	**(117,175)**	(9,538)
Properties under development for sale (Note 24(b))	**(505,664)**	(276,630)
	(622,839)	(286,168)
	958,303	1,178,660

* The non-banking financial institution represented COFCO Finance Corporation Limited ("COFCO Finance"), a fellow subsidiary of the Group.

Borrowing costs capitalised to investment properties under development and properties under development for sale were based on actual borrowing costs incurred.

Borrowing costs from borrowings were capitalised at rates ranging from 4.41% to 8.90% (2019: 4.41% to 8.90%) per annum.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

10. PROFIT BEFORE TAX

	2020 RMB'000	2019 RMB'000
Profit before tax has been arrived at after charging/(crediting):		
Directors' emoluments (Note 14)	**2,864**	2,947
Depreciation and amortisation:		
Amortisation:		
– Intangible assets (included in cost of sales)	**4,273**	3,913
– Intangible assets (included in administrative expenses)	**8,081**	8,443
– Intangible assets (included in distribution and selling costs)	**1,918**	2,330
Depreciation of right-of-use assets	**72,219**	100,073
Depreciation of property, plant and equipment	**232,332**	221,541
Total depreciation and amortisation	**318,823**	336,300
Cost of sales and services rendered:		
Cost of properties sold	**7,255,559**	2,680,527
Direct operating expenses arising from investment properties let	**758,234**	1,021,446
Cost of primary land development services provided	**57,404**	158,335
Direct operating expenses arising from provision of property management and other property related services	**81,738**	149,988
Direct operating expenses from hotel services provided	**499,332**	580,840
	8,652,267	4,591,136
Employee benefits expense (including directors' emoluments (Note 14)):		
Salaries, allowances and other benefits	**901,756**	1,015,802
Retirement benefit scheme contributions	**65,765**	91,930
	967,521	1,107,732
Less: Capitalised in properties under development for sale and investment properties under development	**(164,936)**	(142,574)
	802,585	965,158
Advertising and promotion expenses (included in distribution and selling costs)	**170,055**	232,889
Auditors' remuneration	**3,019**	3,019

11. INCOME TAX EXPENSE

	2020 RMB'000	2019 RMB'000
Current tax:		
PRC Enterprise Income Tax	**745,941**	865,869
PRC dividend Withholding Tax	**48,209**	–
Land Appreciation Tax	**550,252**	578,872
Hong Kong Profits Tax	**23,857**	61,853
	1,368,259	1,506,594
(Over)/under provision in prior years:		
PRC Enterprise Income Tax	**(3,586)**	14,556
Deferred tax (Note 22)	**371,973**	230,272
	1,736,646	1,751,422

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The Directors considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

The subsidiaries in mainland China are subject to PRC Enterprise Income Tax ("EIT") at 25% for both years. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The law of the PRC on EIT provides that qualified dividend income between two "resident enterprises" that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to 5% to 10% withholding tax under the tax treaty or the domestic law. The Group is currently subject to withholding tax at 10%.

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11. INCOME TAX EXPENSE (continued)

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use right and all property development expenditures.

Pursuant to the rules and regulations of the British Virgin Islands, Bermuda and Samoa, the Group is not subject to any income tax in the British Virgin Islands, Bermuda and Samoa.

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss as follows:

	2020 RMB'000	2019 RMB'000
Profit before tax	**3,905,738**	4,419,921
Tax at PRC EIT rate of 25% (2019: 25%)*	**976,435**	1,104,980
Lower tax rates for entities of the Group operating in other jurisdictions	**13,895**	28,753
PRC LAT	**550,252**	578,872
Tax effect of PRC LAT	**(137,563)**	(144,718)
Tax effect of expenses not deductible for tax purpose	**78,803**	39,609
Tax effect of income not taxable for tax purpose	**(30,749)**	(9,990)
Tax effect of tax losses not recognised	**127,889**	62,673
Tax effect of unrecognised deductible temporary difference	**936**	1,218
Tax effect of utilisation of tax losses/deductible temporary difference not previously recognised	**(26,383)**	(52,506)
Tax effect of share of losses of associates	**7,114**	4,528
Tax effect of share of losses of joint ventures	**51,600**	16,637
Effect of withholding tax on undistributed profits	**127,816**	120,593
(Over)/under provision of current taxation in prior years	**(3,586)**	14,556
Others	**187**	(13,783)
Income tax expense for the year	**1,736,646**	1,751,422

* The PRC EIT rate is used as it is the domestic tax rate in the jurisdiction where the operation of the Group is substantially based.

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For the year ended 31 December 2020

12. DIVIDENDS

Dividends for the shareholders of ordinary shares and CPS of the Company recognised as distribution during the year:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
2019 Final – HK4 cents per share (2018 Final: HK6 cents):		
Ordinary shares	**521,997**	750,507
Non-redeemable convertible preference shares	**40,176**	57,763
	562,173	808,270

Final dividend in respect of the year ended 31 December 2019 of HK4 cents per ordinary share has been proposed by the Directors and was approved by the shareholders at the annual general meeting conducted on 3 June 2020. The holders of the CPS were entitled to receive any dividend pari passu with the holders of ordinary shares of the Company and therefore entitled to receive the 2019 final dividend of approximately HK$44 million or RMB40 million.

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2020 of HK3 cents per ordinary share, in an aggregate amount of HK$427 million or approximately RMB359 million, has been proposed by the Directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

The holders of the CPS are entitled to receive any dividend pari passu with the holders of ordinary shares of the Company and therefore they are entitled to receive the 2020 final dividend of approximately HK$33 million or RMB28 million.

Notes to the Consolidated Financial Statements

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13. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary shareholders 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 earnings per share (Profit for the year attributable to owners of the Company)	**1,104,533**	1,635,906

	Year ended 31 December	
	2020	2019
Number of shares ('000)		
For the purpose of basic earnings per share:		
Number of ordinary shares	**14,231,125**	14,231,125
Number of non-redeemable convertible preference shares (Note 35)	**1,095,301**	1,095,301
Number of shares for the purpose of basic earnings per share	**15,326,426**	15,326,426

The number of shares used for the purpose of calculating basic earnings per share for the years ended 31 December 2020 and 2019 were calculated on the basis of the number of the ordinary shares of the Company and CPS in issue during the years.

The calculation of the diluted earnings per share for the years ended 31 December 2020 and 2019 does not assume the exercise of the written put option on shares of a subsidiary as the dilution effect is not considered material.

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14. DIRECTORS' EMOLUMENTS

Details of the emoluments paid to the Directors for the year are as follows:

	Directors' fees RMB'000	Salaries and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
2020				
Executive directors				
Mr. ZHOU Zheng (resigned on 17 March 2021)	–	–	–	–
Mr. CAO Ronggen	–	1,564	233	1,797
Non-executive directors				
Mr. MA Dewei (appointed on 28 October 2020)	–	–	–	–
Mr. ZHU Laibin (appointed on 3 March 2020)	–	–	–	–
Mr. JIANG Yong (resigned on 17 March 2021)	–	–	–	–
Independent non-executive directors				
Mr. LAU Hon Chuen, Ambrose	356	–	–	356
Mr. LAM Kin Ming, Lawrence	356	–	–	356
Mr. WU Kwok Cheung (resigned on 10 February 2020)	33	–	–	33
Mr. CHAN Fan Shing (appointed on 10 February 2020)	322	–	–	322
Total	1,067	1,564	233	2,864

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14. DIRECTORS' EMOLUMENTS (continued)

	Directors' fees RMB'000	Salaries and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
2019				
Executive directors				
Mr. ZHOU Zheng	–	–	–	–
Mr. CAO Ronggen	–	1,595	11	1,606
Non-executive directors				
Mr. JIANG Chao (resigned on 30 January 2019)	–	–	–	–
Mr. ZENG Xianfeng (resigned on 30 May 2019)	–	–	–	–
Mr. JIANG Yong	–	–	–	–
Independent non-executive directors				
Mr. LAU Hon Chuen, Ambrose	447	–	–	447
Mr. LAM Kin Ming, Lawrence	447	–	–	447
Mr. WU Kwok Cheung	447	–	–	447
Total	1,341	1,595	11	2,947

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

In addition to the directors' emoluments disclosed above, certain executive directors were not paid directly by the Company nor its subsidiaries. Mr. ZHOU Zheng received remuneration from COFCO Corporation, which is the ultimate holding company of the Company, in respect of his services to the larger group which includes the Company and its subsidiaries for 2019 and 2020.

In 2020, Mr. CAO Ronggen received remuneration from Tianjin Joy City Commercial Management Co., Ltd., which is a subsidiary of the Company for his service in connection with the management of the affairs of the Company and the Group. All non-executive directors were not paid directly by the Company in 2019 and 2020 but received remuneration from the ultimate holding company, in respect of their services to the larger group which includes the Company and its subsidiaries. In 2019 and 2020 no apportionment has been made as the qualifying services provided by these directors to the Company and its subsidiaries are incidental to their responsibilities to the larger group or Grandjoy Holdings.

None of the Directors has waived or agreed to waive any emoluments in the current and prior years.

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15. EMPLOYEE'S EMOLUMENTS

The five highest paid employees of the Group during the year included one director (2019: nil), details of whose remuneration are set out in Note 14 above. Details of the remuneration for the year of the five highest paid employees are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Salaries, allowances and other benefits	**8,455**	12,467
Retirement benefit scheme contributions	**591**	549
	9,046	13,016

The emoluments of the above individuals fell within the following bands:

	Year ended 31 December	
	2020	2019
	Number of individuals	
HK$1,500,001 – HK$2,000,000	**2**	–
HK$2,000,001 – HK$2,500,000	**3**	2
HK$2,500,001 – HK$3,000,000	**–**	1
HK$3,000,001 – HK$3,500,000	**–**	1
HK$3,500,001 – HK$4,000,000	**–**	1
	5	5

Save as disclosed above, the Directors confirm that no inducement to join the Group, compensation for loss of any office in connection with the management of the affairs of any member of the Group has been made to the five highest paid individuals during the year ended 31 December 2020 and 2019.

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16. INVESTMENT PROPERTIES

The Group leases out various offices and retail stores under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 20 years (2019:1 to 20 years), with unilateral rights to extend the lease beyond initial period held by lessees only. Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend. The leases of retail stores contain variable lease payment that are based on 1% to 40% (2019: 1% to 35%) sales and minimum annual lease payment that 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 residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	Completed investment properties RMB'000	Investment properties under development RMB'000	Total RMB'000
Fair value			
At 1 January 2019	56,034,734	2,728,945	58,763,679
Additions on subsequent expenditure	186,829	1,737,516	1,924,345
Transfer from properties under development for sale	29,000	–	29,000
Disposal	(16,787)	–	(16,787)
Interest capitalised (Note 9)	–	9,538	9,538
Change in fair value recognised in profit or loss	747,529	86,133	833,662
Transfer upon completion	1,627,000	(1,627,000)	–
Disposal of subsidiaries (Note 47)	(4,301,000)	–	(4,301,000)
Exchange realignment	61,556	–	61,556
At 31 December 2019	**54,368,861**	**2,935,132**	**57,303,993**
Additions on subsequent expenditure	**36,091**	**683,160**	**719,251**
Disposal	**(3,678)**	**–**	**(3,678)**
Acquisition of a subsidiary (Note 46)	**–**	**964,000**	**964,000**
Purchase of investment properties under development for sale	**–**	**306,400**	**306,400**
Addition of leased investment properties	**132,800**	**–**	**132,800**
Interest capitalised (Note 9)	**–**	**117,175**	**117,175**
Change in fair value recognised in profit or loss	**(58,327)**	**46,533**	**(11,794)**
Transfer to property held for sale	**(1,627,000)**	**–**	**(1,627,000)**
Exchange realignment	**(171,260)**	**–**	**(171,260)**
At 31 December 2020	**52,677,487**	**5,052,400**	**57,729,887**
Unrealised gain/(loss) on property revaluation included in profit or loss	**(58,327)**	**46,533**	**(11,794)**

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

16. INVESTMENT PROPERTIES (continued)

Details of the Group's completed investment properties and investment properties under development as at 31 December 2020 and 31 December 2019 were as follows:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Commercial properties located in Hong Kong	**2,566,187**	2,816,160
Commercial properties located in Mainland China	**50,318,700**	49,622,833
Residential properties located in Mainland China	**4,845,000**	4,865,000
	57,729,887	57,303,993

At 31 December 2020, the Group's investment properties with an aggregate carrying amount of RMB24,348,863,000 (2019: RMB33,005,000,000) were pledged to secure banking facilities granted to the Group (Note 41).

At 31 December 2020, building ownership certificates in respect of investment properties of the Group with an aggregate carrying amount of RMB3,196,177,000 (2019: RMB4,762,367,000) had not been issued by the relevant PRC authorities.

Fair value measurement of the Group's investment properties

In estimating the fair value of the investment properties, the Directors use market observable data to the extent it is available. The Directors work closely with the valuer to establish the appropriate valuation techniques and inputs to the model.

The fair value of the Group's completed investment properties and investment properties under development in Hong Kong and Mainland China at 31 December 2020 and 2019 has been arrived at on the basis of a valuation carried out as at these days by Cushman & Wakefield ("C&W"), independent qualified professional valuer which is not connected with the Group.

For completed investment properties, the valuations were arrived at by making reference to the comparable market transactions as available in the market and where appropriate, by valuing the properties on the basis of capitalisation of the rental income derived from the existing tenancy agreements with due allowance for the reversionary income potential of the properties.

For investment properties under development, the valuations were arrived at using the residual method. Residual method is essentially a means of valuing the project by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed in accordance with the existing development plans as at the date of valuation, which duly reflected the risk associated with the development.

There has been no change in the valuation techniques during the current year.

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

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16. INVESTMENT PROPERTIES (continued)

Fair value measurement of the Group's investment properties (continued)

The amount of the change in fair value recognised in profit or loss was mainly related to investment properties held at the end of each reporting period.

The fair values of the Group's investment properties at 31 December 2020 and 2019 are grouped into Level 3 of fair value measurement. There were no transfers into or out of Level 3 during the both years.

The following table gives information about how the fair values of the Group's major investment properties as at 31 December 2020 are determined. The significant unobservable inputs included (i) capitalisation rate, which taking into account of the capitalisation of rental income potential, nature of the property and prevailing market condition; and (ii) monthly unit rent, which using direct market comparable and taking into account of time, location and individual factors such as road frontage, size of property and facilities. A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa. A slight increase in the market rent used would result in a significant increase in fair value, and vice versa.

	Significant unobservable inputs			
Major investment properties of the Group	Capitalisation rate		Monthly unit rent (sq.m/month)	
	2020	2019	2020 RMB	2019 RMB
Completed investment properties				
Beijing COFCO Plaza				
– office	**6.0%**	6.0%	**324 to 405**	275 to 393
– shop	**5.0%**	5.0%	**153 to 383**	145 to 362
Fraser Suites Top Glory,				
Shanghai – residential units	**2.5%**	2.5%	**293**	291
COFCO Tower, Hong Kong				
– office	**3.3%**	3.3%	**405 to 459**	434 to 503
– shop	**3.5%**	3.5%	**765**	961
Xidan Joy City				
– office	**6.0%**	6.0%	**333**	325
– shop	**6.5%**	6.5%	**585 to 1,671**	588 to 1,680
Chaoyang Joy City – shop	**6.5%**	6.5%	**129 to 861**	128 to 855
Tianjin Joy City – shop	**7.0%**	7.0%	**212 to 424**	218 to 436
Shanghai Jing'an Joy City – shop				
– South Tower	**6.5%**	6.5%	**345 to 766**	368 to 817
– North Tower	**6.5%**	6.5%	**332 to 831**	353 to 881
Shenyang Joy City – shop	**7.0%**	7.0%	**143 to 357**	132 to 330
Chengdu Joy City – shop	**6.0%**	6.0%	**85 to 338**	65 to 324

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17. PROPERTY, PLANT AND EQUIPMENT

	Office properties RMB'000	Office improvements RMB'000	Hotel properties RMB'000	Equipment, furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Costs:							
At 1 January 2019	722,929	14,276	2,755,980	1,102,738	89,445	330,305	5,015,673
Additions	16,308	2,176	4,930	49,665	479	826	74,384
Disposals	(22,258)	–	–	(81,094)	(11,173)	–	(114,525)
Transfer from construction in progress	8,485	–	227,421	95,225	–	(331,131)	–
Acquisition of subsidiaries (Note 46)	–	–	572,812	127,240	40	–	700,092
Disposal of subsidiaries (Note 47)	(1,892)	–	–	(14,829)	(1,474)	–	(18,195)
Exchange realignment	–	–	–	1,157	–	–	1,157
At 31 December 2019	**723,572**	**16,452**	**3,561,143**	**1,280,102**	**77,317**	**–**	**5,658,586**
Additions	**–**	**11,532**	**29,809**	**23,901**	**6,187**	**–**	**71,429**
Disposals	**–**	**–**	**(13,284)**	**(16,068)**	**(5,752)**	**–**	**(35,104)**
Acquisition of a subsidiary (Note 46)	**–**	**655**	**–**	**432**	**496**	**–**	**1,583**
Others	**(298)**	**–**	**–**	**–**	**–**	**–**	**(298)**
Exchange realignment	**–**	**–**	**–**	**(731)**	**–**	**–**	**(731)**
At 31 December 2020	**723,274**	**28,639**	**3,577,668**	**1,287,636**	**78,248**	**–**	**5,695,465**
Accumulated depreciation:							
At 1 January 2019	146,125	5,360	658,880	808,480	82,008	–	1,700,853
Charge for the year	19,826	841	123,512	75,678	1,684	–	221,541
Disposal of subsidiaries (Note 47)	–	–	–	(3,233)	(478)	–	(3,711)
Disposals	(5,592)	–	–	(11,863)	(10,465)	–	(27,920)
Exchange realignment	–	–	–	116	–	–	116
At 31 December 2019	**160,359**	**6,201**	**782,392**	**869,178**	**72,749**	**–**	**1,890,879**
Charge for the year	**19,505**	**6,474**	**129,269**	**72,650**	**4,434**	**–**	**232,332**
Disposals	**–**	**–**	**(6,797)**	**(14,117)**	**(5,206)**	**–**	**(26,120)**
Exchange realignment	**–**	**–**	**–**	**(320)**	**–**	**–**	**(320)**
At 31 December 2020	**179,864**	**12,675**	**904,864**	**927,391**	**71,977**	**–**	**2,096,771**
Net carrying amounts:							
At 31 December 2020	**543,410**	**15,964**	**2,672,804**	**360,245**	**6,271**	**–**	**3,598,694**
At 31 December 2019	563,213	10,251	2,778,751	410,924	4,568	–	3,767,707

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17. PROPERTY, PLANT AND EQUIPMENT (continued)

The above items of property, plant and equipment, less their estimated residual value, if any, except for construction in progress, are depreciated on a straight-line basis at the following rates per annum:

Office properties	1.8% to 10%
Office improvements	Over the shorter of the term of the lease, and 10% to 25%
Hotel properties	2.5% to 10%
Equipment, furniture and fixtures and motor vehicles	5% to 20%

At 31 December 2020, certain of the Group's property, plant and equipment with a net carrying amount of approximately RMB2,341,184,000 (2019: RMB2,386,211,000) were pledged to secure banking facilities granted to the Group and a loan from non-controlling interest (Note 41).

At 31 December 2020, building ownership certificates in respect of certain office properties and hotel properties of the Group in Mainland China with an aggregate net carrying amount of approximately RMB137,736,000 (2019: RMB106,892,000) had not been issued by the relevant PRC authorities.

Details of the Group's office properties and hotel properties as at 31 December 2020 and 2019 were as follows:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Located in Mainland China	**3,214,926**	3,340,386
Located in Hong Kong	**1,288**	1,578
	3,216,214	3,341,964

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18. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	**Leased properties** RMB'000	**Total** RMB'000
Costs:			
At 1 January 2019	843,188	42,631	885,819
Additions	19,237	18,491	37,728
Acquisition of a subsidiary (Note 46.2(a))	1,150,762	–	1,150,762
At 31 December 2019	2,013,187	61,122	2,074,309
Additions	305	5,940	6,245
Early termination of lease contracts	–	(12,158)	(12,158)
At 31 December 2020	2,013,492	54,904	2,068,396
Accumulated depreciation:			
At 1 January 2019	212,536	–	212,536
Charge for the year	89,425	10,648	100,073
At 31 December 2019	301,961	10,648	312,609
Charge for the year	60,649	11,570	72,219
Early termination of lease contracts	–	(3,117)	(3,117)
At 31 December 2020	362,610	19,101	381,711
Net carrying amounts:			
At 31 December 2019	1,711,226	50,474	1,761,700
At 31 December 2020	1,650,882	35,803	1,686,685

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18. RIGHT-OF-USE ASSETS (continued)

	2020 RMB'000	2019 RMB'000
Expense relating to short-term leases	**13,308**	2,829
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	**–**	868
Total cash outflow for leases	**60,259**	19,894
Additions to right-of-use assets	**6,245**	37,728

At 31 December 2020, certain of the Group's right of use assets with a net carrying amount of approximately RMB1,373,563,000 (2019: RMB1,474,111,000) were pledged to secure banking facilities granted to the Group (Note 41).

For both years, the Group leases various offices and retail stores for its operations Lease contracts are entered into for fixed term of 2 years to 10 years. The Group's right of use assets are depreciated on a straight-line basis at the rates ranging from 10% to 50% per annum. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group regularly entered into short-term leases for motor vehicles and equipment. As at 31 December 2020 and 2019, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

In addition, lease liabilities of RMB277,600,000 are recognised with related right-of-use assets of RMB35,803,000 and investment property of RMB212,000,000 in relation to the leased properties as at 31 December 2020 (2019: lease liabilities of RMB184,995,000 and related right-of-use assets of RMB50,474,000 and investment property of RMB107,000,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

19. INTANGIBLE ASSETS

	RMB'000
Costs:	
At 1 January 2019	131,545
Additions	62,082
Disposal of subsidiaries (Note 47)	(2,686)
Acquisition of a subsidiary (Note 46)	563
At 31 December 2019	191,504
Additions	6,904
Acquisition of a subsidiary (Note 46)	42
At 31 December 2020	198,450
Accumulated amortisation:	
At 1 January 2019	51,352
Amortisation provided during the year	14,686
Disposal of subsidiaries (Note 47)	(968)
At 31 December 2019	65,070
Amortisation provided during the year	14,272
At 31 December 2020	79,342
Net carrying amounts:	
At 31 December 2020	119,108
At 31 December 2019	126,434

Intangible assets represent computer software and project concession rights. Computer software are stated at cost less any impairment losses and amortised on the straight-line basis over their estimated useful life of 5 years. Project concession rights in Sanya and Hangzhou were completed and amortised in 2019 over their estimated useful life of 30 years and 28 years respectively.

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20. INTERESTS IN ASSOCIATES

	At 31 December 2020 RMB'000	2019 RMB'000
Cost of investments, unlisted	**224,322**	224,322
Share of post-acquisition results and other comprehensive income	**(142,750)**	(114,364)
	81,572	109,958

Details of the Group's principal associates at the end of the reporting period are as follows:

Company name	Place of establishment/ incorporation	Place of operation	Proportion of ownership interest and proportion of voting rights held by the Group At 31 December 2020	2019	Principal activity
Beijing Xinrun Zhiyuan Real Estate Co., Ltd.	People's Republic of China	Beijing, PRC	**20%**	20%	Property development
Kunming Luoshiwan Guoyue Real Estate Co., Ltd.	People's Republic of China	Kunming, PRC	**30%**	30%	Property development
Fancy Merit Ltd.	Hongkong	Qingdao, PRC	**49%**	49%	Property development

Aggregate information of associates that are not individually material

	2020 RMB'000	2019 RMB'000
The Group's share of (loss)/profit	**(5,544)**	1,883
Aggregate carrying amount of the Group's interests in these associates	**81,572**	109,958

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21. INTERESTS IN JOINT VENTURES

	At 31 December 2020 RMB'000	At 31 December 2019 RMB'000
Cost of investments, unlisted	**6,424,238**	6,310,638
Share of post-acquisition results and other comprehensive income	**(354,363)**	(146,294)
Total	**6,069,875**	6,164,344

Details of the Group's principal joint ventures at the end of the reporting period are as follows:

Company name	Place of establishment/ incorporation	Place of operation	Proportion of ownership interest and proportion of voting rights held by the Group At 31 December 2020	2019	Principal activity
Colour Bridge Holdings Ltd.	British Virgin Islands	Shanghai, PRC	**49.5%**	49.5%	Property development
Garbo Commercial Property Fund L.P.	Cayman Islands	Shanghai and Xi'an, PRC	**36.4%**	36.4%	Investment property
Changzhou Jingrui Real Estate Co., Ltd.*	People's Republic of China	Changzhou, PRC	**49%**	49%	Property development

* The English name is translation of its Chinese name and is included for identification purpose only, and should not be regarded as its official English translation.

Summary of financial information of material joint venture

Summarised financial information in respect of the Group's material joint venture which is accounted for using the equity method is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

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21. INTERESTS IN JOINT VENTURES (continued)

Colour Bridge Holdings Ltd.

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Current assets	**18,238,295**	19,507,255
Non-current assets	**164,213**	33,217
Total assets	**18,402,508**	19,540,472
Current liabilities	**9,104,535**	10,305,627
Non-current liabilities	**476**	5,699
Total liabilities	**9,105,011**	10,311,326
Net assets	**9,297,497**	9,229,146
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**4,970,014**	1,840,040
Current liabilities (excluding trade and other payables, and provisions)	**4,155,518**	8,113,635

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21. INTERESTS IN JOINT VENTURES (continued)

Colour Bridge Holdings Ltd. (continued)

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue	**7,125,086**	–
Depreciation and amortisation	**(17,687)**	(15,197)
Income tax expense	**1,403,228**	(12,990)
Profit/(loss) and total comprehensive income/(expense) for the year	**68,351**	(39,331)
Profit/(loss) and total comprehensive income/(expense)for the year shared by the Group	**33,834**	(19,469)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Colour Bridge Holdings Ltd. recognised in these consolidated financial statements.

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Net assets of Colour Bridge Holdings Ltd.	**9,297,497**	9,229,146
Proportion of the Group's ownership in Colour Bridge Holdings Ltd.	**49.5%**	49.5%
Carrying amount of the Group's interest in Colour Bridge Holdings Ltd.	**4,602,261**	4,568,427

Aggregate information of joint ventures that are not individually material

	2020	2019
	RMB'000	RMB'000
The Group's share of loss	**(223,084)**	(67,332)
Aggregate carrying amount of the Group's interests in these joint ventures	**1,467,614**	1,595,917

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22. DEFERRED TAX

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

Deferred tax assets

	Land appreciation tax	Tax losses	Impairment of assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	158,120	27,611	26,439	156,829	368,999
Credited/(charged) to profit or loss (Note 11)	83,361	42,400	(893)	35,345	160,213
At 31 December 2019	241,481	70,011	25,546	192,174	529,212
Acquisition of a subsidiary (note 46)	–	43,761	231	–	43,992
(Charge)/credited to profit or loss (Note 11)	(35,637)	(57,357)	1,562	(92,889)	(184,321)
At 31 December 2020	205,844	56,415	27,339	99,285	388,883

Deferred tax liabilities

	Investment properties	Tax depreciation allowance	Dividend withholding tax	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	6,376,193	1,079,883	233,510	30,095	7,719,681
Charged to profit or loss (Note 11)	19,798	240,577	120,593	9,517	390,485
Disposal of subsidiaries (Note 47)	(276,613)	(126,282)	–	–	(402,895)
Exchange realignment	–	–	–	250	250
At 31 December 2019	6,119,378	1,194,178	354,103	39,862	7,707,521
(Credit)/charged to profit or loss (Note 11)	(104,388)	204,018	79,607	8,415	187,652
Exchange realignment	–	–	–	(723)	(723)
At 31 December 2020	6,014,990	1,398,196	433,710	47,554	7,894,450

22. DEFERRED TAX (continued)

Deferred tax liabilities (continued)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Deferred tax assets	**235,517**	122,236
Deferred tax liabilities	**(7,741,084)**	(7,300,545)
	(7,505,567)	(7,178,309)

At 31 December 2020, the Group had tax losses of RMB1,448,618,000 (2019: RMB1,620,918,000) arose in Mainland China to carry forward to set off against future taxable profit which will expire within 1 to 5 years from each of the financial year end date. A deferred tax asset has been recognised in respect of tax losses of RMB194,928,000 (2019: RMB280,044,000). No deferred tax asset has been recognised in respect of the remaining tax losses of RMB1,253,690,000 (2019: RMB1,340,874,000) due to the unpredictability of future profit streams.

The unrecognised tax losses will expire in the following years:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
To be expired on:		
31 December 2020	**–**	445,339
31 December 2021	**186,918**	224,485
31 December 2022	**192,553**	206,789
31 December 2023	**172,877**	215,577
31 December 2024	**212,092**	248,684
31 December 2025	**489,250**	–
Total unused tax losses not recognised as deferred tax assets	**1,253,690**	1,340,874

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22. DEFERRED TAX (continued)

Deferred tax liabilities (continued)

At 31 December 2020, the Group had estimated unused tax losses of RMB119,492,000 (2019: RMB90,786,000) arose in Hong Kong available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The estimated tax losses may be carried forward indefinitely.

Pursuant to the PRC Enterprise Income Tax Law, 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group is currently subject to withholding tax at 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2020, deferred tax liabilities on certain undistributed profits of the PRC subsidiaries of approximately RMB67,474,000 (2019: RMB65,255,000), which were generated after 1 January 2008, have not been recognised as of 31 December 2020 because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

23. LOANS TO/FROM ASSOCIATES, JOINT VENTURES, FELLOW SUBSIDIARIES, NON-CONTROLLING INTERESTS AND THIRD PARTIES

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Classified under current assets		
Loans to associates (Note (a))	**771,938**	1,649,370
Loan to non-controlling interests (Note (b))	**1,100,000**	1,000,000
Loans to joint ventures (Note (c))	**166,440**	549,450
	2,038,378	3,198,820
Classified under non-current assets		
Loans to associates (Note (a))	**1,151,780**	1,188,213
Loan to a joint venture (Note (c))	**–**	92,290
	1,151,780	1,280,503
Classified under current liabilities		
Loans from fellow subsidiaries (Note (d))	**573,083**	245,362
Loan from non-controlling interests (Note (e))	**559,712**	626,721
Loan from a joint venture (Note (f))	**274,800**	–
Loan from a third party (Note (g))	**–**	991,800
	1,407,595	1,863,883

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For the year ended 31 December 2020

23. LOANS TO/FROM ASSOCIATES, JOINT VENTURES, FELLOW SUBSIDIARIES, NON-CONTROLLING INTERESTS AND THIRD PARTIES (continued)

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Classified under non-current liabilities		
Loans from a fellow subsidiary (Note (d))	**868,578**	1,239,418
Loans from third parties (Note (g))	**5,135,031**	2,123,800
	6,003,609	3,363,218

Notes:

(a) The loans to associates as at 31 December 2020 to extend of RMB1,540,054,000 were unsecured, carried interest at rates ranging from 7.00% to 10.00% per annum (2019: 7.00% to 10.00% per annum) and were classified into current assets and non-current assets according to their repayment term.

(b) The loan to the non-controlling interest as at 31 December 2020 was unsecured, interest bearing at 0.35% per annum (2019: 0.35%) and will be repayable within one year.

(c) The loans to the joint ventures as at 31 December 2020 were unsecured, carried interest at a rate of 10.00% per annum (2019: 10.00%) and was classified into current assets and non-current assets according to their repayment term.

(d) The loans from fellow subsidiaries carried interest at floating rates ranging from 4.28% to 5.39% per annum as at 31 December 2020 (2019: 4.28% to 5.39% per annum) and were classified into current liabilities and non-current liabilities according to their repayment term. Included in the above loans from fellow subsidiaries, RMB385,000,000 of which were guaranteed by COFCO Land Management Co., Ltd, a fellow subsidiary, as at 31 December 2020 (2019: RMB389,000,000).

(e) The unsecured loan from non-controlling interests classified under current liabilities at 31 December 2020 was interest bearing at 8% per annum (31 December 2019: bearing at 8% per annum) and will be repayable within one year.

(f) The loan from a joint venture carried as at 31 December 2020 was unsecured, interest bearing at 3.85% per annum and will be repayable within one year.

(g) The loans from third parties carried interest at rates ranging from 5.20% to 6.50% per annum (2019: ranging from 6.48% to 8.90% per annum) and were classified into current liabilities and non-current liabilities according to its repayment terms. Included in the above loans from third parties, RMB3,435,031,000 of which were guaranteed by the immediate holding company, Grandjoy Holdings, as at 31 December 2020 (2019: RMB2,123,800,000). All of the third parties are other financial institutions such as trust institution and asset management company.

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For the year ended 31 December 2020

23. LOANS TO/FROM ASSOCIATES, JOINT VENTURES, FELLOW SUBSIDIARIES, NON-CONTROLLING INTERESTS AND THIRD PARTIES (continued)

The maturity profile of the loans from fellow subsidiaries, non-controlling interests, a joint venture and third parties are as follows:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Carrying amount of loans*:		
Within one year	**1,407,595**	1,863,883
In the second year	**2,608,519**	506,808
In the third to fifth year, inclusive	**1,670,090**	2,296,920
Over five years	**1,725,000**	559,490
Total	**7,411,204**	5,227,101
Less: Amounts due within twelve months shown under current liabilities	**(1,407,595)**	(1,863,883)
Amounts shown under non-current liabilities	**6,003,609**	3,363,218

* The amounts due are based on scheduled repayment dates set out in the respective loan agreements.

As at 31 December 2020, an aggregate amount of RMB383,664,000 of loans to associates were denominated in United States dollars ("US$") (31 December 2019: RMB403,098,000) and an amount of RMB559,712,000 of loan from non-controlling interests was denominated in US$ (31 December 2019: RMB626,721,000).

24(a). PROPERTIES HELD FOR SALE

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Completed properties held for sale	**1,667,377**	521,638

The Group's properties held for sale are located in Mainland China. They are stated at the lower of cost and net realisable value.

At 31 December 2020 and 2019, none of the Group's properties held for sale were pledged to secure banking facilities granted to the Group.

Included in the completed properties held for sale is carrying amount of RMB1,405,939,000 (2019: RMB87,489,000) which is expected to be sold after more than twelve months from the end of the reporting period.

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24(b). PROPERTIES UNDER DEVELOPMENT FOR SALE

	2020 RMB'000	2019 RMB'000
At cost:		
At 1 January	**21,209,749**	14,929,521
Additions	**9,610,880**	8,206,650
Transfer to investment properties (Note 16)	**–**	(29,000)
Transfer to properties held for sale upon completion	**(4,663,336)**	(2,257,402)
Interest capitalised during the year (Note 9)	**505,664**	276,630
Acquisition of subsidiaries (Note 46)	**2,618,007**	83,350
At 31 December	**29,280,964**	21,209,749

Included in the properties under development for sale as at 31 December 2020 was carrying amount of RMB12,549,047,000 (31 December 2019: RMB18,602,251,000) of which the development is expected to be completed and available for sale after more than twelve months from the end of the reporting period.

At 31 December 2020, the land on which properties under development for sale are located with a carrying amount of RMB9,544,556,000 (2019: RMB8,918,643,000) was pledged to secure certain banking facilities granted to the Group (Note 41).

Included in the properties under development for sale as at 31 December 2020 was the carrying amount of construction costs incurred of RMB2,589,764,000 (31 December 2019: RMB100,105,000) in relation to primary land development.

25. ACCOUNTS RECEIVABLE

	At 31 December	
	2020 RMB'000	2019 RMB'000
Lease receivables	**151,860**	120,774
Property management fee receivables	**3,196**	9,098
Receivables from hotel operations and related services	**23,631**	29,994
Others	**1,748**	1,160
Less: Allowance for credit losses	**(35,668)**	(28,923)
	144,767	132,103
Rental adjustments*	**11,200**	13,784
	155,967	145,887

* Rental adjustments relating to the recognition of rental income from operating lease on a straight-line basis over the term of the relevant lease.

25. ACCOUNTS RECEIVABLE (continued)

At 1 January 2019, accounts receivable from contracts with customers amounted to RMB55,144,000.

At 31 December 2020, accounts receivable with an aggregate carrying amount of RMB9,055,000 (2019: RMB20,807,000) were pledged to secure certain banking facilities granted to the Group (Note 41).

The following is an aged analysis of accounts receivable at the end of the reporting period, excluding rental adjustments and net of allowance for credit losses, presented based on invoice date, except for lease receivables, which were presented based on the date of rental demand notice issued:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Less than 3 months	**97,063**	112,635
3 months to 1 year	**42,148**	13,244
1 to 2 years	**4,190**	5,765
2 to 3 years	**1,366**	459
	144,767	132,103

As at 31 December 2020, included in the Group's accounts receivable balance are debtors with aggregate carrying amount of RMB60,868,000 (31 December 2019: RMB54,371,000) which are past due as at the reporting date. Out of the past due balances, RMB30,773,000 (31 December 2019: RMB18,695,000) has been past due for 90 days or more and is not considered as in default due to historical repayment history from these customers. The Group does not hold any collateral over these balances.

Details of impairment assessment of accounts receivable as at 31 December 2020 and 2019 are set out in Note 43.

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26. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Classified under non-current assets		
Other deposits	**185,112**	136,194
Classified under current assets		
Payments on behalf of government in relation to primary land development	**225,755**	654,673
Receivables in relation to relocation arrangement	**–**	7,691
Prepayments to suppliers	**231,079**	106,746
Other deposits paid	**1,130,555**	594,694
Prepaid LAT and other taxes	**1,074,023**	743,701
Receivables from tenants for utility expenses paid on their behalf	**15,639**	24,951
Other receivables	**106,363**	101,173
	2,783,414	2,233,629
Less: Allowance for credit losses	**(33,822)**	(30,667)
	2,749,592	2,202,962

Details of impairment assessment of deposits and other receivables as at 31 December 2020 and 2019 are set out in Note 43.

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27. AMOUNTS DUE FROM/TO FELLOW SUBSIDIARIES, HOLDING COMPANIES, JOINT VENTURES, ASSOCIATES AND NON-CONTROLLING INTERESTS

The amounts due from/to holding companies, joint ventures, associates, fellow subsidiaries and non-controlling interests classified under current assets and current liabilities, respectively, were unsecured, interest-free and repayable on demand. The amounts due to fellow subsidiaries classified under non-current liabilities were unsecured, interest-free and repayable based on scheduled repayment dates set out in the respective agreements.

Included in amounts due to non-controlling interests as at 31 December 2020 was dividend payable to non-controlling interests of RMB201,272,500 (2019: RMB156,064,000).

The particulars of the amounts due from fellow subsidiaries disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap. 622) are as follows:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Amounts due from a fellow subsidiary*:		
Name of the fellow subsidiary:		
中粮置地管理有限公司 (COFCO Land Management Co., Ltd**) ("COFCO Land Management")	**–**	–
Maximum amount outstanding during the year		
Name of the fellow subsidiary:		
COFCO Land Management	**359**	867

The amount is non-trade related, interest free and repayable on demand.

* Certain directors of this company are also directors of the Company.

** The English name is translation of its Chinese name and is included for identification purpose only, and should not be regarded as its official English translation.

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27. AMOUNTS DUE FROM/TO FELLOW SUBSIDIARIES, HOLDING COMPANIES, JOINT VENTURES, ASSOCIATES AND NON-CONTROLLING INTERESTS (continued)

The following amounts due from/to fellow subsidiaries, non-controlling interests and the immediate holding company are denominated in Hong Kong dollars ("HK$") or US$, other than the functional currency of the entities comprising the Group to which they relate:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Denominated in HK$		
Amounts due to fellow subsidiaries	**16,518**	12,439
Amounts due to non-controlling interests	**3,090**	3,288
Amount due to the immediate holding company	**12,313**	7,863
Denominated in US$		
Amounts due to fellow subsidiaries	**5,489**	4,837
Amounts due to non-controlling interests	**99,023**	235,307
Amounts due from non-controlling interests	**22,255**	23,795

28. CASH AND BANK BALANCES, PLEDGED DEPOSITS AND RESTRICTED BANK DEPOSITS

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Cash at banks and on hand*	**16,022,493**	11,725,521
Non-pledged time deposits with an original maturity of three months or less when acquired	**27,134**	26,590
Cash and bank balances	**16,049,627**	11,752,111
Pledged deposits:		
For guarantees provided by the Group in respect of loan facilities utilised by property buyers (Note 41)	**7,915**	14,340
Restricted bank deposits:		
For payments of constructions costs for specified projects	**184,879**	366,268
Others	**161**	6,212
	185,040	372,480

* Cash at COFCO Finance were amounted to RMB1,495,000,000 at 31 December 2020 (2019: RMB550,000,000).

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28. CASH AND BANK BALANCES, PLEDGED DEPOSITS AND RESTRICTED BANK DEPOSITS (continued)

Cash at banks earns interest at rates based on daily bank deposit rates. Short term time deposits are made for varying periods not exceeding three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks.

The bank balances and deposits carry variable interest rates as follows:

	At 31 December	
	2020	2019
	%	%
Interest rate per annum	**0.01 to 4.5**	0.01 to 4.5

Certain of the Group's cash and bank balances are denominated in the following currencies other than the functional currency of the entities comprising the Group to which they relate:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Denominated in HK$	**864,369**	222,895
Denominated in US$	**204,606**	543,367
	1,068,975	766,262

29. ACCOUNTS PAYABLE

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Trade payables	**44,231**	43,547
Accrued expenditures on construction	**7,080,040**	2,466,810
	7,124,271	2,510,357

Accounts payable, including trade payables, accrued expenditures on construction and accrued land cost, mainly comprise construction costs, land cost and other project -related expenses in relation to properties under development for sale which are payable based on project progress measured by the Group. Trade payables are generally with credit period of 60 to 90 days, except for the retention monies of certain construction costs of which the credit period is up to 2 years. The Group has financial risk management policies in place to ensure that all payables are within the credit timeframe.

The following is an aged analysis of trade payables at the end of the reporting period based on invoice date.

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Within 1 year	**42,814**	41,567
1 to 2 years	**–**	10
2 to 3 years	**–**	8
Over 3 years	**1,417**	1,962
	44,231	43,547

30. OTHER PAYABLES AND ACCRUALS

Classified under current liabilities

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Construction costs payable for property, plant and equipment	**48,559**	30,448
Construction costs payable for investment properties	**1,296,116**	1,603,221
Receipts of credit card payments on behalf of tenants	**518,517**	575,441
Rental deposits received	**483,714**	548,895
Other deposits received	**697,962**	763,362
Salaries and payroll payables	**281,839**	343,706
Rental receipts in advance	**384,422**	309,797
Other receipts in advance	**–**	46,506
Other tax payable	**1,245,774**	835,965
Consideration payable for acquisition of a joint venture	**500,000**	1,000,000
Interest payables	**29,354**	46,421
Promotional fees payable	**58,056**	76,778
Other payables and accruals	**473,729**	381,705
	6,018,042	6,562,245

Classified under non-current liabilities

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Obligation arising from put option to non-controlling shareholder (Note)	**360,512**	344,570
Rental deposits received	**421,079**	503,519
	781,591	848,089

Note:

On 8 October 2018, Golden Prominent Limited ("Golden"), a wholly-owned subsidiary of the Company, entered into an agreement with Reco Valley Private Limited (the "Partner"), a third party, to establish a non wholly-owned subsidiary named Joy Valley Limited ("Joy Valley"), to bid for the land use rights for the purpose of developing a property project in Wuhan, HuBei Province, the PRC. Golden holds 51% equity interest in Joy Valley and the Partner holds the remaining 49% equity interest.

Pursuant to the agreement above, Golden has granted the put option (the "Put Option") to the Partner exercisable upon the date of completion of the two years operation of the shopping mall located on the piece of land of the project developed by Joy Valley, within a 30-day valid period, that the Partner has the right to require the Group to buy back the 49% equity interest in Joy Valley held by the Partner at a cash consideration with reference to the market value of net assets of Joy Valley attributable to the Partner. At initial recognition, the obligation arising from the Put Option represented the estimated present value of the amount Golden could be required to pay the Partner amounting to RMB336,470,000. This amount has been recognised in the consolidated statement of financial position with a corresponding debit to other reserve, and was designated as at FVTPL.

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31. BANK BORROWINGS

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Bank loans:		
Secured or guaranteed	**17,618,968**	18,458,551
Unsecured	**5,091,169**	4,632,855
	22,710,137	23,091,406
Represented:		
Fixed-rate borrowings	**–**	434,000
Floating-rate borrowings	**22,710,137**	22,657,406
	22,710,137	23,091,406

Details of securities for the secured bank loans are set out in Note 41. Certain of bank loans are under corporate guarantee executed by related parties and third parties as follows:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Guaranteed by the immediate holding company	**127,500**	150,000
Guaranteed by a fellow subsidiary	**9,262,257**	8,070,352
Guaranteed by third parties	**–**	1,074,936

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31. BANK BORROWINGS (continued)

The maturity profile of the above bank loans is as follows:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Carrying amount of bank loans repayable*:		
Within one year	**6,069,083**	2,288,320
In the second year	**7,030,647**	5,087,619
In the third to fifth year, inclusive	**7,046,225**	11,245,162
Beyond five years	**2,564,182**	4,470,305
Total bank borrowings	**22,710,137**	23,091,406
Less: Amounts due within twelve months shown under current liabilities	**(6,069,083)**	(2,288,320)
Amounts shown under non-current liabilities	**16,641,054**	20,803,086

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

As at 31 December 2020, the amount of RMB2,841,377,000 of bank borrowings was denominated in HK$ (2019: RMB3,651,199,000), and the amount of RMB10,045,927,000 of bank borrowings was denominated in US$ (2019: RMB9,118,176,000). Out of these foreign currency denominated bank loans, the Group has entered into interest rate swap agreements with independent counterparties to lock-up the variable interest rates of the loans amounting to RMB8,565,889,000 as at 31 December 2020 (31 December 2019: RMB6,367,875,000) into fixed rates. These interest rate swap instruments are designated as effective hedging instruments. The Group has entered into foreign currency forward contracts with independent counterparties to lock-up the variable foreign currency exchange rates of the loans amounting to RMB439,185,000 as at 31 December 2020 (31 December 2019: nil) into fixed rates. These exchange rate swap instruments are designated as effective hedging instruments.

The range of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings is as follows:

	As at 31 December	
	2020	2019
	%	%
Effective interest rate per annum	**1.18 to 5.18**	3.28 to 5.68

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32. BONDS PAYABLE

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Classified under current liabilities		
COFCO Commercial Property Investment Co., Ltd (Note (a))	**905,098**	123,027
The Company (Note (b))	**–**	1,015,824
	905,098	1,138,851
Classified under non-current liabilities		
COFCO Commercial Property Investment Co., Ltd (Note (a))	**3,836,252**	3,081,566
	3,836,252	3,081,566

Notes:

(a) On 14 January 2016, a wholly-owned subsidiary of the Company (the "Subsidiary''), COFCO Commercial Property Investment Co., Ltd (中糧置業投資有限公司), issued a five-year term unsecured corporate bond (the "Corporate Bonds'') in the PRC with a principal amount of RMB3,000,000,000. The coupon rate of the Corporate Bonds is 3.20% per annum for the first three years, up to 14 January 2019. At the end of the third year by giving a 7-day notice, the bond holders have a right to require the Subsidiary to redeem the Corporate Bonds at its par value plus accrued and unpaid interest, and the Subsidiary has a right to adjust the coupon rate of the Corporate Bonds from a range of 1-100 basis points. On 21 December 2018, the Subsidiary announced that it received bond holders' notice to sell the Corporate Bonds in an aggregate principal amount of RMB2,267,788,000 (the "Announcement"), while the remaining bonds will be repaid on 14 January 2021. On 14 January 2019, the Corporate Bonds with the principal amount of RMB2,267,788,000 were redeemed according to the Announcement. The adjusted coupon rate of the remaining Corporate Bonds is 3.95% for the next two years.

On 9 January 2019, the Subsidiary further issued a six-year term and a seven-year term unsecured corporate bonds ("CBI" and "CBII") in the PRC, with principal amounts of RMB1,660,000,000 and RMB700,000,000 respectively. The coupon rates of the bonds are 3.94% and 4.10% per annum. At the end of the third year of CBI and the fifth year of CBII, the bond holders have a right to require the Subsidiary to redeem the bonds at its par value plus accrued and unpaid interest, and the Subsidiary has a right to adjust the coupon rate of the bonds from a range of 1-100 basis points.

On 27 March 2020, the Subsidiary further issued a three-year term and a five-year term of unsecured corporate bonds in the PRC, with principal amounts of RMB900,000,000 and RMB600,000,000 respectively, carrying coupon rate of 3.14% and 3.60% per annum, respectively.

(b) The Company has registered a medium-term notes in an aggregate amount of not more than RMB10 billion in relation to the application to the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會). On 6 September 2017, the Company issued a three-year term unsecured First Tranche Medium Term Notes (the "First Tranche Medium Term Notes'') in the PRC with a principal amount of RMB1 billion. The coupon rate of the First Tranche Medium Term Notes is 4.95% per annum. During the year, the Company has fully redeemed the First Tranche Medium Term Notes.

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33. CONTRACT LIABILITIES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Sales of properties	**10,119,283**	7,719,461
Others	**51,015**	62,467
	10,170,298	7,781,928

At 1 January 2019, contract liabilities amounted to RMB6,959,696,000.

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities.

	Sales of properties	Others
	RMB'000	RMB'000
For the year ended 31 December 2020		
Revenue recognised that was included in the contact liabilities balance at the beginning of the year	**7,209,823**	**62,467**
For the year ended 31 December 2019		
Revenue recognised that was included in the contact liabilities balance at the beginning of the year	3,874,445	179,248

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34. SHARE CAPITAL

Ordinary share capital of the Company

	Number of shares	Amount	(RMB equivalent)
		HK$'000	RMB'000
Authorised:			
Ordinary shares of HK$0.10 each			
At 1 January 2019, 31 December 2019 and 31 December 2020	28,904,699,222	2,890,470	2,293,502
Issued and fully paid:			
Ordinary shares of HK$0.10 each			
At 1 January 2019, 31 December 2019 and 31 December 2020	14,231,124,858	1,423,112	1,122,414

35. NON-REDEEMABLE CONVERTIBLE PREFERENCE SHARES

CPS with a par value of HK$0.10 each were created as a new class of shares in the share capital of the Company on 19 December 2013. Upon the completion date of the Reverse Takeover Transaction on 19 December 2013, the Company issued 1,095,300,778 CPS (which are convertible into 1,095,300,778 new ordinary shares of the Company (the "Shares") subject to anti-diluted adjustments, to be allotted and issued credited as fully paid by the Company upon the exercise of the conversion rights attaching to the CPS (the "Conversion Shares")) to Achieve Bloom Limited, the then immediate holding company of the Company, as part of the consideration of the Reverse Takeover Transaction completed in December 2013, resulting in credits to equity of HK$2,190,602,000 (approximately RMB1,722,317,000).

The CPS shall be convertible at the option of its holder, without the payment of any additional consideration therefor, into such number of fully-paid Shares at the conversion ratio of one CPS for one Share. Holders of the CPS will have the right to convert all or such number of CPS into the Conversion Shares at any time after the issuance of the CPS, provided that they may not exercise the conversion rights as to such number of CPS the conversion of which would result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules. The CPS shall be non-redeemable by the Company or their holders.

Each CPS shall confer on its holder the right to receive any dividend pari passu with holders of Shares on the basis of the number of Share(s) into which each CPS may be converted and on an as converted basis. The holders of the CPS shall have priority over the ordinary shareholders of the Company on the assets and funds of the Company available for distribution in a distribution of assets on liquidation, winding-up or dissolution of the Company (but not on conversion of CPS or any repurchase by the Company of CPS or Shares).

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35. NON-REDEEMABLE CONVERTIBLE PREFERENCE SHARES (continued)

The holders of the CPS shall be entitled to receive notices of and to attend general meetings of the Company, but the CPS shall not confer on their holders the right to vote at a general meeting of the Company, unless a resolution is to be proposed at a general meeting for the winding-up of the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the CPS or vary the restrictions to which the CPS are subject.

The CPS (including the Conversion Shares once converted from the CPS) may be transferred by their holders without restriction. Save as expressly provided in the Bye-laws and save and except for the voting rights and distribution entitlements upon liquidation, winding-up or dissolution of the Company, each CPS shall have the same rights as each of the Shares.

The Conversion Shares upon conversion of the CPS will be issued as fully paid and will rank pari passu in all respects with the Shares in issue as at the date of conversion. Listing approval for the Conversion Shares has been granted by the Stock Exchange.

If and whenever the Shares are consolidated or sub-divided into a different nominal amount, then the same consolidation or subdivision shall be effected on the CPS, in which case the conversion ratio shall remain as one CPS for one Share (as consolidated or sub-divided, as the case may be).

No listing will be sought for the CPS on the Stock Exchange or any other stock exchange.

36. RESERVES

The reconciliation of each component of the Group's total equity, including share premium and reserves, is set out in the consolidated statement of changes in equity.

37. PERPETUAL CAPITAL INSTRUMENTS

	At 31 December	
	2020	2019
	RMB'000	RMB'000
COFCO Commercial Property Investment Co., Ltd (Note (a))	**4,410,885**	3,193,468
Zhejiang Herun Tiancheng Real Estate Co., Ltd (Note (b))	**926,774**	926,774
Beijing Kunting Asset Management Co., Ltd (Note (c))	**373,924**	374,511
The Company (Note (d))	**759,717**	–
Jinan Joy City Co., Ltd. (Note (e))	**687,333**	835,333
	7,158,633	5,330,086

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37. PERPETUAL CAPITAL INSTRUMENTS (continued)

Notes:

(a) In October 2014, a wholly-owned subsidiary of the Company, the ultimate holding company and a bank (the "Bank") have entered into an entrustment loan agreement (the "Perpetual Loan Agreement"), pursuant to which the ultimate holding company shall entrust the Bank to lend RMB3,768 million (the "Perpetual Loan") to the Group for the purpose of repaying part of the loans from the ultimate holding company. The Perpetual Loan Agreement took effect on 20 October 2014 and the Perpetual Loan had been granted to the Group. The Perpetual Loan bears interest at 6.5% per annum. Interest payments on the Perpetual Loan are paid annually in arrears from 20 October 2014 and can be deferred at the discretion of the Group. Neither the ultimate holding company nor the Bank could request for repayment of the principal and accrued interest save and except for when the Group elects to repay the principal and accrued interest at its sole discretion, or in the event of liquidation.

On 9 April 2019, 28 June 2018, 24 December 2017 and 22 December 2016, the Group repaid principal of the Perpetual Loan amounting to RMB1,200 million, RMB200 million, RMB500 million and RMB500 million to the ultimate holding company, respectively. As a result, the principal of the Perpetual Loan reduced to RMB1,368 million as at 31 December 2020 (2019: RMB1,368 million).

On 16 December 2019 and 6 November 2020, COFCO Commercial Property Investment Co., Ltd (中糧置業投資有限公司), a wholly-owned subsidiary of the Company, issued a Perpetual Note (ref. no. MTN737) through the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) in the PRC. The final total principal amount of this Perpetual Note (ref. no. MTN737) amounts to RMB3 billion with RMB1.5 billion on each issue carries coupon rate of 4.25% and 4.51% respectively.

(b) In December 2019, Zhejiang Herun Tiancheng Real Estate Co., Ltd (浙江和潤天成置業有限公司) ("Herun Tiancheng"), a wholly-owned subsidiary of the Company and the immediate holding company has entered into a loan agreement (the "Herun Tiancheng Perpetual Loan Agreement"), pursuant to which the immediate holding company shall lend RMB1,486 million (the "Herun Tiancheng Perpetual Loan") to Herun Tiancheng. The Herun Tiancheng Perpetual Loan Agreement took effect on 23 December 2019. The Herun Tiancheng Perpetual Loan bears interest at 4.35% per annum for the first five years, and adjusts each five years according to 5-year arithmetic average of PRC treasury bond yield. The principal doesn't have a maturity date and interest payments on the Herun Tiancheng Perpetual Loan are paid annually in arrears from 23 December 2019 and can be deferred at the discretion of Herun Tiancheng, or in the event of liquidation. On 25 December 2019, Herun Tiancheng repaid principal of the Herun Tiancheng Perpetual Loan amounting to RMB560 million to the immediate holding company. As a result, the principal of the Herun Tiancheng Perpetual Loan reduced to RMB926 million (2019: RMB926 million) as at 31 December 2020.

(c) In December 2019, Beijing Kunting Asset Management Co., Ltd (北京昆庭資產管理有限公司) ("Beijing Kunting"), a wholly-owned subsidiary of the Company, and the immediate holding company has entered into a loan agreement (the "Beijing Kunting Perpetual Loan Agreement"), pursuant to which the immediate holding company shall lend RMB916 million (the "Beijing Kunting Perpetual Loan") to Beijing Kunting. The Beijing Kunting Perpetual Loan Agreement took effect on 31 December 2019. The Beijing Kunting Perpetual Loan bears interest at 4.35% per annum for the first five years, and adjusts each five years according to 5-year arithmetic average of PRC treasury bond yield. The principal doesn't have a maturity date and interest payments on the Beijing Kunting Perpetual Loan are paid annually in arrears from 31 December 2019 and can be deferred at the discretion of Beijing Kunting, or in the event of liquidation. On 25 December 2019, Beijing Kunting repaid principal of the Beijing Kunting Perpetual Loan amounting to RMB542 million to the immediate holding company. As a result, the principal of the Beijing Kunting Perpetual Loan reduced to RMB374 million (2019: RMB374 million) as at 31 December 2020.

(d) In December 2020, the Company has entered into a loan agreement ("The Company Perpetual Loan Agreement") with a fellow subsidiary, pursuant to which the fellow subsidiary shall lend HK$900 million (RMB760 million) ("The Company Perpetual Loan") to the Company. The Company Perpetual Loan Agreement took effect on 31 December 2020. The Company Perpetual Loan bears interest at 3-month Hongkong InterBank Offered Rate ("HIBOR") plus 1.15% per annum for the first three years, and adjusts each three years according to 3 month arithmetic average of HIBOR. The principal doesn't have a maturity date and interest payments on the The Company Perpetual Loan are paid annually in arrears from 31 December 2020 and can be deferred at the discretion of the Company, or in the event of liquidation.

(e) In December 2019, Jinan Joy City Co., Ltd. (濟南大悦城產業發展有限公司) ("Jinan Joy City"), a 60%-owned subsidiary of the Company has entered into a loan agreement (the "Perpetual Loan Agreement"), pursuant to which Qingdao Zhiyue Co., Ltd., one of the wholly-owned subsidiary of Jinan Joy City, and a non-controlling interest shall lend RMB2,088 million (the "Jinan Joy City Perpetual Loan"), to Jinan Joy City. The loan from the non-controlling interest amounts to RMB835 million. The Jinan Joy City Perpetual Loan Agreement took effect on 31 December 2019. The Jinan Joy City Perpetual Loan bears interest at 4.35% per annum for the first five years and adjusts each five years according to 5-year arithmetic average of PRC Treasury bond yield. The principal doesn't have a maturity date and interest payments on the Jinan Joy City Perpetual Loan are paid annually in arrears from 31 December 2019 and can be deferred at the discretion of Jinan Joy City, or in the event of liquidation.

In 2020, Jinan Joy City repaid principal of the Perpetual Loan amounting to RMB148 million to non-controlling interests. As a result, the loan from non-controlling interests reduced to RMB687 million as at 31 December 2020 (2019: RMB835 million).

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37. PERPETUAL CAPITAL INSTRUMENTS (continued)

As the Group has the right to defer the repayments of the principal and accrued interest of the perpetual loans and perpetual note mentioned above at its sole discretion, and it has no direct or indirect contractual financial obligation to pay cash or other financial asset in respect of them, they are therefore classified as equity in the consolidated statement of financial position.

In addition, no guarantee of any kind is required to be given by any member of the Group to either the ultimate holding company or the Bank for these perpetual loans.

38. CONTINGENT LIABILITIES

(a) Guarantees

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Guarantees provided by the Group in respect of		
loan facilities utilised by property buyers	**4,964,641**	2,967,352
loan facilities utilised by an associate	**600,000**	600,000
	5,564,641	3,567,352

The Group has pledged certain bank deposits (details set out in Note 28) and provided guarantees to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's properties. These guarantees will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as security of the mortgage loans granted.

In July 2019, Joy City Business Management (Beijing) Co., Ltd. ("Joy City (Beijing)"), an indirect wholly-owned subsidiary of the Company, provided a guarantee for an amount up to RMB600,000,000 in favour of a PRC commercial bank, for the performance of the repayment obligations of Kunming Luosiwan Guoyue Land Co., Ltd. (Kunming Luosiwan), a 30%-owned associate of the Group, to the bank in respect of a loan provided by the bank to Kunming Luosiwan. In addition, as security of the loan, Chengdu Pengyue Enterprise Management Consulting Co., Ltd. ("Chengdu Pengyue"), an indirect wholly-owned subsidiary of the Company and the direct shareholder of Kunming Luosiwan, also entered into a share pledge agreement, pursuant to which Chengdu Pengyu agreed to provide pledge over its 30% shareholding interest in Kunming Luosiwan. In return, Kunming Luosiwan has provided back-to-back guarantees of an aggregate indemnification amount of RMB600,000,000 to the Group in relation to the guarantee and the share pledge respectively provided by the Group pursuant to which Kunming Luosiwan would indemnify the Group if the Group has assumed liabilities due to default of Kunming Luosiwan.

In the opinion of the Directors, the fair value of the financial guarantee contracts at initial recognition and subsequently at the end of each reporting period is not significant as the default rate is low.

Notes to the Consolidated Financial Statements

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38. CONTINGENT LIABILITIES (continued)

(b) The Group has certain non-compliance incidents which are relating to the failure to comply with certain terms and conditions of the relevant construction works planning permits in respect of two projects, Chaoyang Joy City and Shenyang Joy City. The Group may be subject to a fine of up to 10% of the construction cost of the noncompliant structure or the excess area (as the case may be), demolishment of the relevant property and confiscation of any illegal revenue.

The construction costs of Chaoyang Joy City amounted to RMB3,366 million, including the cost for the non-compliant structure of RMB42 million. The non-compliant structure has been occupied as office and has not generated any revenue, and accordingly, the Directors believe that there would not be illegal revenue subject to confiscation. Chaoyang Joy City generated revenue since the year 2010 and it has not received any notification from the relevant authorities with respect to the non-compliant structure since the commencement of operation. The aggregate revenue of the shopping mall of Chaoyang Joy City since it generated revenue up to 31 December 2020 amounted to RMB5,314 million.

The construction costs of Shenyang Joy City amounted to RMB1,914 million, including an estimated cost for the excess area of RMB81 million. The excess area has been utilised as passageways for commercial use and has generated only a small percentage of the aggregate revenue of Shenyang Joy City. Shenyang Joy City generated revenue since the year 2009 and it has not received any notification from the relevant authorities with respect to the excess area since the commencement of operation, and accordingly, the Directors believe that the likelihood for the confiscation of any illegal revenue is low, and any action taken by the authorities will have minimal impact on the income and performance of Shenyang Joy City. The aggregate revenue of Shenyang Joy City since it generated revenue up to 31 December 2020 amounted to RMB2,530 million.

Based on the reasons and circumstances of these non-compliances and the PRC legal advice, the management of the Group considers that the risk of the above losses is remote, and accordingly, no provision has been made. In addition, COFCO Corporation, the ultimate holding company of the Company, has undertaken to indemnify the Company against all penalties, losses and expenses in connection with the above non-compliances.

39. OPERATING LEASE ARRANGEMENTS

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases in respect of office premises, retail shops and residential premises which fall due as follows:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Within one year	**3,123,817**	3,011,873
In the second year	**2,036,306**	1,934,013
In the third year	**1,449,840**	1,397,434
In the fourth year	**1,085,452**	1,143,416
In the fifth year	**900,003**	979,943
After five years	**1,233,565**	1,464,678
	9,828,983	9,931,357

Leases are negotiated for an average term of 1 to 20 years mostly with fixed rentals. Certain lease arrangements contain rental escalation clauses which increase the monthly rental on a yearly basis.

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40. CAPITAL COMMITMENTS

The Group had the following commitments as at the end of each reporting period:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Capital commitments in respect of:		
Purchase of property, plant and equipment contracted, but not provided for	**1,576**	–
Constructing and developing investment properties contracted, but not provided for	**1,526,423**	1,347,113
Capital injection commitments to a newly established fund	**2,107,466**	1,853,852
	3,635,465	3,200,965

41. PLEDGE OF ASSETS

The carrying amounts of the non-current and current assets pledged to banks and to secure loan facilities granted to the Group by banks in respect of loan facilities utilised by property buyers are as follows:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Investment properties	**24,348,863**	33,005,000
Property, plant and equipment	**2,341,184**	2,386,211
Properties under development for sale	**9,544,556**	8,918,643
Right-of-use assets	**1,373,563**	1,474,111
Accounts receivable	**9,055**	20,807
Pledged deposits	**7,915**	14,340
	37,625,136	45,819,112

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42. CATEGORIES OF FINANCIAL INSTRUMENTS

The carrying amounts of each of the categories of financial instruments of the Group as at the end of each reporting period are as follows:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Financial assets:		
Financial assets at amortised cost	**21,062,625**	17,923,019
Financial assets at FVTPL:		
– Equity instruments	**510**	510
– Loan to an associate	**383,664**	403,098
Hedging instruments designated in cash flow hedges	**–**	53,133
Financial liabilities:		
Amortised cost	**47,408,324**	41,789,883
Hedging instruments designated in cash flow hedges	**304,959**	–
Financial liabilities at FVTPL	**360,512**	344,570
Rental deposits received	**904,793**	1,052,414

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include financial assets at FVTPL, amounts due from/to fellow subsidiaries, holding companies, joint ventures, associates, and non-controlling interests, loans from/to joint ventures, associates, fellow subsidiaries, non-controlling interests and third parties, accounts receivables, deposits and other receivables, accounts and other payables, bank borrowings, pledged deposits, restricted bank deposits and cash and bank balances, bonds payable and hedging instruments. Details of these financial instruments are disclosed in respective notes to these consolidated financial statements. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Currency risk

The Group collects most of its revenue in RMB and most of the expenditures including expenditures incurred in property sales as well as capital expenditures are also denominated in RMB.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Currency risk (continued)

The Group has account balances denominated in foreign currencies, hence exposure to exchange rate fluctuations arises.

The Group uses foreign exchange forward contracts to eliminate the currency exposures. The foreign exchange forward contracts must be in the same currency as the hedged item. On this basis, the Group has entered into such forward contracts in relation to the foreign currency denominated monetary liabilities amounting to HK$100,000,000 (2019: RMB89,375,000) and US$50,000,000 (2019: RMB349,810,000). It is the Group's policy to negotiate the terms of the hedge derivatives, to the extent possible, to match or approximate the terms of the hedged item to maximise hedge effectiveness.

Of the foreign currency denominated monetary liabilities at the end of the reporting period, bank borrowings are hedged by foreign exchange forward contracts and designated as effective hedging relationship.

At 31 December 2020, the group entities with RMB as functional currency have bank balances denominated in foreign currencies which mainly consist of HK$ and US$ as set out in Note 28, amounts due to fellow subsidiaries, non-controlling interests and immediate holding company which mainly consist of HK$ and US$ as set out in Note 27, loan to associates and joint ventures and loan from non-controlling interests which consist of US$ as set out in Note 23 and bank borrowings which mainly consist of HK$ and US$ as set out in Note 31 which expose the Group to foreign currency risk.

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2019: 5%) increase and decrease in RMB against US$/HK$ while all other variables are held constant, which represents the Directors' assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding US$/HK$ denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2019: 5%) change in foreign currency rate. A positive number below indicates an increase in post-tax profit where RMB strengthens 5% against US$/HK$ and vice versa.

	2020 **RMB'000**	2019 RMB'000
(Decrease)/increase in post-tax profit for the year:		
– if RMB weakens against US$	**(227,207)**	(183,508)
– if RMB strengthens against US$	**227,207**	183,508
– if RMB weakens against HK$	**(107,951)**	(180,588)
– if RMB strengthens against HK$	**107,951**	180,588

Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to fixed-rate loans from/to associates, joint ventures, third parties and non-controlling interests, fixed-rate bank borrowings, bonds payable (see Notes 23, 31 and 32 respectively for details) and lease liabilities.

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances, variable-rate bank borrowings, variable-rate loans from fellow subsidiaries, including derivatives which are designated as effective hedging instruments at the end of the reporting period. The Group manage its interest rate exposures by entering into interest rate swap contract as detailed in Note 31.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Interest rate risk management (continued)

A fundamental reform of major interest rate benchmarks is being undertaken globally, including the replacement of some interbank offered rates ("IBORs") with alternative nearly risk-free rates. As listed in Note 31, several of the Group's LIBOR/HIBOR bank loans may be subject to the interest rate benchmark reform. The Group is closely monitoring the transition to new benchmark interest rates.

The interest rates and terms of repayment of the interest-bearing bank borrowings of the Group are disclosed in Note 31. The interest rates and terms of repayment of the interest-bearing loans from/to fellow subsidiaries, associates, joint ventures, non-controlling interests and third parties of the Group are disclosed in Note 23. It is the Group's policy to negotiate the terms of the interest-bearing bank borrowings in order to balance the interest rate exposure.

Total interest income from financial assets that are measured at amortised cost is as follows:

	2020 **RMB'000**	2019 RMB'000
Other income	**346,707**	234,673

The sensitivity analysis below has been determined based on the exposure to interest rates , including derivatives which are designated as effective hedging instruments at the end of the reporting period. No sensitivity analysis has been presented for the exposure to interest rates for bank balances as the management of the Group considers that, taking into account that the fluctuation in interest rates on bank balances is minimal, the impact of profit or loss for the year is insignificant.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the benchmark interest rate quoted by the People's Bank of China arising from the Group's RMB denominated borrowings.

The analysis is prepared assuming the variable-rate bank borrowings, variable-rate loans from fellow subsidiaries, including derivatives which are designated as effective hedging instruments, outstanding at the end of the reporting period were outstanding for the whole year. A 50 (2019: 50) basis points increase or decrease in variable-rate bank borrowings, variable-rate loans from fellow subsidiaries and interest rate swaps designated to hedge cash flow interest rate risk during the year are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 (2019: 50) basis points higher/lower during the year and all other variables were held constant, the impact on post-tax profit after taking into account the interest capitalisation effect is set out below.

	2020 **RMB'000**	2019 RMB'000
(Decrease)/increase in post-tax profit for the year:		
– interest rates 50 basis points higher	**(76,120)**	(70,032)
– interest rates 50 basis points lower	**76,120**	70,032

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43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk management

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets stated in the consolidated statement of financial position and the financial guarantee contracts as disclosed in Note 38.

At as 31 December 2020, the Group's credit risk is primarily attributable to its loans to/amounts due from fellow subsidiaries, the ultimate holding company, joint ventures, associates and non-controlling interests, accounts and other receivables, pledged deposits, restricted bank deposits, cash and bank balances, and financial guarantee contracts. In order to minimise the credit risk of accounts receivable, management of the Group has 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 HKFRS 9 on trade balances individually or based on provision matrix. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

For the loans to/amounts due from fellow subsidiaries, joint ventures, associates and non-controlling interests, the management of the Group is in the opinion that the failure of these entities to make required payments is unlikely after considering their past settlement records, and/or the financial position of the entities.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The credit risks of the Group on liquid funds are limited because the counterparties are banks with good reputation. The Group has no significant concentration of credit risk on liquid funds, with exposure spread over a number of banks.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Accounts receivables	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL –not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – 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	Amount is written off

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43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk management (continued)

The table below details the credit risk exposures of the Group's financial assets, operating lease receivables and financial guarantee contracts, which are subject to ECL assessment:

	Notes	Internal Credit rating	12-month or lifetime ECL	**31 December 2020 Gross carrying amount RMB'000**	31 December 2019 Gross carrying amount RMB'000
Financial assets at amortised costs					
Deposit, prepayments and other receivables	a	Low risk	12m ECL – provision matrix	**1,437,669**	1,376,416
Accounts receivable	b	Doubtful	Lifetime ECL (not credit-impaired) – provision matrix	**12,287**	28,923
Accounts receivable	b	Low risk	Lifetime ECL (not credit-impaired) – provision matrix	**16,288**	11,329
Loans to associates, joint ventures and non-controlling interests	a	Low risk	12m ECL	**2,806,494**	4,076,225
Amounts due from ultimate holding company, fellow subsidiaries, joint ventures, associates and non-controlling interests	a	Low risk	12m ECL	**593,414**	350,785
Cash and bank balances		Low risk	12m ECL	**16,049,627**	11,752,111
Restricted bank deposit		Low risk	12m ECL	**185,040**	372,480
Pledged deposits		Low risk	12m ECL	**7,915**	14,340
Other items					
Lease receivables included in accounts receivable	b	Low risk	Lifetime ECL (not credit-impaired) – provision matrix	**163,060**	134,558
Financial guarantee contracts	c	Low risk	12m ECL	**5,564,641**	3,567,352

Notes:

a. For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

b. For accounts receivables (including lease receivables), the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired which assessed individually, the Group determines the ECL on these items by using a provision matrix.

c. For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts.

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43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk management (continued)

As part of the Group's credit risk management, the Group applies internal credit rating for its customers/debtors in relation to its rental and other operations. The management assessed the exposure to credit risk for account receivables based on provision matrix as at 31 December 2020 and 2019 within lifetime ECL.

The estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for 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.

The following table shows the movements in lifetime ECL that has been recognised for accounts receivable under the simplified approach:

	Lifetime ECL (not credit–impaired) RMB'000
As at 1 January 2019	24,466
– Impairment losses recognised	6,819
– Impairment losses reversed	(2,366)
– Impairment losses write off	(1,075)
– Acquisition of subsidiaries	1,079
At 31 December 2019	28,923
– Impairment losses recognised	8,270
– Impairment losses reversed	(1,508)
– Impairment losses write off	(17)
At 31 December 2020	35,668

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk management (continued)

The following table shows reconciliation of loss allowances that has been recognised for other receivables:

	12m ECL
	RMB'000
As at 1 January 2019	32,861
– Impairment losses recognised	3,284
– Impairment losses reversed	(6,435)
– Acquisition of subsidiaries	983
– Disposal of subsidiaries	(26)
At 31 December 2019	30,667
– Impairment losses recognised	4,256
– Impairment losses reversed	(1,604)
– Acquisition of a subsidiary	927
– Impairment losses write off	(424)
At 31 December 2020	33,822

Liquidity risk management

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 management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following tables detail the contractual maturity of the Group for its non-derivative financial liabilities and derivative instrument. The tables have been drawn up based on the undiscounted cash flows of non-derivative financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rates, the undiscounted amount is derived from interest rate at the end of each reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual settlement dates as the management of the Group considers that the settlement dates are essential for an understanding of the timing of the cash flows of derivatives.

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43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk management (continued)

Liquidity tables

	Weighted average interest rate %	Repayable on demand or within 1 year RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
At 31 December 2020							
Accounts payable	–	7,124,271	–	–	–	7,124,271	7,124,271
Other payables at amortised cost	–	4,106,007	163,544	195,981	61,554	4,527,086	4,527,086
Lease liabilities	4.39%-4.61%	65,087	68,717	177,077	8,238	319,119	277,600
Obligation arising from put option to non-controlling shareholder	5%	–	–	438,206	–	438,206	360,512
Bank borrowings	1.18% – 5.18%	6,715,054	7,542,636	7,394,048	2,762,964	24,414,702	22,710,137
Amount due to the ultimate holding company	–	346	–	–	–	346	346
Amount due to an intermediate holding company	–	674	–	–	–	674	674
Amounts due to non-controlling interests	–	1,424,712	–	–	–	1,424,712	1,424,712
Amounts due to joint ventures	–	19,400	–	–	–	19,400	19,400
Amount due to an associate	–	201,797	–	–	–	201,797	201,797
Amounts due to fellow subsidiaries	–	152,140	–	–	–	152,140	152,140
Loan from a joint venture	3.85%	285,380	–	–	–	285,380	274,800
Loans from fellow subsidiaries	4.28%-5.39%	639,045	263,734	364,896	365,000	1,632,675	1,441,661
Loans from non-controlling interests	8.00%	604,489	–	–	–	604,489	559,712
Loans from third parties	5.2%-6.5%	311,200	2,696,231	1,703,729	1,448,400	6,159,560	5,135,031
Bonds payable	3.14%-4.24%	2,565,098	978,560	1,371,900	–	4,915,558	4,741,350
		24,214,700	11,713,422	11,645,837	4,646,156	52,220,115	48,951,229
Financial guarantee contracts		5,564,641	–	–	–	5,564,641	–
Derivatives – net settlement							
Interest rate swaps	–	–	128,204	149,699	–	277,903	277,903
Foreign exchange forward contracts	–	27,056	–	–	–	27,056	27,056
		27,056	128,204	149,699	–	304,959	304,959

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43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk management (continued)

Liquidity tables (continued)

	Weighted average interest rate	Repayable on demand or within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2019							
Accounts payable	–	2,510,357	–	–	–	2,510,357	2,510,357
Other payables	–	5,026,270	190,242	218,982	94,296	5,529,790	5,529,790
Lease liabilities	4.39%-4.61%	43,576	42,835	96,738	12,564	195,713	184,995
Obligation arising from put option to non-controlling shareholder	–	–	–	–	439,769	439,769	344,570
Bank borrowings	3.28%-5.68%	3,906,575	5,529,155	12,587,596	5,567,930	27,591,256	23,091,406
Amount due to the ultimate holding company	–	136	–	–	–	136	136
Amount due to an intermediate holding company	–	695	–	–	–	695	695
Amount due to the immediate holding company	–	8,090	–	–	–	8,090	8,090
Amounts due to non-controlling interests	–	1,755,037	–	–	–	1,755,037	1,755,037
Amounts due to joint ventures	–	28,978	–	–	–	28,978	28,978
Amount due to an associate	–	166,827	–	–	–	166,827	166,827
Amounts due to fellow subsidiaries	–	118,468	–	–	–	118,468	118,468
Loans from fellow subsidiaries	4.28%-5.39%	311,389	562,791	364,643	559,490	1,798,313	1,484,780
Loans from non-controlling interests	8.00%	676,996	–	–	–	676,996	626,721
Loans from third parties	6.48%–8.90%	1,218,500	137,810	2,380,451	–	3,736,761	3,115,600
Bonds payable	3.20%-4.95%	1,855,238	2,515,238	757,400	–	5,127,876	4,220,417
		17,627,132	8,978,071	16,405,810	6,674,049	49,685,062	43,186,867
Financial guarantee contracts		3,567,352	–	–	–	3,567,352	–

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

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43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair value

In estimating the fair value, the Group uses market-observable data to the extent it is available. Except for interest rate swaps, foreign currency forward contracts, loan to an associate, and obligation arising from put option to non-controlling shareholder, there is no other material financial instruments measured at fair value on a recurring basis. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

Financial assets/liabilities	Fair value as at 31/12/2020	Fair value as at 31/12/2019	Fair value hierarchy	Valuation technique(s) and key input(s)
Interest rate swaps (designed as hedging instruments)	**Liabilities – RMB277,903,000**	Assets – RMB53,133,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at a rate that reflects the credit risk of various counterparties.
Foreign currency forward contracts (designed as hedging instruments)	**Liabilities – RMB27,056,000**	–	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.
Loan to an associate	**Assets – RMB383,664,000**	Assets – RMB403,098,000	Level 3	Discounted cash flow. Future cash flows are estimated based on expected repayment of the loan from pre-sale proceeds arising from the properties of the associate, discounted at a rate that reflects the credit risk of the associate. A slight increase in the discounted rate used would result in a significant decrease in fair value, and vice versa.
Obligation arising from put option to non-controlling shareholder	**Liabilities – RMB360,512,000**	Liabilities – RMB344,570,000	Level 3	Discounted cash flow. Future cash flows are estimated based on the expected future economic benefits derived from the 49% ownership interest in Joy Valley held by the Partner, discounted at an appropriate discount rate. A slight increase in the discounted rate used would result in a significant decrease in fair value, and vice versa.

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate their respective fair values at the end of each reporting period.

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44. 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 maximising the return to shareholders through the optimisation of the debt and equity balance. Apart from the above, the Group's overall strategy remains unchanged throughout the current and prior years.

The capital structure of the Group consists of net debt (which includes bank borrowings, loans from and/or amounts due to holding companies, fellow subsidiaries, joint venture, third parties and non-controlling interests, bonds payable), net of cash and cash equivalents and equity attributable to owners of the Company (comprising issued equity, CPS, reserves and retained profits as disclosed in consolidated statement of changes in equity).

The Directors 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, and take appropriate actions to balance its overall capital structure. Neither Company nor any of its subsidiaries is subject to externally imposed capital requirements.

45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details major 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	Interest paid	Loans from fellow subsidiaries	Loans from third parties	Loans from non-controlling interests	Loan from a joint venture	Bonds payable	Amount due to an associate	Amounts due to fellow subsidiaries	Amounts due to non-controlling interests	Amount due to the immediate holding company	Dividend payable	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 31	Note 30	Note 23	Note 23	Note 23	Note 23	Note 32	Note 27	Note 27	Note 27	Note 27	Note 12	
At 1 January 2020	23,091,406	46,421	1,484,780	3,115,600	626,721	-	4,220,417	166,827	118,468	1,755,037	8,090	25,472	34,659,239
Financing cash flows	(1,410,840)	(1,275,763)	(30,110)	2,012,118	(49,328)	274,800	322,097	34,970	(94,874)	(914,924)	(329,551)	(149,930)	(1,611,335)
Acquisition of a subsidiary	1,773,900	-	-	-	-	-	-	-	-	-	-	-	1,773,900
Exchange realignment	(744,329)	-	(13,009)	-	(17,681)	-	-	-	(2,839)	(29,968)	(13,335)	(9,180)	(830,341)
Interest expense	-	1,259,928	-	-	-	-	198,836	-	62,605	48,756	-	-	1,570,125
Dividend	-	-	-	-	-	-	-	-	53,663	561,464	335,023	173,487	1,123,637
Operating activities related	-	-	-	-	-	-	-	-	15,117	4,347	(227)	-	19,237
Others	-	(1,232)	-	7,313	-	-	-	-	-	-	-	-	6,081
At 31 December 2020	22,710,137	29,354	1,441,661	5,135,031	559,712	274,800	4,741,350	201,797	152,140	1,424,712	-	39,849	36,710,543

Note: Dividend payable was included under other payable and accruals.

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45. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (continued)

	Borrowings	Amount due to the ultimate holding company	Loans from fellow subsidiaries	Loans from third parties	Loans from non-controlling interests	Guaranteed notes	Bonds payable	Amount due to an associate	Amounts due to non- controlling interests	Amount due to the immediate holding company	Dividend payable	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 31	Note 27	Note 23	Note 23	Note 23		Note 32	Note 27	Note 27	Note 27	Note 12	
At 1 January 2019	16,280,758	1,159	1,030,372	-	672,233	5,502,007	4,108,227	-	1,868,227	-	-	29,462,983
Financing cash flows	8,093,820	-	131,156	3,115,600	(63,194)	(5,783,270)	(63,514)	166,600	(428,095)	(552,093)	(224,951)	4,392,059
Acquisition of a subsidiary	677,280	-	547,006	-	-	-	-	-	-	-	-	1,224,286
Exchange realignment	66,798	-	4,705	-	17,682	93,430	-	-	8,864	1,120	989	193,588
Interest expense	-	-	-	-	-	187,833	175,704	227	52,353	-	-	416,117
Dividend	-	-	-	-	-	-	-	-	327,800	558,836	249,434	1,136,070
Operating activities related	-	(1,023)	-	-	-	-	-	-	1,306	227	-	510
Disposed by disposal of subsidiaries	(2,027,250)	-	-	-	-	-	-	-	-	-	-	(2,027,250)
Decrease in amount due to non-controlling interest	-	-	-	-	-	-	-	-	(75,418)	-	-	(75,418)
Settled by internal offset after acquisition of a subsidiary	-	-	(228,459)	-	-	-	-	-	-	-	-	(228,459)
At 31 December 2019	23,091,406	136	1,484,780	3,115,600	626,721	-	4,220,417	166,827	1,755,037	8,090	25,472	34,494,486

Note: Dividend payable was included under other payable and accruals.

46. BUSINESS COMBINATIONS

46.1 For the year ended 31 December 2020

Suzhou City Xiang Zhi Yue Property Development Co., Ltd ("Suzhou Xiang Zhi Yue") was a joint venture invested by COFCO Property Investment (Beijing) Co., Ltd. ("COFCO Property Investment Beijing"), a fellow subsidiary of the Company, with 50.1% of equity interest and an independent third party with 49.9% of equity interest. In October 2020, Shanghai Top Glory Real Estate Development Co., Ltd. (上海鵬利置業發展有限公司) ("Shanghai Top Glory"), a wholly-owned subsidiary of the Company, acquired 50.1% equity interest in Suzhou Xiang Zhi Yue from COFCO Property Investment Beijing with a cash consideration of RMB577,794,000 and obtained the control over Suzhou Xiang Zhi Yue. Accordingly, Suzhou Xiang Zhi Yue became a subsidiary of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

46. BUSINESS COMBINATIONS (continued)

46.1 For the year ended 31 December 2020 (continued)

A summary of fair value of the identifiable assets and liabilities of Suzhou Xiang Zhi Yue acquired at the date of the above acquisition was as follows:

	RMB'000
Investment properties	964,000
Property, plant and equipment	1,583
Intangible assets	42
Deferred tax assets	43,992
Properties held for sale	2,636,495
Properties under development for sale	2,618,007
Contract costs	13,844
Deposits, prepayments and other receivables	400,387
Tax recoverable	22,230
Cash and bank balances	1,307,662
Restricted bank deposits	151,243
Accounts payable	(602,608)
Other payables and accruals	(421,454)
Contract liabilities	(4,208,208)
Bank borrowings	(1,773,900)
Deferred income	(33)
	1,153,282
Goodwill arising on acquisitions	
Consideration transferred	577,794
Add: Non-controlling interests	575,488
Less: Net assets acquired	(1,153,282)
	–
An analysis of cash and cash equivalents in respect of the above acquisitions:	
Consideration paid in cash	577,794
Less: Cash and bank balances acquired	(1,307,662)
Net cash inflow	(729,868)

Impact of acquisition on the results of the Group

The receivables acquired (which principally comprised other receivables) with a fair value of RMB17,192,000 at the date of acquisition had gross contractual amounts of RMB17,192,000. The best estimate at acquisition date of the contractual cash flows expected to be collected amounted RMB17,192,000.

The non-controlling interests (49.99%) in Suzhou City Xiang Zhi Yue recognised at the acquisition date was measured by reference to the proportionate share of recognised amounts of net assets of Suzhou City Xiang Zhi Yue and amounted to RMB575,488,000

Included in the profit for the year was RMB116,685,000 attributable from Suzhou City Xiang Zhi Yue. Revenue for the year includes RMB2,465,587,000 generated from Suzhou City Xiang Zhi Yue.

Had the acquisition of Suzhou City Xiang Zhi Yue been completed on 1 January 2020, revenue for the year of the Group from continuing operations would have been RMB14,109,832,000, and profit for the year from continuing operations would have been RMB2,152,290,000.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

46. BUSINESS COMBINATIONS (continued)

46.1 For the year ended 31 December 2020 (continued)

Impact of acquisition on the results of the Group (continued)

The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2020, nor is it intended to be a projection of future results.

46.2 For the year ended 31 December 2019

(a) Acquisition of BVI 97

On 2 January 2019, the Group acquired 60% interest in BVI 97, a 40%-owned joint venture of the Group as at 31 December 2018, from an independent third party for a cash consideration of RMB17,051,000 and thereafter, the Group holds 100% equity interest in BVI 97.

The subsidiary of BVI 97 is Taiwan Hotel Limited which is engaged in hotel operations in Mainland China. A summary of fair value of the identifiable assets and liabilities of BVI 97 acquired at the date of the above acquisition was as follows:

	RMB'000
Property, plant and equipment	699,988
Right-of-use assets	1,150,762
Intangible assets	563
Inventories	637
Accounts receivable	7,775
Deposits, prepayments and other receivables	3,925
Cash and bank balances	17,325
Other payables and accruals	(48,522)
Accounts payable	(93,805)
Amounts due to fellow subsidiaries	(68,133)
Loan from a third party	(338,982)
Loans from fellow subsidiaries	(547,006)
Bank borrowings	(677,280)
	107,247
Goodwill recognised on acquisition	
Consideration transferred	17,051
Add: Non-controlling interests	78,828
Fair value of 40% interest in BVI 97 at the date of acquisition	11,368
Less: Net assets acquired	(107,247)
	–
Net cash inflows arising on acquisition	
Consideration paid in cash	17,051
Less: Cash and bank balances acquired	(17,325)
Net cash inflow	(274)

Included in the profit for the year was a loss of RMB49,739,000 from BVI 97. Revenue for the year includes RMB73,293,000 attributable to BVI 97.

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For the year ended 31 December 2020

46. BUSINESS COMBINATIONS (continued)

46.2 For the year ended 31 December 2019 (continued)

(b) Acquisition of Shanxi Ding'an Real Estate Development Company Limited ("Shanxi Ding'an")

On 4 January 2019, the Group completed its negotiation with an independent third party to the Group for the acquisition of 51% of Shanxi Ding'an. The transaction was completed on 28 February 2019 and the acquisition consideration of RMB92,493,000 was satisfied in cash.

A summary of fair values of the identifiable assets and liabilities acquired at the date of the above acquisition were as follows:

	RMB'000
Property, plant and equipment	104
Properties under development for sale	83,350
Deposits, prepayments and other receivables	8,323
Cash and bank balances	92,523
Other payables and accruals	(2,543)
Accounts payable	(398)
	181,359
Goodwill recognised on acquisition	
Consideration transferred	92,493
Add: Non-controlling interests	88,866
Less: Net assets acquired	(181,359)
	–
Net cash inflows arising on acquisition	
Consideration paid in cash	92,493
Less: Cash and bank balances acquired	(92,523)
Net cash inflow	(30)

Included in the profit for the year was a loss of RMB1,266,000 from Shanxi Ding'an. There was no revenue for the year attributable to Shanxi Ding'an.

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47. DISPOSAL OF SUBSIDIARIES

47.1 For the year ended 31 December 2020

No disposal of subsidiaries occurred during the year.

47.2 For the year ended 31 December 2019

Disposal of Spring Wisdom Limited and Glorious Run Limited

On 30 September 2019, the Company disposed of Spring Wisdom Limited and Glorious Run Limited, which are subsidiaries of the Company, to set up a 36.36% owned joint venture. Details of which are set out below:

	Spring Wisdom RMB'000	Glorious run RMB'000	2019 Total RMB'000
Consideration			
Fair value of the interest in the joint venture	91,623	115,000	206,623
Total consideration received	91,623	115,000	206,623
Analysis of assets and liabilities over which control was lost			
Property, plant and equipment (Note 17)	10,118	4,366	14,484
Intangible assets (Note 19)	1,492	226	1,718
Investment properties (Note 16)	2,780,000	1,521,000	4,301,000
Inventories	261	221	482
Accounts receivable	19,302	2,296	21,598
Deposits, prepayments and other receivables	50,864	4,683	55,547
Amounts due from fellow subsidiaries	27,839	2,282	30,121
Cash and bank balances	38,934	66,760	105,694
Other payables and accruals	(176,028)	(216,052)	(392,080)
Amounts due to fellow subsidiaries	(1,324)	(669,854)	(671,178)
Amount due to a joint venture	(1,431,196)	–	(1,431,196)
Bank borrowing	(1,240,250)	(787,000)	(2,027,250)
Contract liabilities	(1,904)	–	(1,904)
Deferred tax liabilities	(297,523)	(105,372)	(402,895)
Net liabilities disposed of	(219,415)	(176,444)	(395,859)
Gain on disposal of subsidiaries:			
Consideration on disposal	91,623	115,000	206,623
Net liabilities attributable to owners of the company	219,415	275,116	494,531
Non-controlling interests	–	(98,672)	(98,672)
Gain on disposal	311,038	390,116	701,154
Net cash outflow on disposal of subsidiaries			
Consideration received in cash and cash equivalents	–	–	–
Less: Cash and cash equivalents disposed of	(38,934)	(66,760)	(105,694)
Net cash outflow	(38,934)	(66,760)	(105,694)

48. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions and balances detailed elsewhere in these consolidated financial statements, the Group had the following material transactions with related parties during the year.

Guarantee provided

Corporate guarantees were executed by a fellow subsidiary and the immediate holding company in relation to certain of the Group's loans from third parties and bank borrowings. Details of which are disclosed in the Notes 23 and 31 respectively above.

Related party transactions

During the year, the Group had the following material transactions with related parties.

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue from leasing of properties to:		
Fellow subsidiaries *	**157,464**	156,071
Intermediate holding company *	**3,817**	3,756
Ultimate holding company *	**5**	19
Immediate holding company *	**52**	26
Expenses relating to short-term leases:		
Fellow subsidiaries	**–**	1,208
Ultimate holding company *	**–**	11,513

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48. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party transactions (continued)

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Provision of hotel management service by:		
Fellow subsidiaries*	**–**	2,607
Provision of property management service by:		
Fellow subsidiaries*	**33,651**	38,371
Provision of property management service to:		
Fellow subsidiaries	**–**	11
Other revenue from:		
Fellow subsidiaries	**12,259**	4,583
Sourcing of staple supplies and catering services from:		
Fellow subsidiaries*	**4,789**	3,568
Ultimate holding company*	**1,193**	1,233
Services fee for entrust loans from		
Fellow subsidiaries*	**1,583**	3,098
Interest expense to:		
Fellow subsidiaries	**62,605**	68,294
A joint venture	**1,161**	227
Other expense to:		
Fellow subsidiaries	**4,523**	5,760

* These related party transactions also constituted continuing connected transactions according to the Listing Rules.

48. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party balances

COFCO Finance Co., Ltd ("COFCO Finance"), a fellow subsidiary, is a non-banking financial institution regulated by the People's Bank of China (the "PBOC") and the China Banking and Insurance Regulatory Commission. In the PRC, deposit and lending rates are set by the PBOC which is applicable to all financial institutions. The interest rates offered by COFCO Finance are the same as the rates promulgated by the PBOC. The loans from COFCO Finance to the Group at 31 December 2020 amounted to RMB1,239,418,000 (2019: RMB1,269,528,000). The deposits placed in COFCO Finance were RMB1,495,000,000 (2019: RMB550,000,000) at 31 December 2020.

Details of the Group's balances with related parties are disclosed in Notes 23 and 27. Except for balances with related parties below which are trade in nature, the remaining balances are non-trade in nature. The following is an aged analysis of balances with related parties which are trade in nature at the end of the reporting period based on invoice date.

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Amounts due from fellow subsidiaries:		
Within 1 year	**24,547**	956
Amounts due to fellow subsidiaries:		
Within 1 year	**78,540**	62,915
1 to 2 years	**–**	508
	78,540	63,423

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48. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Compensation of key management personnel of the Group

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Salaries, allowance and other benefits	**40,402**	35,019
Retirement benefit scheme contributions	**3,599**	2,330
	44,001	37,349

The key management personnel of the Group includes the Directors and certain top executives of the Company. The remuneration of certain of these Directors and top executives was borne by the ultimate holding company or fellow subsidiaries during the current and prior years. Further details of Directors' emoluments are included in Note 14.

Transactions with other government-related entities in the PRC

The Group itself is part of a larger group of companies under COFCO Corporation which is controlled by the PRC government. Thus, the Directors consider that the Group is ultimately controlled by the PRC government. In addition, the Group operates in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("PRC government-related entities"). Apart from the transactions and balances with the ultimate holding company, an intermediate holding company and fellow subsidiaries set out in "Related party transactions" and "Related party balances" above, the Group also conducts businesses with other PRC government-related entities in the ordinary course of business. Certain of the Group's bank deposits and bank borrowings are entered into with certain banks which are PRC government-related entities in its ordinary course of business. In view of the nature of those banking transactions, the Directors are of the opinion that separate disclosures would not be meaningful. In addition, the Group entered into various transactions, including purchases of land use rights, construction of properties and other operating expenses with other PRC government-related entities in the ordinary course of business. The pricing and the selection of suppliers and service providers are not dependent on whether the counterparties are PRC government-related entities or not. In the opinion of the Directors, the above transactions are collectively significant transactions of the Group with PRC government-related entities.

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49. COMPOSITION OF THE GROUP

Details of non-wholly-owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation/ establishment and place of business	Proportion of ownership interests held by non-controlling interests	(Loss)/profit allocated to non-controlling interests RMB'000	Accumulated non-controlling interests RMB'000 (Note (a))
Year ended 31 December 2020				
Sanya Yalong Development Company Limited and its subsidiaries ("Yalong Development group")	**PRC**	**43.0%**	**(21,427)**	**1,620,846**
Fortune Set	**BVI**	**49.0%**	**262,897**	**9,095,929**
Sunny Ease	**BVI**	**49.0%**	**74,986**	**2,425,068**
Speedy Cosmo Limited ("Speedy Cosmo")	**HK**	**45.0%**	**277,056**	**554,238**
Individually immaterial subsidiaries with non-controlling interests			**259,851**	**3,292,469**
Total			**853,363**	**16,988,550**
Year ended 31 December 2019				
Yalong Development group	**PRC**	**49.2%**	**94,808**	**1,994,321**
Fortune Set	**BVI**	**49.0%**	**413,913**	**9,080,244**
Sunny Ease	**BVI**	**49.0%**	**78,277**	**2,381,978**
Speedy Cosmo	**HK**	**45.0%**	**148,842**	**277,182**
Individually immaterial subsidiaries with non-controlling interests			**144,777**	**1,739,021**
Total			**880,617**	**15,472,746**

Note:

(a) The amounts represent the consolidated amount of these non-wholly-owned subsidiaries and their respective subsidiaries, as applicable.

49. COMPOSITION OF THE GROUP (continued)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (continued)

Summarised consolidated financial information in respect of each of the subsidiaries that has material non-controlling interests is set out below. The summarised consolidated financial information below represents amounts before intragroup eliminations.

Yalong Development group

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Current assets	**7,894,962**	7,240,096
Non-current assets	**2,615,208**	2,768,035
Current liabilities	**(6,552,987)**	(5,817,380)
Non-current liabilities	**(278,131)**	(130,000)
Total equity	**3,679,052**	4,060,751
Equity attributable to:		
Owners of the Company	**2,058,206**	2,066,430
Non-controlling interests	**1,295,393**	1,666,863
Non-controlling interests of subsidiary	**325,453**	327,458
Total equity	**3,679,052**	4,060,751

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

49. COMPOSITION OF THE GROUP (continued)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (continued)

Yalong Development group (continued)

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue	**487,309**	1,298,668
Other income, and other gains and losses, net	**(5,557)**	14,154
Fair value gain of investment properties	**9,517**	7,437
Total expenses	**(559,070)**	(1,137,144)
(Loss)/profit and total comprehensive (expense)/income for the year	**(67,801)**	183,115
Total (loss)/profit and comprehensive (expense)/income attributable to:		
Owners of the Company	**(46,374)**	88,307
Non-controlling interests	**(40,422)**	90,056
Non-controlling interests of subsidiary	**18,995**	4,752
	(67,801)	183,115
Dividends declared to non-controlling interests	**(21,000)**	(66,000)
Net cash inflow/(outflow) from:		
Operating activities	**323,166**	(314,521)
Investing activities	**(47,032)**	(21,996)
Financing activities	**(18,133)**	(217,682)
Net cash inflow/(outflow)	**258,001**	(554,199)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

49. COMPOSITION OF THE GROUP (continued)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (continued)

Fortune Set

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Current assets	**13,465,076**	13,423,975
Non-current assets	**30,585,274**	30,542,609
Current liabilities	**(19,270,601)**	(16,727,167)
Non-current liabilities	**(2,995,395)**	(6,574,679)
Total equity	**21,784,354**	20,664,738
Equity attributable to:		
Owners of the Company	**7,903,617**	8,016,516
Perpetual capital instruments	**4,784,808**	3,567,978
Non-controlling interests	**8,619,919**	8,632,581
Non-controlling interests of subsidiary	**476,010**	447,663
Total equity	**21,784,354**	20,664,738

49. COMPOSITION OF THE GROUP (continued)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (continued)

Fortune Set (continued)

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue	**2,155,553**	2,738,427
Other income, and other gains and losses, net	**210,693**	256,927
Total expenses	**(1,648,029)**	(2,347,373)
Profit and total comprehensive income for the year	**718,217**	647,981
Profit and total comprehensive income attributable to:		
Owners of the Company	**244,124**	83,339
Perpetual capital instruments	**211,196**	150,729
Non-controlling interests	**234,550**	376,232
Non-controlling interests of subsidiary	**28,347**	37,681
Profit and total comprehensive income for the year	**718,217**	647,981
Dividends declared to non-controlling interests	**(247,212)**	(240,839)
Net cash inflow/(outflow) from:		
Operating activities	**701,276**	727,661
Investing activities	**1,504,537**	(293,429)
Financing activities	**(2,805,032)**	(267,274)
Net cash outflow/inflow	**(599,219)**	166,958

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

49. COMPOSITION OF THE GROUP (continued)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (continued)

Sunny Ease

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Current assets	**3,066,246**	2,783,986
Non-current assets	**5,479,048**	5,474,416
Current liabilities	**(2,635,556)**	(3,572,275)
Non-current liabilities	**(2,715,427)**	(1,594,684)
Total equity	**3,194,311**	3,091,443
Equity attributable to:		
Owners of the Company	**769,243**	709,465
Non-controlling interests	**2,425,068**	2,381,978
Total equity	**3,194,311**	3,091,443

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

49. COMPOSITION OF THE GROUP (continued)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (continued)

Sunny Ease (continued)

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue	**304,269**	298,310
Other income, and other gains and losses, net	**183,315**	20,904
Total expenses	**(334,551)**	(303,134)
Profit and total comprehensive income for the year	**153,033**	16,080
Profit/(loss) and comprehensive income/(expense) attributable to:		
Owners of the Company	**78,047**	(62,197)
Non-controlling interests	**74,986**	78,277
Profit and total comprehensive income for the year	**153,033**	16,080
Dividends declared to non-controlling interests	**(31,896)**	(50,204)
Net cash inflow/(outflow) from:		
Operating activities	**187,886**	(1,160,739)
Investing activities	**(530,219)**	(73,272)
Financing activities	**612,962**	1,327,254
Net cash inflow	**270,629**	93,243

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

49. COMPOSITION OF THE GROUP (continued)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (continued)

Speedy Cosmo

	At 31 December	
	2020	2019
	RMB'000	RMB'000
Current assets	**3,441,947**	4,997,976
Non-current assets	**3,318,455**	3,200,719
Current liabilities	**(4,453,377)**	(6,603,996)
Non-current liabilities	**(148,611)**	(51,965)
Total equity	**2,158,414**	1,542,734
Equity attributable to:		
Owners of the Company	**677,402**	338,778
Perpetual capital instruments	**926,774**	926,774
Non-controlling interests	**554,238**	277,182
Total equity	**2,158,414**	1,542,734

49. COMPOSITION OF THE GROUP (continued)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (continued)

Speedy Cosmo (continued)

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue	**2,857,330**	246,657
Other income, and other gains and losses, net	**32,425**	12,621
Fair value gain of investment properties	**(19,405)**	374,000
Total expenses	**(2,254,670)**	(302,518)
Profit and total comprehensive income for the year	**615,680**	330,760
Total comprehensive income attributable to:		
Owners of the Company	**338,624**	180,671
Perpetual capital instruments	**–**	1,247
Non-controlling interests	**277,056**	148,842
Profit and total comprehensive income for the year	**615,680**	330,760
Dividends declared to non-controlling interests	**–**	4,795
Net cash (outflow)/inflow from:		
Operating activities	**(575,646)**	369,576
Investing activities	**4,114**	171,891
Financing activities	**(55)**	925,527
Net cash (outflow)/inflow	**(571,587)**	1,466,994

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

50. DETAILS OF SUBSIDARIES

Particulars of the principal subsidiaries at the end of the reporting period are as follows:

Company name	Paid-up issued/ registered capital	Proportion of ownership interest and voting rights held by the Company				Principal activities
		Directly		Indirectly		
		2020	2019	2020	2019	
Entities incorporated in Hong Kong and operating principally in Hong Kong						
Bapton Company Limited	HK$2	–	–	100%	100%	Property investment
Joy Sincere (Hong Kong) Limited	HK$390,656,370	–	–	51.96%	51.96%	Investment holding
Entities established in the PRC and operating principally in the PRC						
中糧置業投資有限公司 (COFCO Commercial Property Investment Co., Ltd*) (Note (d) and (f))	RMB5,000,000,000	–	–	100%	100%	Investment holding
西單大悅城有限公司 (Xidan Joy City Co., Ltd*) ("Xidan Joy City") (Note (e))	RMB1,025,000,000	–	–	100%	100%	Property investment and development
北京弘泰基業房地產有限公司 (Beijing Hongtaijiye Real Estate Co., Ltd.*) (Note (e))	RMB1,055,000,000	–	–	90%	90%	Property investment and development
大悅城（天津）有限公司 (Joy City (Tianjin) Co., Ltd.*) (Note (c))	RMB1,120,000,000	–	–	100%	100%	Property investment and development
大悅城（上海）有限責任公司 (Joy City (Shanghai) Co., Ltd.*) (Note (e))	RMB520,000,000	–	–	100%	100%	Property management
上海新蘭房地產開發有限公司 (Shanghai Xinlan Real Estate Development Co., Ltd.*) (Note (e))	RMB4,200,000,000	–	–	100%	100%	Property investment and development
瀋陽大悅城房產開發有限公司 (Shenyang Joy City Real Estate Development Co., Ltd.*) (Note (d))	US$129,300,000	–	–	100%	100%	Property investment and development
瀋陽大悅城商業管理有限公司 (Shenyang Joy City Commercial Management Co., Ltd.*) (Note (e))	RMB1,080,000	–	–	100%	100%	Property management

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

50. DETAILS OF SUBSIDARIES (continued)

Company name	Paid-up issued/ registered capital	Proportion of ownership interest and voting rights held by the Company				Principal activities
		Directly		Indirectly		
		2020	2019	2020	2019	
Entities established in the PRC and operating principally in the PRC (continued)						
煙台大悦城有限公司 (Yantai Joy City Co., Ltd.*) ("Yantai Joy City Co") (Note (d))	RMB900,000,000	**-**	–	**100%**	100%	Property investment and development
北京昆庭資產管理有限公司 (Beijing Kunting Asset Management Co., Ltd*) ("Beijing Kunting") (Note (e))	RMB1,074,318,600	**-**	–	**100%**	100%	Property Investment
中糧酒店（三亞）有限公司 (COFCO Hotel (Sanya) Limited.*) (Note (d))	US$165,500,000	**-**	–	**100%**	100%	Hotel ownership and operations
三亞亞龍灣開發股份有限公司 (Sanya Yalong Development Company Limited*) (Note (c))	RMB598,684,807	**-**	–	**56.96%**	50.82%	Property development
三亞亞龍灣熱帶海岸公園管理有限公司 (Sanya Yalong Tropical Coast Park Management Co., Ltd.*) (Note (e))	RMB3,000,000	**-**	–	**100%**	100%	Provision of tourism service
三亞虹霞開發建設有限公司 (Sanya Hongxia Development & Construction Co., Ltd.*) (Note (e))	RMB1,339,500,000	**-**	–	**80%**	80%	Property development
三亞悦晟開發建設有限公司 (Sanya Yuesheng Development Company Limited) (Note (e))	RMB499,500,000	**-**	–	**100%**	100%	Property development
北京中糧廣場發展有限公司 (Beijing COFCO Plaza Development Co., Ltd.*) (Note (c))	US$33,300,000	**-**	–	**100%**	100%	Property investment
四川凱萊物業管理有限公司 (Sichuan Gloria Properties Management Co.,Ltd.*) (Note (c))	RMB500,000	**-**	–	**94%**	94%	Property management
上海鵬利置業發展有限公司 (Shanghai Top Glory Real Estate Development Co., Ltd.*) (Note (d))	US$70,000,000	**-**	–	**100%**	100%	Property investment and development

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

50. DETAILS OF SUBSIDARIES (continued)

Company name	Paid-up issued/ registered capital	Proportion of ownership interest and voting rights held by the Company				Principal activities
		Directly		Indirectly		
		2020	2019	2020	2019	
Entities established in the PRC and operating principally in the PRC (continued)						
中糧鵬利（成都）實業發展有限公司(COFCO Top Glory (Chengdu) Real Estate Development Co., Ltd.*) (Note (d))	US$18,000,000	–	–	100%	100%	Property development
卓遠地產（成都）有限公司 (Zhuoyuan Property (Chengdu) Co., Ltd.*) (Note (d))	US$20,000,000	–	–	100%	100%	Property investment and development
浙江和潤天成置業有限公司 (Zhejiang Herun Tiancheng Real Estate Co., Ltd.*) (Note (d))	US$406,500,000	–	–	100%	100%	Property investment and development
上海悦耀置業發展有限公司 (Shanghai Yueyao Development Co., Ltd.*) (Note (c))	RMB1,862,934,229	–	–	50% (Note (a))	50% (Note (a))	Property development
四川中國酒城股份有限公司 (Sichuan China Jiucheng Co., Ltd.*) (Note (e))	RMB80,830,000	–	–	69.65%	69.65%	Property development
重慶澤悦實業有限公司 (Chongqing Zeyue Co., Ltd.*) (Note (d))	RMB900,000,000	–	–	100%	100%	Property development
青島大悦城房地產開發有限公司 (Qingdao Joy City Co., Ltd.*) (Note (d))	RMB1,329,880,000	–	–	100%	100%	Property development
青島智悦置地有限公司 (Qingdao Zhiyue Co., Ltd.*) (Note (d))	US$100,000,000	–	–	100%	100%	Property development
武漢大悦城房地產開發有限公司 (Wuhan Joy City Co., Ltd.*) (Note (d))	RMB1,457,370,000	–	–	100%	100%	Property development
瀋陽和韜房地產開發有限公司 (Shenyang Hetao Real Estate Development Co., Ltd.*) (Note (d))	US$85,000,000	–	–	100%	100%	Property development
成都天府辰悦置業有限公司 (Chengdu Tianfu Chenyue Development Co., Ltd.*) (Note (d))	RMB400,000,000	–	–	100%	100%	Property investment and development
陝西鼎安置業有限公司 (Shanxi Dingan Development Co., Ltd.*) (Note (c))	RMB1,008,323,051	–	–	51%	51%	Property development

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

50. DETAILS OF SUBSIDARIES (continued)

Company name	Paid-up issued/ registered capital	Proportion of ownership interest and voting rights held by the Company				Principal activities
		Directly		Indirectly		
		2020	2019	2020	2019	
Entities established in the PRC and operating principally in the PRC (continued)						
濟南大悅城產業發展有限公司 (Jinan Joy City Co., Ltd.*) (Note (c))	RMB1,191,666,666.67	–	–	**60%**	60%	Property development
大悅城三亞投資有限公司 (Sanya Joycity investment Co., Ltd*) (Note (e))	RMB300,000,000	–	–	**100%**	100%	Property development
三亞悅港企業管理有限公司 (Sanya Yuegang Development Co., Ltd*) (Note (d))	RMB349,525,000	–	–	**100%**	100%	Property investment
臺灣飯店有限公司 (Taiwan Hotel Limited) (Note (c))	RMB489,240,002	–	–	**91.64%**	91.64%	Hotel ownership and operations
蘇州相之悅房地產開發有限公司 (Suzhou Xiangzhiyue Real Estate Development Co., Ltd.) (Note (b) and (c))	RMB1,100,000,000	–	–	**50.10%**	0%	Property investment and development
廈門市悅集商業管理有限公司 (Xiamen Yueji Properties Management Co., Ltd.) (Note (b) and (c))	RMB1,400,000,000	–	–	**51%**	0%	Property investment and development

* The English names are translations of their Chinese names and are included for identification purpose only, and should not be regarded as their official English translation.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group during the year ended 31 December 2020. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Notes:

(a) The Group has control over the board of directors and the relevant activities of this entity and therefore accounted for as a subsidiary of the Company.

(b) These subsidiaries are newly established or acquired in 2020.

(c) These companies are sino-foreign equity joint ventures.

(d) These companies are wholly-foreign owned enterprise.

(e) These companies are wholly-domestic owned enterprise.

(f) These subsidiaries had issued debt securities in 2020 (Note 32).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

51. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	At 31 December	
	2020	2019
	RMB'000	RMB'000
NON-CURRENT ASSETS		
Unlisted investments in subsidiaries	**13,295,091**	13,295,091
Hedging instruments	**–**	53,133
	13,295,091	13,348,224
CURRENT ASSETS		
Amounts due from subsidiaries	**20,496,238**	21,312,646
Loans to subsidiaries	**1,140,720**	1,814,099
Deposits, prepayments and other receivables	**5,751**	6,108
Cash and bank balances	**1,451,185**	357,819
	23,093,894	23,490,672
CURRENT LIABILITIES		
Amounts due to subsidiaries	**607,903**	1,090,554
Amounts due to fellow subsidiaries	**13,616**	1,394
Loan from a subsidiary	**1,000,000**	–
Bank borrowings	**5,091,169**	1,557,624
Amount due to the immediate holding company	**–**	7,863
Income tax payable	**6,643**	18,157
Other payables and accruals	**51,245**	41,908
Bonds payable	**–**	1,015,824
Hedging instruments	**27,056**	–
	6,797,632	3,733,324
NET CURRENT ASSET	**16,296,262**	19,757,348
NON-CURRENT LIABILITIES		
Hedging instruments	**226,812**	–
Bank borrowings	**–**	3,075,231
	226,812	3,075,231
NET ASSETS	**29,364,541**	30,030,341
CAPITAL AND RESERVES		
Share capital (Note 34)	**1,122,414**	1,122,414
Reserves (Note)	**27,482,410**	28,907,927
Perpetual capital instruments	**759,717**	–
TOTAL EQUITY	**29,364,541**	30,030,341

Notes to the Consolidated Financial Statements

For the year ended 31 December 2020

51. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

Reserves of the Company

	Share premium	**Non-redeemable convertible preference shares**	**Foreign currency translation reserve**	**Capital redemption reserve**	**Contributed surplus and other reserve**	**Retained profits**	**Total**
	RMB'000	RMB'000 (Note 35)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	17,993,202	1,722,317	3,266	1,931	227,703	9,359,867	29,308,286
Profit and total comprehensive income for the year	–	–	–	–	24,881	383,030	407,911
Final 2018 dividend declared (Note 12)	–	–	–	–	–	(808,270)	(808,270)
At 31 December 2019	**17,993,202**	**1,722,317**	**3,266**	**1,931**	**252,584**	**8,934,627**	**28,907,927**
Loss and total comprehensive expense for the year	**–**	**–**	**–**	**–**	**(104,446)**	**(758,898)**	**(863,344)**
Final 2019 dividend declared (Note 12)	**–**	**–**	**–**	**–**	**–**	**(562,173)**	**(562,173)**
At 31 December 2020	**17,993,202**	**1,722,317**	**3,266**	**1,931**	**148,138**	**7,613,556**	**27,482,410**

Definitions

In this Annual Report, the following expressions have the following meanings unless the context requires otherwise:

"Achieve Bloom"	Achieve Bloom Limited (得茂有限公司), a company incorporated in the BVI with limited liability on 10 June 2011, a wholly-owned subsidiary of COFCO (HK)
"Acquisition"	has the meaning ascribed to it in the announcement of the Company dated 24 September 2013
"AGM"	the annual general meeting of the Company to be held on Friday, 18 June 2021 or any adjournment thereof
"Annual Caps"	the maximum aggregate annual transaction amounts set for the Non–Exempt Continuing Connected Transactions
"Audit Committee"	the audit committee under the Board
"Bapton"	Bapton Company Limited, a company incorporated in Hong Kong with limited liability on 22 August 1986, a wholly-owned subsidiary of the Company
"Beijing COFCO Plaza Co."	Beijing COFCO Plaza Development Co. Ltd. (北京中糧廣場發展有限公司), a company incorporated in the PRC with limited liability on 14 September 1987 and a wholly-owned subsidiary of the Company
"Board"	the board of Directors
"BVI"	British Virgin Islands
"Bye-laws"	the bye-laws of the Company, as may be amended from time to time
"Candidate(s)"	has the meaning ascribed to it in the section headed "Shareholders' Rights" of the Corporate Governance Report
"CG Code"	the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules
"China"or "PRC"	the People's Republic of China, which shall, for the purposes of this annual report, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"COFCO (HK)"	COFCO (Hong Kong) Limited (中糧集團(香港)有限公司) (formerly known as Top Glory Company Limited (鵬利有限公司), Top Glory Holding Company Limited (鵬利控股有限公司), Top Glory Holding Company Limited (鵬利集團有限公司) and COFCO (Hong Kong) Limited (中國糧油食品集團(香港)有限公司)), a company incorporated in Hong Kong with limited liability on 14 August 1981 and wholly-owned by COFCO Corporation, an indirect controlling shareholder of the Company
"COFCO Corporation"	COFCO Corporation (中糧集團有限公司), a state-owned enterprise incorporated in the PRC in September 1952 under the purview of SASAC
"COFCO Group"	COFCO Corporation and its subsidiaries, excluding the Group

Definitions

"Company"	Joy City Property Limited (formerly known as COFCO Land Holdings Limited), a company incorporated under the laws of Bermuda with limited liability on 23 September 1992, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 00207)
"controlling shareholder(s)"	has the meaning given to it under the Listing Rules and in the context of the Company, means Grandjoy, Vibrant Oat, COFCO (HK) and COFCO Corporation
"Conversion Shares"	the new Shares to be allotted and issued by the Company upon the exercise of the conversion rights attaching to the CPS
"CPS"	the non-redeemable convertible preference shares of HK$0.10 each in the share capital of the Company
"Director(s)"	director(s) of the Company
"Executive Committee"	Executive Committee under the Board
"Grandjoy"	Grandjoy Holdings Group Co., Ltd. (**大悅城控股集團股份有限公司**) (formerly known as COFCO Property (Group) Co., Ltd. (中糧地產(集團)股份有限公司)), a company incorporated in the PRC with limited liability on 8 October 1993, which is listed on the Shenzhen Stock Exchange (stock code: 000031), a subsidiary of COFCO Corporation, a controlling shareholder of the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee of the Board, comprising all the independent non-executive directors
"independent third party"	a party who is not a connected person (within the meaning of the Listing Rules) of the Group
"Joy City Acquisition"	has the same meaning as those defined as "Acquisition" in the circular of the Company dated 5 November 2014
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Master Agreements"	collectively the Master Lease Agreement, the Master Property Management Agreement and the Master Sourcing Agreement, and "Master Agreement" shall refer to any one of them
"Master Lease Agreement"	the master lease agreement entered into between the Company and COFCO Corporation on 29 November 2013 (extended and supplemented by three supplemental agreements thereto) for the leasing of properties by the Group to the COFCO Group
"Master Property Management Agreement"	the master property management agreement entered into between the Company and COFCO Corporation on 29 November 2013 (extended and supplemented by three supplemental agreements thereto) for the provision of project consultation, property management and hotel management services

Definitions

"Master Sourcing Agreement"	the master sourcing agreement entered into between the Company and COFCO Corporation on 29 November 2013 (extended and supplemented by three supplemental agreements thereto) for the sourcing of staple supplies and catering services by the Group from the COFCO Group
"Memorandum"	the memorandum of association of the Company
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
"Nomination Committee"	the nomination committee under the Board
"Non-Competition Undertaking"	the deed of non-competition dated 29 November 2013 executed by COFCO Corporation in favour of the Company in relation to the Acquisition
"Non-Exempt Continuing Connected Transaction(s)"	the transactions to be carried out pursuant to the Connected Transaction Agreements, which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules
"Notice Period"	has the meaning ascribed to it in the section headed "Shareholders' Rights" of the Corporate Governance Report
"Notices for Director's Election"	has the meaning ascribed to it in the section headed "Shareholders' Rights" of the Corporate Governance Report
"PBOC"	The People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC government" or "Chinese government"	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities)
"Remuneration Committee"	the remuneration committee under the Board
"Restricted Business"	(a) the development, operation, sale, leasing or management of any property project which is wholly designated for commercial purpose such as offices, retail, shopping malls, hotels, resorts or serviced apartments; and/or (b) the development, operation, sale, leasing or management of any mixed-use complex project
"RMB"	Renminbi, the lawful currency of the PRC
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	has the meaning ascribed to it in the section headed "Shareholders' Rights" of the Corporate Governance Report
"SGM Requisitionists"	has the meaning ascribed to it in the section headed "Shareholders' Rights" of the Corporate Governance Report
"Shareholders"	the holders of the Shares and the CPS
"Shares"	ordinary shares of HK$0.10 each in the share capital of the Company
"sq meters" or "sqm"	square meters

Definitions

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Codes"	the Codes on Takeovers and Mergers and Share Buy-backs
"US$"	United States Dollars, being the lawful currency of the United States of America
"Vibrant Oak"	Vibrant Oak Limited（明毅有限公司）, a company incorporated in the BVI with limited liability, a wholly-owned subsidiary of COFCO (HK) and an indirect controlling shareholder of the Company
"%"	per cent

Corporate Information

DIRECTORS

Executive Directors

Mr. YOU Wei *(Chairman)*
Mr. CAO Ronggen

Non-executive Directors

Mr. MA Dewei
Mr. LIU Yun
Mr. ZHU Laibin

Independent Non-executive Directors

Mr. LAU Hon Chuen, Ambrose, *GBS, JP*
Mr. LAM Kin Ming, Lawrence
Mr. CHAN Fan Shing

EXECUTIVE COMMITTEE

Mr. YOU Wei *(Committee Chairman)*
Mr. CAO Ronggen

AUDIT COMMITTEE

Mr. LAU Hon Chuen, Ambrose, *GBS, JP (Committee Chairman)*
Mr. CAO Ronggen
Mr. LAM Kin Ming, Lawrence
Mr. CHAN Fan Shing

REMUNERATION COMMITTEE

Mr. LAU Hon Chuen, Ambrose, *GBS, JP (Committee Chairman)*
Mr. CAO Ronggen
Mr. LAM Kin Ming, Lawrence
Mr. CHAN Fan Shing

NOMINATION COMMITTEE

Mr. YOU Wei *(Committee Chairman)*
Mr. LAU Hon Chuen, Ambrose, *GBS, JP*
Mr. LAM Kin Ming, Lawrence
Mr. CHAN Fan Shing

COMPANY SECRETARY

Ms. NG Chi Man, *ACG, ACS*

AUDITOR

Deloitte Touche Tohmatsu
Registered Public Interest Entity Auditors

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited

REGISTERED OFFICE

Clarendon House, 2 Church Street
Hamilton HM 11, Bermuda

PRINCIPAL OFFICE IN HONG KONG

33/F., COFCO Tower
262 Gloucester Road
Causeway Bay, Hong Kong

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

COMPANY WEBSITE

www.joy-cityproperty.com

STOCK CODE

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大悅城控股
GRANDJOY
中粮
COFCO

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